

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

*Regulations Q, Y, and YY: Regulatory Capital, Capital Plan, and Stress Test Rules
(Docket No. R-1603; RIN 7100-AF02)*

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), any 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.¹ 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 changes to the FR Y-9C related to a final rule (SCB rule) that simplifies the Board's capital framework while preserving strong capital requirements for large firms.² In connection with the SCB rule, the Board modified the FR Y-9C for HCs subject to the capital plan rule in order to collect information regarding a firm's stress capital buffer requirement, global systemically important bank (GSIB) surcharge, countercyclical capital buffer amount, as applicable, and any applicable distribution limitations under the regulatory capital rule. The revisions are effective for the December 31, 2020, report date. No revisions were made to the FR Y-9LP, FR Y-9SP, FR Y-9ES, or FR Y-9CS

The current estimated total annual burden for the FR Y-9 is 123,841 hours, and would increase to 124,000 hours. The adopted revisions would result in an increase of 159 hours. The FR Y-9 forms and instructions are available on the Board's public website at <http://www.federalreserve.gov/apps/reportforms/default.aspx>.

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 pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934.

² 85 FR 15576 (March 18, 2020).

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 a 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. 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 collects 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 is filed annually 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: 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 instructions to each of the FR Y-9C, FR Y-9LP, FR Y-9SP, and FR Y-9ES state that respondent HCs should retain workpapers and other records used in the preparation of the reports.

The FR Y-9CS is a voluntary, free-form supplemental report that the Board may utilize to collect critical additional data from HCs deemed to be needed in an expedited manner. The FR Y-9CS data collections 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 requested by the FR Y-9CS would depend on the Board's data needs in a given situation. For example, changes made by the Financial Accounting Standards Board may introduce into U.S. generally accepted

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.

accounting principles new data items that are not currently collected by the other FR Y-9 reports. The Board could use the FR Y-9CS report to collect these data until the items are implemented into the other FR Y-9 reports.⁵

Respondent Panel

The FR Y-9 reports panel is comprised of HCs. Specifically, the FR Y-9C panel consists of top-tier HCs with total consolidated assets of \$3 billion or more; FR Y-9LP panel consists of each HC that files the FR Y-9C, as well as by each of its subsidiary HCs; FR Y-9SP panel consists of HCs with total consolidated assets of less than \$3 billion; FR Y-9ES panel consists of each employee stock ownership plan (ESOP) that is also an HC; and FR Y-9CS panel consists of any HC the Board selects.

Adopted Revisions

The SCB rule integrated the Board's regulatory capital rule with the Comprehensive Capital Analysis and Review (CCAR), as implemented through the Board's capital plan rule. The final rule made amendments to the capital rule, capital plan rule, stress test rules, and Stress Testing Policy Statement. Under the SCB rule, the Board will use the results of its supervisory stress test to establish the size of a firm's stress capital buffer requirement, which replaces the static 2.5 percent of risk-weighted assets component of a firm's capital conservation buffer requirement. Through the integration of the capital rule and CCAR, the SCB rule removed redundant elements of the current capital and stress testing frameworks that currently operate in parallel rather than together, including the CCAR quantitative objection and the assumption that a firm makes all capital actions under stress.

In connection with the SCB rule, the Board modified the FR Y-9C for HCs subject to the capital plan rule in order to collect information regarding a firm's stress capital buffer requirement, GSIB surcharge, countercyclical capital buffer amount, as applicable, and any applicable distribution limitations under the regulatory capital rule. Specifically, the Board added new line items to the FR Y-9C Schedule HC-R Part I to collect the following information from HCs subject to the capital plan rule: (1) the firm's capital conservation buffer requirements (including its standardized approach capital conservation buffer requirement and the advanced approaches capital conservation buffer requirement) and leverage buffer requirement, (2) the firm's capital conservation buffer, advanced approaches capital conservation buffer, and, as applicable, leverage buffer as of the preceding quarter-end, which is the difference between the firm's relevant capital ratio and the relevant minimum requirement, and (3) information needed to calculate the firm's maximum payout amount, including the firm's planned total capital distributions, eligible retained income, and maximum payout ratio. The new line items apply to top-tier HCs subject to the Board's capital plan rule (BHCs and IHCs with total consolidated assets of \$100 billion or more), for a total of 39 of the existing FR Y-9C respondents.

⁵ The FR Y-9CS was most recently used by the Board on June 30, 2008. In that collection, data were requested from banking organizations implementing an Advanced Measurement Approach to calculate operational risk capital under the Basel II Risk-Based Capital Framework. The report was used to conduct a voluntary Loss Data Collection Exercise relating to operational risk.

The Board did not adopt proposed changes to the FR Y-9C that would have collected information related to a stress leverage buffer requirement, as this requirement was omitted from the SCB final rule.

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 FFIEC website: <https://www.ffiec.gov/NPW>.

Legal Status

The Board has the authority to impose the reporting and recordkeeping requirements associated with the FR Y-9 family of reports on bank holding companies pursuant to section 5 of the Bank Holding Company Act of 1956 (BHC Act) (12 U.S.C. § 1844); on savings and loan holding companies 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 Wall Street and Consumer Protection Act (Dodd-Frank Act); on U.S. intermediate holding companies 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);⁶ and on securities holding companies pursuant to section 618 of the Dodd-Frank Act (12 U.S.C. § 1850a(c)(1)(A)). Except for the FR Y-9CS report, which is expected to be collected on a voluntary basis, the obligation to submit the remaining reports in the FR Y-9 series of reports and to comply with the recordkeeping requirements set forth in the respective instructions to each of the other reports, is mandatory.

⁶ 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. intermediate holding company is treated as a bank holding company 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 bank holding companies, section 5(c) provides additional authority to require U.S. intermediate holding companies to report the information contained in the FR Y-9 series of reports.

With respect to the FR Y-9C report, Schedule HI's data item 7(g) "FDIC deposit insurance assessments," Schedule HC P's data 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 data 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, Schedule HC's memorandum item 2.b and the FR Y-9SP report, Schedule SC'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 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-9CS⁷ 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.

To the extent the instructions to the FR Y-9C, FR Y-9LP, FR Y-9SP, and FR Y-9ES reports each respectively direct the financial institution to retain the workpapers and related materials used in preparation of each report, such material would only be obtained by the Board as part of the examination or supervision of the financial institution. Accordingly, such information is considered confidential pursuant to exemption 8 of the FOIA (5 U.S.C. § 552(b)(8)). In addition, the financial institution's workpapers and related materials may also be protected by exemption 4 of the FOIA, to the extent such financial information is treated as confidential by the respondent (5 U.S.C. § 552(b)(4)).

⁷ 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)).

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On April 25, 2018, the Board published a notice of proposed rulemaking in the *Federal Register* (83 FR 18160) for public comment. The comment period for this notice expired on June 25, 2018. The Board received one comment letter related to the Paperwork Reduction Act analysis. The commenter suggested that it was unnecessary for firms subject to the capital plan rule to report eligible retained income, maximum payout ratio, maximum payout amount, and distributions and discretionary bonus payments unless the firm is subject to a maximum payout ratio.

The FR Y-9C, as approved by the Board, retains the items discussed by the commenter. Responses to these items will enable the Board and public to monitor a firm's capital adequacy relative to its requirements. The responses will also ensure that the Board and public can estimate the potential consequences for a firm if it were to undergo a period of stress. On March 18, 2020, the Board published a final rule in the *Federal Register* (85 FR 15576).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR Y-9 is 123,841 hours, and would increase to 124,000 hours with the adopted revisions. The Board estimates that revisions would increase the estimated average hours per response for FR Y-9C (non AA HCs) with \$5 billion or more in total assets filers by 0.11 hours and FR Y-9C (AA HCs) filers by 1 hour. These reporting and recordkeeping requirements represent 1.39 percent of the total Federal Reserve System paperwork burden.

| FR Y-9 | <i>Estimated number of respondents⁸</i> | <i>Annual frequency</i> | <i>Estimated average hours per response</i> | <i>Estimated annual burden hours</i> |
|---|--|-------------------------|---|--------------------------------------|
| Current | | | | |
| <i>Reporting</i> | | | | |
| FR Y-9C (non AA HCs) with less than \$5 billion in total assets | 155 | 4 | 40.48 | 25,098 |
| FR Y-9C (non AA HCs) with \$5 billion or more in total assets | 189 | 4 | 46.34 | 35,033 |
| 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 | 472 |
| <i>Recordkeeping</i> | | | | |
| FR Y-9C | 363 | 4 | 1.00 | 1,452 |
| FR Y-9LP | 434 | 4 | 1.00 | 1,736 |
| FR Y-9SP | 3,960 | 2 | 0.50 | 3,960 |
| FR Y-9ES | 83 | 1 | 0.50 | 42 |
| FR Y-9CS | 236 | 4 | 0.50 | 472 |
| <i>Current Total</i> | | | | 123,841 |
| Proposed | | | | |
| <i>Reporting</i> | | | | |
| FR Y-9C (non AA HCs) with less than \$5 billion in total assets | 155 | 4 | 40.48 | 25,098 |
| FR Y-9C (non AA HCs) with \$5 billion or more in total assets | 189 | 4 | 46.45 | 35,116 |
| FR Y-9C (AA HCs) | 19 | 4 | 48.59 | 3,693 |
| 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 | 472 |
| <i>Recordkeeping</i> | | | | |
| FR Y-9C | 363 | 4 | 1.00 | 1,452 |
| FR Y-9LP | 434 | 4 | 1.00 | 1,736 |
| FR Y-9SP | 3,960 | 2 | 0.50 | 3,960 |
| FR Y-9ES | 83 | 1 | 0.50 | 42 |

⁸ Of these respondents, 4 FR Y-9C (non AA HCs non CBLR) with less than \$5 billion in total assets filers; 177 FR Y-9LP filers; 3,153 FR Y-9SP filers; and 83 FR Y-9ES filers 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>.

| | | | | |
|-----------------------|-----|---|------|------------|
| FR Y-9CS | 236 | 4 | 0.50 | <u>472</u> |
| <i>Proposed Total</i> | | | | 124,000 |
| <i>Change</i> | | | | 159 |

The estimated total annual cost to the public for the FR Y-9 is \$7,151,818, and would increase to \$7,161,000 with the adopted revisions.⁹

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 collecting and processing these information collections is \$2,050,800.

⁹ 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 \$20, 45% Financial Managers at \$71, 15% Lawyers at \$70, 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 2019*, published March 31, 2020, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.