

**Supporting Statement for the  
Savings Association Holding Company Report  
(FR LL-(b)11<sup>1</sup>; OMB No. 7100-0334)**

## **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, without revision, the Savings Association Holding Company Report (FR LL-(b)11; OMB No. 7100-0334). The FR LL-(b)11 collects from certain savings and loan holding companies (SLHCs)<sup>2</sup> information about their Securities and Exchange Commission (SEC) filings, reports, financial statements, and other exhibits that the Board requires. The Board uses this data to analyze the financial condition of respondent SLHCs, and assess regulatory compliance.

The estimated total annual burden for the FR LL- (b)11 is 50 hours. The form and instructions are available on the Board’s public website at <https://www.federalreserve.gov/apps/reportforms/default.aspx>.

## **Background and Justification**

Effective July 21, 2011, Title III of the Dodd-Frank Wall Street Reform and Consumer Protection Act transferred to the Board the supervisory functions of the former Office of Thrift Supervision related to SLHCs and their non-depository subsidiaries. Pursuant to section 10(b) of the Home Owners’ Loan Act (HOLA), the Board may require SLHCs to file reports concerning their operations.

Following the transfer to the Board of authority to supervise SLHCs, the Board determined to exempt certain SLHCs (exempt SLHCs) from regulatory reporting using the Board’s existing regulatory reports, including the Consolidated Financial Statements for Holding Companies (FR Y-9C; OMB No. 7100-0128) and the Parent Company Only Financial Statements for Small Holding Companies (FR Y-9SP; OMB No. 7100-0128).<sup>3</sup> An SLHC is an exempt SLHC if it (1) meets the requirements of section 10(c)(9)(C) of HOLA (*i.e.*, it is a “grandfathered” unitary SLHC) and has primarily commercial assets, with thrift assets making up less than 5 percent of the SLHC’s consolidated assets<sup>4</sup> or (2) primarily holds insurance-related assets and does not otherwise submit financial reports with the U.S. Securities and Exchange

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<sup>1</sup> The internal Agency Tracking Number previously assigned by the Board to this information collection was “FR H-(b)11.” The Board is changing the internal Agency Tracking Number to “FR LL-(b)11” for the purpose of consistency.

<sup>2</sup> As described further below, the FR LL-(b)11 must be filed by any top-tier SLHC that is an “exempt SLHC.”

<sup>3</sup> 76 FR 81933 (December 29, 2011).

<sup>4</sup> Specifically, a grandfathered unitary SLHC is exempt if (1) as calculated annually as of June 30th, using the four previous quarters (which includes the quarter-ended June 30th reporting period), its savings association subsidiaries’ consolidated assets make up less than 5 percent of the total consolidated assets of the grandfathered SLHC on an enterprise-wide basis for any of these four quarters and (2) as calculated annually as of June 30th, using the assets reported as of June 30th, where more than 50 percent of the assets of the grandfathered unitary SLHC are derived from activities that are not otherwise permissible under HOLA on an enterprise-wide basis.

Commission pursuant to sections 13 or 15(d) of the Securities Exchange Act of 1934.<sup>5</sup>

In order to gather the information from exempt SLHCs that is necessary for the Board to supervise such SLHCs, monitor their financial condition, and assess their regulatory compliance, exempt SLHCs are required to file the FR LL-(b)11 quarterly report. The FR LL-(b)11 consists of a Current Report, filed in each of the first three quarters of the respondent's fiscal year, and the fiscal year-end Annual Report. The requirements for the Current Report and Annual Report are largely identical, except that the financial statements included in the Annual Report must, in most cases, be audited by an independent public accountant, as described in the FR LL-(b)11 instructions. The information collected by the FR LL-(b)11 is not available from other sources. In order to reflect the fact that exempt SLHCs engage primarily in commercial or insurance activities, rather than banking, the FR LL-(b)11 report requests information that is germane to the activities conducted by the exempt SLHCs, rather than the depository institution-centric information collected by the FR Y-9C and FR Y-9SP. Further, because insurance companies generally compile financial statements using statutory accounting principles (SAP) rather than U.S. generally accepted accounting principles (U.S. GAAP) the FR LL-(b)11, in contrast to the FR Y-9C and FR Y-9SP, permits respondents to report financial information in compliance with SAP or GAAP.

### **Description of Information Collection**

The FR LL-(b)11 collects the following six categories of information.

#### *(1) Information about SEC filings*

Respondents must provide, with a corresponding index, all materials that the SLHC files with the SEC, including filings under both the Securities Act of 1933 and the Securities Exchange Act of 1934. All respondents must submit any filings made to any state authority in connection with any intrastate offering, under cover of this FR LL-(b)11. If the SLHC is not an SEC filer, this must be noted in the FR LL-(b)11.

#### *(2) Reports provided by Nationally Recognized Statistical Rating Organizations and Securities Analysts*

Respondents must submit copies of reports on any company in their organizational structure provided to the SLHC by Nationally Recognized Statistical Rating Organizations and Securities Analysts.

#### *(3) Supplemental information for the Quarterly Savings and Loan Holding Company Report (FR 2320; OMB No. 7100-0345)*

Respondents must provide a detailed explanation and supporting documentation for all supplemental questions on the FR 2320 with a "yes" response.

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<sup>5</sup> Specifically, an SLHC is considered to primarily hold insurance-related assets if, as calculated annually as of June 30th, using the assets reported as of June 30th, more than 50 percent of the assets of the SLHC are derived from the business of insurance on an enterprise-wide basis.

If there is a functionally regulated company in the respondent's organizational structure, the respondent should identify the primary or lead regulator for the company. In addition, the SLHC should provide a contact name, phone number, and email address for each such company.

*(4) Information about other materially important events*

Respondents must report any information that is not specifically requested in this FR LL-(b)11, but which may affect the records of the Federal Reserve (e.g., a name change) or which may affect the SLHC company structure, such as material litigation or other contingent liabilities, changes to senior management, unexpected economic events, issuance, renewal or restructuring of debt, etc. The SLHC should also report information that it deems to be of material importance under this item.

*(5) Financial statements*

Respondents must file financial statements for each quarter and at each fiscal year end as part of the FR LL-(b)11. Respondents that are insurance companies may file financial statements prepared in conformity with SAP only if they do not prepare U.S. GAAP financial statements for any other purpose. The required financial statements include consolidated statements of financial condition of the SLHC and its subsidiaries; consolidated statements of operations, cash flow and retained earnings or equity statements of the SLHC and its subsidiaries for the period under report; and unaudited consolidating schedules.

For each subsidiary that is not consolidated, excluding subsidiary savings associations, statements of financial condition, operations, cash flow, and retained earnings or equity must be filed as would be required if the subsidiary were itself a SLHC.

These financial statements must meet the requirements, including those regarding auditing, outlined in the instructions to the FR LL-(b)11.

*(6) Exhibits*

Respondents must also submit copies not previously filed of its charter and bylaws or instruments corresponding thereto (e.g., partnership agreement, trust agreement).

**Respondent Panel**

The FR LL-(b)11 respondent panel consists of all exempt SLHCs, as defined above.

**Time Schedule for Information Collection**

The FR LL-(b)11 must be filed within 45 days of the end of each quarter, except the fourth quarter of the SLHC's fiscal year; within 90 days of the end of the SLHC's fiscal year (or within 120 days of the end of the fiscal year for audited financial statements of non-public companies with assets of \$500 million or more); and whenever there has been a material change in any of the reported information.

## **Public Availability of Data**

Individual respondent data are available to the public upon request through the appropriate Federal Reserve Bank. Under certain circumstances, however, respondents may request confidential treatment. Data from the FR LL-(b)11 are not published.

## **Legal Status**

The FR LL-10(b)11 is authorized pursuant to section 10 of the HOLA, which requires SLHCs to file “such reports as may be required by the Board” (12 U.S.C. § 1467a(b)(2)(A)). The FR LL-(b)11 is mandatory.

Information provided through the FR LL-(b)11 that corresponds to a “yes” answer to questions 24, 25, and 26 of the FR 2320 is generally considered to be confidential under exemption 4 of the Freedom of Information Act (FOIA), which protects privileged or confidential commercial or financial information (5 U.S.C. § 552(b)(4)). If it should be determined subsequently that any information collected on these three items must be released, respondents will be notified.

For other information submitted to the Board through the FR LL-(b)11, individual respondents may request that it be kept confidential. If a respondent requests confidential treatment, the Board will determine whether the information is entitled to confidential treatment on a case-by-case basis. Information may be kept confidential under exemption 4 of FOIA, which exempts from disclosure information that contains trade secrets and commercial or financial information obtained from a person and privileged or confidential, or exemption 8 of FOIA, which exempts from disclosure information related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions (5 U.S.C. §§ 552(b)(4) and (8)).

## **Consultation Outside the Agency**

There has been no consultation outside the Federal Reserve System.

## **Public Comments**

On September 10, 2019, the Board published an initial notice in the *Federal Register* (84 FR 47514) requesting public comment for 60 days on the extension, without revision, of the FR LL-(b)11. The comment period for this notice expired on November 12, 2019. The Board did not receive any comments. On December 23, 2019, the Board published a final notice in the *Federal Register* (84 FR 70528).

## **Estimate of Respondent Burden**

As shown in the table below, the estimated total annual burden for the FR LL-(b)11 is 50 hours. These reporting requirements represent less than 1 percent of the Board’s total paperwork burden.

<b>FR LL-(b)11</b>	<i>Estimated number of respondents<sup>6</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current Report - Quarterly	6	3 <sup>7</sup>	2	36
Annual Report	6	1	2	12
Current Report - Event-generated	1	1	2	<u>2</u>
<i>Total</i>				50

The estimated total annual cost to the public of the FR LL-(b)11 is \$2,880.<sup>8</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**

The estimated cost to the Federal Reserve System for collecting and processing this report is negligible.

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<sup>6</sup> Of these respondents, none 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>.

<sup>7</sup> The FR LL-(b)11 is filed quarterly except for the fourth quarter when the respondent is required to file its annual report.

<sup>8</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 \$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/>.