

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

*Prudential Standards for Large Bank Holding Companies,
Savings and Loan Holding Companies, and Foreign Banking Organizations
(Docket No. R-1658; RIN 7100-AF45)*

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), has extended for three years, with revision, the Financial Statements for Holding Companies (FR Y-9; OMB No. 7100-0128). This information collection comprises 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), and
- Supplement to the Consolidated Financial Statements for Holding Companies (FR Y-9CS).

The Board requires bank holding companies (BHCs), most savings and loan holding companies (SLHCs),¹ securities holding companies, and U.S. intermediate holding companies (IHCs) (collectively, HCs) to provide standardized financial statements through one or more of the FR Y-9 reports. The information collected on the FR Y-9 reports is necessary for the Board to identify emerging financial risks and monitor the safety and soundness of HC operations.

The Board adopted a final rule that establishes risk-based categories for determining prudential standards for large U.S. banking organizations and foreign banking organizations, consistent with section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), as amended by the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA), and with the Home Owners' Loan Act (HOLA). The final rule amends certain prudential standards, including standards relating to liquidity, risk management, stress testing, and single-counterparty credit limits, to reflect the risk profile of banking organizations under each category; applies prudential standards to certain large SLHCs using the same categories; makes corresponding changes to reporting forms; and makes additional modifications to the Board's company-run stress test and supervisory stress test rules, consistent with section 401 of EGRRCPA. The final rule is effective December 31, 2019.

The Board amended the FR Y-9C to clarify requirements for HCs subject to Category III capital standards. The final rule amended those instructions to further clarify that the

¹ An SLHC must file one or more of the FR Y-9 family of reports unless it is (1) a grandfathered unitary SLHC with primarily commercial assets and thrifts that make up less than 5 percent of its consolidated assets or (2) a SLHC that primarily holds insurance-related assets and does not otherwise submit financial reports with the U.S. Securities and Exchange Commission (SEC) pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934.

supplementary leverage ratio and countercyclical buffer also apply to Category III BHCs, Category III SLHCs, and Category III U.S. IHCs. The FR Y-9LP is revised to require covered SLHCs with total consolidated assets of \$100 billion or more to report total nonbank assets on Schedule PC-B, in order to determine whether the firm would be subject to Category III standards. The first as-of date for the amended FR Y-9C and FR Y-9LP is the next report after the effective date of the final rule. There are no changes to the FR Y-9SP, FR Y-9ES, or FR Y-9CS.

The current estimated total annual burden for the FR Y-9 reports is 119,816 hours and would decrease to 119,812 hours. The revisions would result in a decrease of 4 hours. The forms and instructions are available on the Board's public website at <http://www.federalreserve.gov/apps/reportforms/default.aspx>.

Background and Justification

The FR Y-9 reports are the Board's primary source of financial data on HCs. Federal Reserve System examiners rely on the FR Y-9 reports to supervise financial institutions between on-site inspections. The Board uses the collected data to detect emerging financial problems, conduct pre-inspection analysis, monitor and evaluate capital adequacy, evaluate mergers and acquisitions, and analyze an HC's overall financial condition to monitor the safety and soundness of its operations. The information collected by the FR Y-9 reports is not available from other sources.

Description of Information Collection

The FR Y-9C consists of standardized financial statements similar to the Call Reports filed by commercial banks.² The FR Y-9C collects consolidated data from HCs and is filed quarterly by top-tier HCs with total consolidated assets of \$3 billion or more.³

The FR Y-9LP, which collects parent company only financial data, must be submitted by each HC that files the FR Y-9C, as well as by each of its subsidiary HCs.⁴ The report consists of standardized financial statements.

The FR Y-9SP is a parent company only financial statement filed semiannually by HCs with total consolidated assets of less than \$3 billion. In a banking organization with total consolidated assets of less than \$3 billion that has tiered HCs, each HC in the organization must submit, or have the top-tier HC submit on its behalf, a separate FR Y-9SP. This report is designed to obtain basic balance sheet and income data for the parent company, and data on its intangible assets and intercompany transactions.

² The Consolidated Reports of Condition and Income (Call Reports) (OMB No. 7100-0036) consist of the Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only and Total Assets Less than \$5 Billion (FFIEC 051), as well as the Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only (FFIEC 041), and the Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices (FFIEC 031).

³ Under certain circumstances described in the FR Y-9C's General Instructions, HCs with assets under \$3 billion may be required to file the FR Y-9C.

⁴ A top-tier HC may submit a separate FR Y-9LP on behalf of each of its lower-tier HCs.

The FR Y-9ES is filed annual by each employee stock ownership plan (ESOP) that is also an HC. The report collects financial data on the ESOP's benefit plan activities. The FR Y-9ES consists of four schedules: Statement of Changes in Net Assets Available for Benefits, Statement of Net Assets Available for Benefits, Memoranda, and Notes to the Financial Statements.

The FR Y-9CS is a free-form supplemental report that the Board may utilize to collect critical additional data deemed to be 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. The data items included on the FR Y-9CS may change as needed.

Adopted Revisions to the FR Y-9

The Board adopted a final rule that establishes risk-based categories for determining prudential standards for large U.S. banking organizations and foreign banking organizations, consistent with section 165 of the Dodd-Frank, as amended by the EGRRCPPA, and with the HOLA. The final rule amends certain prudential standards, including standards relating to liquidity, risk management, stress testing, and single-counterparty credit limits, to reflect the risk profile of banking organizations under each category; applies prudential standards to certain large SLHCs using the same categories; makes corresponding changes to reporting forms; and makes additional modifications to the Board's company-run stress test and supervisory stress test rules, consistent with section 401 of EGRRCPPA. The final rule is effective December 31, 2019.

The Board amended the FR Y-9C to clarify requirements for HCs subject to Category III capital standards. The final rule amended those instructions to further clarify that the supplementary leverage ratio and countercyclical buffer also apply to Category III BHCs, Category III SLHCs, and Category III U.S. IHCs. The FR Y-9LP is revised to require covered SLHCs with total consolidated assets of \$100 billion or more to report total nonbank assets on Schedule PC-B, in order to determine whether the firm would be subject to Category III standards. The first as-of date for the amended FR Y-9C and FR Y-9LP is the next report after the effective date of the final rule. There are no changes to the FR Y-9SP, FR Y-9ES, or FR Y-9CS.

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 last calendar day of June and December, and the filing deadline 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 of the following year, unless an extension to file by October 15 is granted. Respondents will be notified of the filing deadline for the FR Y-9CS if it is utilized by the Board.

Public Availability of Data

Data from the FR Y-9 reports that are not granted confidential treatment are publicly available on the Federal Financial Institutions Examination Council website: <https://www.ffiec.gov/NPW>.

Legal Status

The Board has the authority to impose the reporting requirements associated with the FR Y-9 family of reports on BHCs pursuant to section 5 of the Bank Holding Company Act of 1956 (BHC Act) (12 U.S.C. § 1844); on SLHCs pursuant to section 10(b)(2) and (3) of the Home Owners' Loan Act (12 U.S.C. § 1467a(b)(2) and (3)), as amended by sections 369(8) and 604(h)(2) of the Dodd-Frank Act; on U.S. IHCs pursuant to section 5 of the BHC Act (12 U.S.C. § 1844), as well as pursuant to sections 102(a)(1) and 165 of the Dodd-Frank Act (12 U.S.C. §§ 511(a)(1) and 5365)⁵; and on securities holding companies pursuant to section 618 of the Dodd-Frank Act (12 U.S.C. § 1850a(c)(1)(A)). The obligation to submit the FR Y-9 series of reports, are mandatory.

With respect to the FR Y-9C report, Schedule HI's item 7(g) "FDIC deposit insurance assessments," Schedule HC-P's item 7(a) "Representation and warranty reserves for 1-4 family residential mortgage loans sold to U.S. government agencies and government sponsored agencies," and Schedule HC-P's item 7(b) "Representation and warranty reserves for 1-4 family residential mortgage loans sold to other parties" are considered confidential commercial and financial information. Such treatment is appropriate under exemption 4 of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(4)), because these data items reflect commercial and financial information that is both customarily and actually treated as private by the submitter, and which the Board has previously assured submitters will be treated as confidential. It also appears that disclosing these data items may reveal confidential examination and supervisory information, and in such instances, this information would also be withheld pursuant to exemption 8 of the FOIA (5 U.S.C. § 552(b)(8)), which protects information related to the supervision or examination of a regulated financial institution.

In addition, for both the FR Y-9C report and the FR Y-9SP report, Schedule HC's memorandum item 2.b., the name and email address of the external auditing firm's engagement partner, is considered confidential commercial information and protected by exemption 4 of the FOIA (5 U.S.C. § 552(b)(4)), if the identity of the engagement partner is treated as private

⁵ Section 165(b)(2) of Title I of the Dodd-Frank Act (12 U.S.C. § 5365(b)(2)), refers to "foreign-based bank holding company." Section 102(a)(1) of the Dodd-Frank Act (12 U.S.C. § 5311(a)(1)), defines "bank holding company" for purposes of Title I of the Dodd-Frank Act to include foreign banking organizations that are treated as bank holding companies under section 8(a) of the International Banking Act of 1978 (12 U.S.C. § 3106(a)). The Board has required, pursuant to section 165(b)(1)(B)(iv) of the Dodd-Frank Act (12 U.S.C. § 5365(b)(1)(B)(iv)), certain foreign banking organizations subject to section 165 of the Dodd-Frank Act to form U.S. intermediate holding companies. Accordingly, the parent foreign-based organization of a U.S. IHC is treated as a BHC for purposes of the BHC Act and section 165 of the Dodd-Frank Act. Because section 5(c) of the BHC Act authorizes the Board to require reports from subsidiaries of BHCs, section 5(c) provides additional authority to require U.S. IHCs to report the information contained in the FR Y-9 series of reports.

information by HCs. The Board has assured respondents that this information will be treated as confidential since the collection of this data item was proposed in 2004.

Aside from the data items described above, the remaining data items on the FR Y-9C report and the FR Y-9SP report are generally not accorded confidential treatment. The data items collected on FR Y-9LP, FR Y-9ES, and FR Y-9CS⁶ reports, are also generally not accorded confidential treatment. As provided in the Board's Rules Regarding Availability of Information (12 CFR part 261), however, a respondent may request confidential treatment for any data items the respondent believes should be withheld pursuant to a FOIA exemption. The Board will review any such request to determine if confidential treatment is appropriate, and will inform the respondent if the request for confidential treatment has been denied.

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On November 29, 2018, the Board published a notice of proposed rulemaking for U.S. banking organizations in the *Federal Register* (83 FR 61408) for public comment. The comment period for this notice expired on January 22, 2019. On May 15, 2019, the Board published a notice of proposed rulemaking for foreign banking organizations in the *Federal Register* (84 FR 21988) for public comment. The comment period for this notice expired on June 21, 2019. The Board did not receive any specific comments related to the Paperwork Reduction Act (PRA) analysis. On November 1, 2019, the Board published a final rule in the *Federal Register* (84 FR 59032). The final rule is effective on December 31, 2019.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR Y-9 family of reports is 119,816 hours, and would decrease to 119,812 hours with the adopted revisions. The Board estimates that revisions to the FR Y-9C would increase the non AA HCs respondent count by 1 and decrease the AA HCs respondent count by 1. The Board estimates that revisions to the FR Y-9 would decrease the estimated annual burden by 4 hours. These reporting requirements represent approximately 1.1 percent of the Board's total paperwork burden.

⁶ The FR Y-9CS is a supplemental report that may be utilized by the Board to collect additional information that is needed in an expedited manner from HCs. The information collected on this supplemental report is subject to change as needed. Generally, the FR Y-9CS report is treated as public. However, where appropriate, data items on the FR Y-9CS report may be withheld under exemptions 4 and/or 8 of the Freedom of Information Act (5 U.S.C. § 552(b)(4) and (8)).

| FR Y-9 | <i>Estimated number of respondents⁷</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) | 343 | 4 | 46.34 | 63,578 |
| FR Y-9C (AA HCs) | 20 | 4 | 47.59 | 3,807 |
| FR Y-9LP | 434 | 4 | 5.27 | 9,149 |
| FR Y-9SP | 3,960 | 2 | 5.40 | 42,768 |
| FR Y-9ES | 83 | 1 | 0.50 | 42 |
| FR Y-9CS | 236 | 4 | 0.50 | <u>472</u> |
| <i>Current Total</i> | | | | 119,816 |
| Proposed | | | | |
| FR Y-9C (non AA HCs) | 344 | 4 | 46.34 | 63,764 |
| FR Y-9C (AA HCs) | 19 | 4 | 47.59 | 3,617 |
| FR Y-9LP | 434 | 4 | 5.27 | 9,149 |
| FR Y-9SP | 3,960 | 2 | 5.40 | 42,768 |
| FR Y-9ES | 83 | 1 | 0.50 | 42 |
| FR Y-9CS | 236 | 4 | 0.50 | <u>472</u> |
| <i>Proposed Total</i> | | | | 119,812 |
| <i>Change</i> | | | | (4) |

The current estimated total annual cost to the public for these collections of information is \$6,901,402 and would decrease to \$6,901,171 with the adopted revisions.⁸

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 estimated cost to the Federal Reserve System for the FR Y-9 reports is \$2,050,800 per year.

⁷ Of these respondents, 3,417 are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support--table-size-standards>.

⁸ 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 \$19, 45% Financial Managers at \$71, 15% Lawyers at \$69, and 10% Chief Executives at \$96). 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 2018*, published March 29, 2019, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Occupational Classification System, <https://www.bls.gov/soc/>.