

**Supporting Statement for the  
Annual Report of Holding Companies,  
Annual Report of Foreign Banking Organizations,  
Report of Changes in Organizational Structure, and  
Supplement to the Report of Changes in Organizational Structure  
(FR Y-6, FR Y-7, FR Y-10, and FR Y-10E; OMB No. 7100-0297)**

## **Summary**

The Board of Governors of the Federal Reserve System (Board), under delegated authority from the Office of Management and Budget (OMB), proposes to revise the mandatory Structure Reporting Requirements for Domestic and Foreign Banking Organizations (OMB No. 7100-0297). This family of reports is comprised of the Annual Report of Holding Companies (FR Y-6), Annual Report of Foreign Banking Organizations (FR Y-7), Report of Changes in Organizational Structure (FR Y-10), and Supplement to the Report of Changes in Organizational Structure (FR Y-10E).

The proposal would revise the FR Y-7 to collect information from foreign banking organizations (FBOs) on their compliance with U.S. risk committee and home country stress test requirements under the Board's Regulation YY<sup>1</sup> and section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)<sup>2</sup>. The FR Y-7 revisions would be effective for foreign banking organizations with fiscal year-ends that end, and for FR Y-7 reports submitted, on or after March 1, 2018. There are no changes to the FR Y-6, FR Y-10, or FR Y-10E. The current annual reporting burden for the structure reporting forms is estimated to be 70,035 hours. The proposed revisions would result in an increase in burden of 486 hours.

## **Background and Justification**

**FR Y-6:** This report collects financial data, an organization chart, verification of domestic branch data, and certain information about shareholders from bank holding companies (BHCs), savings and loan holding companies (SLHCs), employee share ownership plans/trusts, securities holding companies, U.S. intermediate holding companies (IHCs) (collectively, HCs), and foreign banking organizations (FBOs) that are non-qualifying. In the mid-1950s, the Federal Reserve implemented the FR Y-6, which collects data annually on shareholders, directors, and officers of HCs, which enables the Federal Reserve to monitor HC operations for purposes of ensuring that operations are conducted in a safe and sound manner and determine HC compliance with the BHC Act, Change in Bank Control Act, Home Owners' Loan Act (HOLA), and the Board's rules, including Regulations Y, LL, and YY. In 2012 and 2016, the Federal Reserve expanded the FR Y-6 reporting panel to include SLHCs and IHCs, respectively, and revised the reporting instructions. Information on the principal owners and directors of an HC is of supervisory importance because these individuals have a significant effect on the policies and condition of banking organizations. In addition, data on outside business interests of directors and officers aid in identifying chain-banking organizations by indicating when an individual owns 25 percent or

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<sup>1</sup> See 12 CFR part 252.

<sup>2</sup> See 12 U.S.C. 5365.

more of each of two or more banking organizations. Section 5(c) of the Bank Holding Company Act (BHC Act) authorizes the Federal Reserve to require BHCs to keep the Federal Reserve informed of their financial condition, risk management systems, and transactions with bank subsidiaries. The Federal Reserve has collected annual reports from BHCs in some form beginning with the implementation of the BHC Act. Information on the outside business interests of insiders can be useful in uncovering situations that involve a conflict of interest or preferential treatment in the granting of credit. The FR Y-6 data are available to other federal banking agencies for use in their supervision of national and state nonmember banks. In addition, the FR Y-6 serves as a source of information on HCs for the public and for responses to information requests from Congress. This information is not available from other sources.

**FR Y-7:** This report collects updates from qualifying FBOs on their financial and organizational information. The Federal Reserve implemented the FR Y-7 in January 1972 and required only foreign banks that controlled U.S. subsidiary banks to file the report. The Federal Reserve expanded the report following enactment of the International Banking Act of 1978 (IBA), which established a framework for federal regulation of foreign banks operating in U.S. financial markets. Section 7 of the IBA authorizes the Federal Reserve to examine U.S. branches, agencies, and subsidiary commercial lending companies of foreign banks and to assess the condition of the multi-state banking operations of foreign banks. Section 8(a) of the IBA states that foreign banks that engage in banking in the United States through a U.S. branch, agency, or subsidiary commercial lending company and companies that control such foreign banks are subject to the provisions of the BHC Act. In addition, section 165 of the Dodd-Frank Act and Regulation YY require certain large FBOs to establish a U.S. risk committee and conduct, or be subject to, home country stress testing to avoid additional requirements in the United States. Among other purposes, the Federal Reserve uses information collected on the FR Y-7 to assess an FBO's ability to be a continuing source of strength to its U.S. operations, to determine eligibility as a FBO that is qualifying, and to determine compliance with U.S. laws and regulations. This information is not available from other sources.

**FR Y-10:** This report is an event-generated information collection that captures changes in the regulated investments and activities of various entities. In 1985, the Federal Reserve began collecting on the FR Y-6A (OMB No. 7100-0124) structure information for new BHCs or BHCs that had undergone a change in their organizational structure. In September 2001, the Federal Reserve replaced the FR Y-6A with the FR Y-10 and moved certain information on foreign investments from the Report of Changes in Foreign Investments (FR 2064; OMB No. 7100-0109) to the FR Y-10. These changes reduced burden on respondents by making submissions of structure information by domestic HCs and FBOs more similar, increasing the thresholds for investments to be included, reducing the types of investments to be included, streamlining the method for indicating the percentage ownership of nonbanking investments, and simplifying the submission of legal authority and activity codes. In 2012, the Federal Reserve expanded the FR Y-10 reporting panel to include SLHCs, added a Savings and Loan Schedule, and made other revisions.

The Federal Reserve uses the FR Y-10 to monitor the activities of reportable companies for purposes of ensuring that the activities are conducted in a safe and sound manner and to determine compliance with applicable laws and regulations, including the BHC Act, the Gramm-

Leach-Bliley Act, the Federal Reserve Act (FRA), HOLA, Regulation Y, Regulation K, Regulation LL, and Regulation YY. Additionally, the FR Y-10 is the only source of information collected by a banking agency that captures detailed information on the structure of these banking organizations. This information is not available from other sources.

**FR Y-10E:** This collection is a free-form supplement that may be used to collect additional structural information on an emergency basis. The Federal Reserve implemented the FR Y-10E, effective June 30, 2007, to create a free-form supplement to the FR Y-10 so that, should there be an immediate need for critical organizational structural information, the necessary data could be collected on this supplement at the earliest practicable date. This supplement may only be used to meet new legislative requirements, answer Congressional inquiries, or respond to critical market events that could not be addressed in a timely manner if the Federal Reserve were required to seek approval through the reports clearance process.

### **Description of Information Collection**

As noted, the FR Y-6 is submitted annually by top-tier domestic HCs and FBOs that are non-qualifying. The FR Y-6 requires the submission of an organizational chart, verification of domestic branch data, and collection of information on the identity, percentage ownership, and business interests of principal shareholders, directors, and executive officers. It also requires HCs not registered with the U.S. Securities and Exchange Commission to submit to the Federal Reserve their annual report to shareholders, if one is created.

The FR Y-7 is submitted annually by FBOs that are qualifying that are directly or indirectly engaged in the business of banking in the United States as of the end of the respondent's fiscal year.<sup>3</sup> The FR Y-7 collects financial, organizational, and managerial information.

The FR Y-10 is submitted as required on an event-driven basis by FBOs; top-tier HCs; state member banks that are not controlled by a HC; Edge and agreement corporations that are not controlled by a member bank, a domestic HC, or an FBO; and nationally chartered banks that are not controlled by a HC (with regard to their foreign investments only) and comprises eight data schedules on organizational structural changes.

The FR Y-10E event-driven supplement is available for the Federal Reserve to collect additional structural information deemed to be critical and needed in an expedited manner. This supplement may only be used to meet new legislative requirements, answer Congressional inquiries, or respond to critical market events that could not be addressed in a timely manner if the Federal Reserve were required to seek approval through the reports clearance process. Subsequent to the implementation of this supplement, if the data were needed on a permanent basis, the Federal Reserve would complete the report clearance process, including a request for public comment.

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<sup>3</sup> Banks organized under the laws of Puerto Rico and other American possessions are generally not required to file the FR Y-7. Also, FBOs that are BHCs or that have a U.S. BHC subsidiary are required to report on the FR Y-6 all interests held through the top-tier U.S. IHC or BHC.

## Proposed Revisions to the FR Y-7

Section 165 of the Dodd-Frank Act directs the Board to establish enhanced prudential standards for BHCs and FBOs with total consolidated assets of \$50 billion or more and nonbank financial companies that the Financial Stability Oversight Council has designated for supervision by the Board. In addition, the Dodd-Frank Act directs the Board to issue regulations applying certain standards to BHCs and FBOs with total consolidated assets of \$10 billion or more. In particular, the Board is directed to require publicly traded BHCs and FBOs with total consolidated assets of \$10 billion or more to establish risk committees.<sup>4</sup> In addition, section 165 requires the Board to issue regulations imposing company-run stress test requirements on BHCs, FBOs, state member banks, and savings and loan holding companies with total consolidated assets of more than \$10 billion.<sup>5</sup>

In February of 2014, the Board adopted enhanced prudential standards for FBOs, including risk committee and stress testing requirements for FBOs with total consolidated assets of more than \$10 billion. These standards are contained in the Board's Regulation YY, which applies different requirements to FBOs depending on their asset size. The risk committee and stress testing requirements are located in the following subparts:

- **Subpart L** establishes stress testing requirements for FBOs with total consolidated assets of more than \$10 billion,
- **Subpart M** establishes risk committee requirements for publicly traded FBOs with total consolidated assets between \$10-\$50 billion,
- **Subpart N** establishes enhanced prudential standards (including risk committee and stress testing requirements) for FBOs with total consolidated assets of \$50 billion or more but combined U.S. assets of less than \$50 billion, and
- **Subpart O** establishes enhanced prudential standards (including risk committee and stress testing requirements) for FBOs with total consolidated assets of \$50 billion or more and combined U.S. assets of \$50 billion or more.

With regard to risk committee requirements, an FBO subject to subpart M or N of Regulation YY is required to certify that it has a risk committee that oversees the risk management practices of the combined U.S. operations of the company and has at least one member with appropriate risk expertise.<sup>6</sup> This certification must be filed on an annual basis with the Board concurrently with the FR Y-7. An FBO subject to subpart O of Regulation YY is subject to additional U.S. risk committee requirements that are more prescriptive and must employ a U.S. chief risk officer in the United States.<sup>7</sup>

With regard to stress testing, an FBO subject to subpart L, N, or O of Regulation YY must be subject to a consolidated capital stress testing regime administered by the FBO's home country supervisor, meet the home country supervisor's minimum standards, and, in some cases, provide

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<sup>4</sup> See 12 CFR 252.132(a) and 252.144(a).

<sup>5</sup> See 12 U.S.C. 5365(i).

<sup>6</sup> The combined U.S. operations of an FBO include its U.S. branches and agencies and U.S. subsidiaries (other than any company held under section 2(h)(2) of the BHC Act, if applicable).

<sup>7</sup> FBOs subject to subpart O are not required to certify that they have a U.S. risk committee because the Board expects to gain sufficient information through the supervisory process to evaluate whether the U.S. risk committee meets the requirements of this section.

information to the Board about the results of home country stress testing or face additional requirements in the United States. In particular, the U.S. branches and agencies of the FBO become subject to an asset maintenance requirement, and the FBO generally must conduct an annual stress test of its U.S. subsidiaries. An FBO subject to subpart O also must stress test any U.S. IHC.

The proposed revisions to the FR Y-7 would implement the U.S. risk committee certification requirement in Regulation YY and provide FBOs with a standardized way to indicate compliance with the home country stress testing requirements (and thus, avoid being subject to additional requirements in the U.S.). The proposed revisions to the FR Y-7 also better describe the risk committee requirements in Regulation YY and the scope of applicability of the report to FBOs.

### **Respondent Panel**

The FR Y-6 panel comprises top-tier HCs and FBOs that are non-qualifying. The FR Y-7 panel comprises all FBOs that are qualifying that engage in banking in the United States, either directly or indirectly. The FR Y-10 and FR Y-10E panel comprises FBOs; top-tier HCs; state member banks that are not controlled by a HC; Edge and agreement corporations that are not controlled by a member bank, a domestic HC, or an FBO; and nationally chartered banks that are not controlled by a HC (with regard to their foreign investments only).

### **Time Schedule for Information Collection and Publication**

The FR Y-6 is submitted annually, no later than 90 calendar days after the end of the respondent's fiscal year. Individual respondent data are available to the public upon request through the appropriate Reserve Bank. Under certain circumstances, however, respondents may request confidential treatment.

All FBOs that are qualifying file the FR Y-7 annually as of the end of the FBO's fiscal year; the data are due no later than four months after the report date. Individual respondent data are available to the public upon request through the appropriate Reserve Bank. Under certain circumstances, however, respondents may request confidential treatment.

The FR Y-10 is event-generated, and the data are submitted within 30 calendar days of a reportable transaction or event. Individual respondent data are available to the public upon request through the appropriate Reserve Bank. Under certain circumstances, however, respondents may request confidential treatment. Limited data from the FR Y-10 are published on the National Information Center's public website. The FR Y-10E is event-generated and the data are submitted on an ad-hoc basis as needed.

### **Legal Status**

The Board's Legal Division has determined that the following statutes authorize the Federal Reserve to require the collections of information:

**FR Y-6:** Section 5(c) of the BHC Act (12 U.S.C. 1844(c)); sections 8(a) and 13(a) of the IBA (12 U.S.C. 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the FRA (12 U.S.C. 248(a)(1), 602, and 611a); sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)); and section 252.153(b)(2) of Regulation YY (12 CFR 252.153(b)(2)).

**FR Y-7:** Sections 8(a) and 13(a) of the IBA (12 U.S.C. 3106(a) and 3108(a)) and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)).

**FR Y-10 and FR Y-10E:** Sections 4(k) and 5(c)(1)(A) of the BHC Act (12 U.S.C. 1843(k) and 1844(c)(1)(A)); section 8(a) of the IBA (12 U.S.C. 3106(a)); sections 11(a)(1), 25(7), and 25A of the FRA (12 U.S.C. 248(a)(1), 321, 601, 602, 611a, 615, and 625); sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)); and section 10(c)(2)(H) of the HOLA (12 U.S.C. 1467a(c)(2)(H)).

The obligation to respond is mandatory.

The Board's Legal Division has also determined that, except as discussed below, the data collected in the FR Y-6, FR Y-7, FR Y-10, and FR Y-10E, are generally not considered confidential. With regard to information that a banking organization may deem confidential, the institution may request confidential treatment of such information under one or more of the exemptions in the Freedom of Information Act (FOIA) (5 U.S.C. 552). The most likely case for confidential treatment will be based on FOIA exemption 4, which permits an agency to exempt from disclosure "trade secrets and commercial or financial information obtained from a person and privileged and confidential" (5 U.S.C. 552(b)(4)). To the extent an institution can establish the potential for substantial competitive harm, such information would be protected from disclosure under the standards set forth in *National Parks and Conservation Association v. Morton*, 498 F.2d 765 (D.C. Cir. 1974). In particular, the disclosure of the responses to the certification questions on the FR Y-7 may interfere with home country regulators' administration, execution, and disclosure of their stress test regime and its results, and may cause substantial competitive harm to the FBO providing the information, and thus this information may be protected from disclosure under FOIA exemption 4. Exemption 6 of FOIA might apply with regard to the respondents' submission of non-public personal information of owners, shareholders, directors, officers and employees of respondents. Exemption 6 covers "personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy" (5 U.S.C. 552(b)(6)). All requests for confidential treatment would need to be reviewed on a case-by-case basis and in response to a specific request for disclosure.

### **Consultation Outside the Agency**

On December 2, 2015, the Board published an initial notice in the *Federal Register* (80 FR 75457) requesting public comment for 60 days on the revision, with extension, of the FR Y-6, FR Y-7, FR Y-10, and FR Y-10E. The comment period for this notice expired on February 1, 2016. The Board received two comment letters, one from an industry association and one from a banking organization. One comment letter requested clarification on several of the

underlying requirements in Regulation YY while the other comment letter requested clarification on the instructions for the FR Y-6 and the FR Y-10. The Board proposes to adopt the revisions as proposed, except that the FR Y-7 revisions would be effective for foreign banking organizations with fiscal year-ends that end and for FR Y-7 reports submitted on or after March 1, 2018. The Board is also clarifying several of the issues raised by commenters in the final *Federal Register* notice, as further discussed below.

### **Detailed Discussion of Public Comments**

The following is a detailed discussion of the two comments received regarding the FR Y-7 proposal and the responses related to the changes in the FR Y-7 proposal. Although no comments were received on the reporting burden estimates, the Board has reconsidered the estimates given the clarifications provided to Regulation YY. Thus, the Board increased the estimated hourly burden from 4 hours to 6 hours per response.

A commenter requested a number of clarifications regarding the provisions in Regulation YY that require an FBO to maintain a committee of its global board of directors (or equivalent thereof) that oversees the risk-management policies of the combined U.S. operations of the FBO.<sup>8</sup> Each of these questions are matters of interpretation of the requirements of Regulation YY and are not related to the reporting requirements in the FR Y-7.

First, the commenter requested clarification on whether the committee that oversees U.S. risk must be composed entirely of members of the FBO's global board or may be configured in other ways that take into account the size, scale, and complexity of an FBO's combined U.S. operations and more effectively utilize the expertise of personnel familiar with the risk of these operations.

In response to this comment, to certify compliance with sections 252.132(a) and 252.144(a), the FBO is not required to form a special U.S. risk committee comprised of members of the FBO's board of directors. Rather, the FBO must ensure that the FBO's board of directors or a committee comprised of members of the FBO's board of directors has primary responsibility for oversight of the risks of the combined U.S. operations. The committee that oversees U.S. risk for an FBO subject to Regulation YY is not required to (though it may) directly administer the FBO's U.S. risk management policies; rather the FBO may designate specific senior management officials from the FBO's U.S. operations to be responsible for administering the U.S. risk management policies and for providing regular reports directly to the FBO's board of directors or risk committee.<sup>9</sup> The rule is intended to allow an FBO flexibility in establishing its oversight function so long as the FBO's board of directors is informed about and provides the appropriate level of guidance about the risks of the combined U.S. operations of the FBO. However the FBO designs its oversight function, the FBO must also take appropriate measures to ensure that the risk management policies for its combined U.S. operations are implemented and that the risk committee is provided sufficient information on the combined U.S. operations to allow it to carry out its responsibilities.<sup>10</sup>

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<sup>8</sup> See 12 CFR 252.132(a) and 252.144(a).

<sup>9</sup> See 79 FR 17284 (March 27, 2014).

<sup>10</sup> See 12 CFR 252.132(c) and 252.144(c).

The same commenter requested clarification regarding how the requirement in Regulation YY for an FBO to have a committee that oversees U.S. risk would apply to an FBO with a two-tier board structure. The two-tier board structure is a common feature of FBOs in European countries, and generally consists of a supervisory board independent from management that sets the direction of the company and oversees the company's senior management, and a management/executive board that implements the company's strategies and risk management. The purpose of the risk committee requirements in Regulation YY is to ensure that the FBO parent is aware of and takes responsibility for the oversight of the risks of its combined U.S. operations. This oversight function can be integrated into various board structures that currently exist in different foreign countries. In a two-tier board structure, a committee of either the supervisory board or the management/executive board (or a combination thereof) could be considered a committee of the FBO board of directors for purposes of complying with the requirement under Regulation YY for an FBO to maintain a committee that oversees U.S. risk. Both tiers of a two-tier board are typically involved in evaluating risk management at an FBO with the same goals as those of a single board of directors in the United States.

The same commenter requested clarification regarding various requirements in Regulation YY relating to capital stress testing and liquidity stress testing.<sup>11</sup> To be exempt from additional U.S. capital stress testing requirements, Regulation YY requires an FBO to be subject on a consolidated basis to an annual capital stress testing regime in its home country that meets certain requirements and to actually meet any minimum stress testing standards set by the FBO's home country supervisor.<sup>12</sup> In reporting Item 5 of the FR Y-7, an FBO is expected to evaluate the stress testing regime to which it is subject and make a reasonable conclusion about whether this regime meets the home country stress testing criteria in Regulation YY.

Moreover, the same commenter requested clarification as to whether an FBO would meet the home country stress test requirements upon a satisfactory completion of an Internal Capital Adequacy Assessment Process (ICAAP). If the ICAAP satisfies the underlying requirements for a capital stress test, including all applicable information requirements in Regulation YY, satisfactory completion of the ICAAP would be sufficient to satisfy these requirements.

Regulation YY requires an FBO to report on an annual basis the results of an internal liquidity stress test for either the consolidated operations of the FBO or the FBO's combined U.S. operations. In either case, the liquidity stress test must incorporate three specified planning horizons. The same commenter requested guidance on how an FBO should report when the FBO's home country uses fewer or different planning horizons.

In the event that an FBO is not required to conduct an internal liquidity stress test for its consolidated operations using the three specified planning horizons in Regulation YY or chooses not to do so, the FBO may instead choose to provide an internal liquidity stress test for just the combined U.S. operations. Under Regulation YY, if an FBO does not comply with the internal

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<sup>11</sup> See 12 CFR 252.122(a), 12 CFR 252.145(a), 12 CFR 252.146(b), and 12 CFR 252.158(b).

<sup>12</sup> The capital stress testing regime must include (1) an annual supervisory capital stress test conducted by the relevant home country supervisor or an annual evaluation and review by the home country supervisor of an internal capital adequacy stress test conducted by the FBO and (2) requirements for governance and controls of stress testing practices by relevant management and the board of directors (or equivalent thereof).

liquidity stress testing reporting requirements, it must limit the net aggregate amount owed by the parent or other non-U.S. affiliates to the U.S. operations to 25 percent or less of the third party liabilities of the combined U.S. operations.

The Board also is clarifying in the *Federal Register* notice that, although Regulation YY does not prescribe the information that must be reported to the Board regarding the internal liquidity stress tests, given the diversity in liquidity reporting requirements across jurisdictions, FBOs are expected to provide sufficient information in the internal liquidity stress test to allow the Board to assess the liquidity position of the FBO.<sup>13</sup>

The same commenter requested guidance on an FBO's compliance with the stress testing requirement when annual stress testing is not required by the FBO's home country supervisor. Regulation YY requires an FBO to be subject to a stress testing regime that includes an annual supervisory stress test or annual supervisory evaluation of the FBO's internal stress test. A bi-annual stress test, for example, would not satisfy this requirement.

The same commenter requested guidance on whether an FBO would be deemed to satisfy the requirement to report and certify compliance with its home country capital adequacy requirements by completing the FR Y-7Q. In addition, the commenter requested confirmation of the as-of date and frequency of the certification of the FR Y-7Q. Regulation YY requires an FBO to report compliance with capital adequacy measures that are consistent with the Basel Capital Framework (as defined in 12 CFR 252.143(a) and 252.154(a)) concurrently with filing the FR Y-7Q; however, Regulation YY does not specify the frequency or the as-of date for an FBO's certification of compliance with its home country capital requirements. On December 2, 2016, the Board approved a final notice to amend the FR Y-7Q to expand reporting regarding an FBO's home country capital ratios consistent with Regulation YY. An FBO's completion of the FR Y-7Q on a quarterly basis would satisfy both the requirement to report and the requirement to certify to the Board its compliance with capital adequacy measures that are consistent with the Basel Capital Framework. If an FBO is unable to report that it is in compliance with such capital adequacy measures, the Board may impose requirements, conditions, and restrictions relating to the U.S. operations of the FBO.<sup>14</sup>

A second commenter requested clarification on the definition of an inactive company when an entity is in the liquidation process. Respondents should refer to the definition of "Liquidation" in the Banking, Savings and Loan, and Nonbanking Schedules in the FR Y-10 instructions on how to classify an entity during the liquidation process. Specifically, the instructions state "liquidation refers to final distribution of assets, satisfaction of liabilities, and closing of capital accounts of a company, as opposed to sale or transfer of the company."

The same commenter also requested that the instructions be expanded on reporting when a nonbanking company is a functionally regulated subsidiary since the mere registration with a functional regulator does not necessarily qualify a company as being functionally regulated for these purposes. In response to the commenter's request, the Board notes that respondents should refer to the definition of "Functionally Regulated Subsidiary" in the FR Y-10 instructions, which

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<sup>13</sup> See 79 FR 17239, 17301 (March 27, 2014).

<sup>14</sup> See 12 CFR 252.143(c) and 252.154(c).

provides that certain companies may be required to be registered with one of the enumerated regulators without necessarily qualifying as being functionally regulated by that regulator; for example, publicly held companies may be required to be registered with the U.S. Securities and Exchange Commission (SEC) without necessarily qualifying as functionally regulated by the SEC as a securities broker-dealer, investment adviser, investment company, or company that engages in commodity futures trading.

On January 23, 2018, the Board published a final notice in the *Federal Register* (83 FR 3141) on the revision of the FR Y-6, FR Y-7, FR Y-10, and FR Y-10E.

### **Estimate of Respondent Burden**

The current annual reporting burden associated with the Federal Reserve's share of the structure report forms and instructions is estimated to be 70,035 hours. The FR Y-7 proposed revisions would result in an increase in burden of 486 hours due to the increase in estimated average hours per response from 4 to 6. While the overall FR Y-7 reporting burden is estimated to increase by 2 hours on average for all FR Y-7 respondents, the proposed reporting requirements only apply to a subset of the respondents (approximately 143). The burden is estimated to increase by 3 hours and 20 minutes per response for each respondent subject to the proposed reporting requirements. These reporting requirements represent less than 1 percent of the total Federal Reserve System paperwork burden.

	<i>Number of respondents<sup>15</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<b>Current</b>				
FR Y-6 initial	13	1	10	130
FR Y-6 ongoing	4,827	1	5.50	26,549
FR Y-7	243	1	4	972
FR Y-10	5,298	3	2.50	39,735
FR Y-10E	5,298	1	0.50	<u>2,649</u>
	<i>Total</i>			70,035
<b>Proposed</b>				
FR Y-6 initial	13	1	10	130
FR Y-6 ongoing	4,827	1	5.50	26,549
FR Y-7	243	1	6	1,458
FR Y-10	5,298	3	2.50	39,735
FR Y-10E	5,298	1	0.50	<u>2,649</u>
	<i>Total</i>			70,521
	<i>Change</i>			486

The current total annual reporting cost to the public for this family of reports is estimated to increase by \$26,681 from \$3,844,922 to \$3,871,603.<sup>16</sup>

### Sensitive Questions

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.

### Estimate of Cost to the Federal Reserve System

The current cost to the Federal Reserve System for collecting and processing these reports is estimated to be \$2,362,850 per year.

<sup>15</sup> Of these respondents, 3,356 for the FR Y-6; none for the FR Y-7; 3,693 for the FR Y-10; and 3,693 for the FR Y-10E, are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets) [www.sba.gov/contracting/getting-started-contractor/make-sure-you-meet-sba-size-standards/table-small-business-size-standards](http://www.sba.gov/contracting/getting-started-contractor/make-sure-you-meet-sba-size-standards/table-small-business-size-standards).

<sup>16</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 \$67, 15% Lawyers at \$67, and 10% Chief Executives at \$93). Hourly rates for each occupational group are the mean (rounded up) 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](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/).