

**Supporting Statement for the
Reporting and Recordkeeping Requirements Associated with Regulation L
(FR L; OMB No. 7100-NEW)**

*Thresholds Increase for the Major Assets Prohibition of the
Depository Institution Management Interlocks Act Rules
(Docket No. R-1641; RIN 7100-AF31)*

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), has implemented for three years, the Reporting and Recordkeeping Requirements Associated with Regulation L (FR L; OMB No. 7100-NEW). The Depository Institution Management Interlocks Act (DIMIA)¹ generally prohibits management officials from serving simultaneously with two unaffiliated depository institutions or their holding companies, but allows the Federal banking agencies, including the Board, to grant exemptions from such interlocks in certain circumstances. The FR L information collection accounts for the reporting and recordkeeping requirements associated with implementation of DIMIA.

Although the Board previously included these reporting and recordkeeping requirements in the information collection under OMB control number 7100-0134, they were inadvertently omitted from recent clearances of that control number. The Board implemented a new information collection to account for these requirements. The estimated total annual burden for the FR L is 40 hours. There is no formal reporting form for this collection of information.

Background and Justification

The FR L is associated with the Board's Regulation L - Management Official Interlocks (12 CFR Part 212), which implements the DIMIA for state member banks and bank holding companies, and Regulation LL – Savings and Loan Holding Companies (12 CFR Part 238), which implements the DIMIA for savings and loan holding companies. The Board's Regulations L and LL include certain exceptions from the general prohibition against simultaneous service by an individual as a management official with two unaffiliated depository institutions or depository institution holding companies. In order to implement these exceptions, both regulations contain certain reporting and recordkeeping requirements, as discussed below. The information that is the subject of these requirements is not available from other sources.

Description of Information Collection

Reporting Requirements

Under section 212.4(h)(1)(i) of Regulation L and section 238.94(h)(1)(i) of Regulation LL, there is an exemption from the interlock prohibitions with respect to the service

¹ 12 U.S.C. § 3201 *et seq.*

of a director of a diversified savings and loan holding company, as defined by the Home Owners' Loan Act, who also is a director of an unaffiliated depository organization, if both the diversified savings and loan holding company and the unaffiliated depository organization notify their appropriate Federal regulatory agency at least 60 days before the dual service is proposed to begin and the agency does not disapprove the dual service before the end of the 60-day period.

Recordkeeping Requirements

Under section 212.5(b) of Regulation L and section 238.95(b) of Regulation LL, there is an exemption from the general interlock prohibitions for management interlocks between banking organizations with small market shares. Each of these exemptions require that each depository organization involved in the interlock must maintain records sufficient to support its determination of eligibility for the exemption and must reconfirm that determination on an annual basis.

Respondent Panel

The FR L panel comprises state member banks, bank holding companies, and savings and loan holding companies that qualify for the diversified savings and loan holding company or small market share exemptions discussed above.

Time Schedule for Information Collection

The reporting and recordkeeping requirements are event-generated.

Public Availability of Data

No data collected through this information collection is made available to the public.

Legal Status

The FR L is authorized pursuant to the DIMIA (12 U.S.C. § 3207). The DIMIA authorizes the Board to prescribe regulations to permit service by a management official that would otherwise be prohibited, under certain conditions. The Board also has the authority to require reports from bank holding companies (12 U.S.C. § 1844(c)), savings and loan holding companies (12 U.S.C. §§ 1467a(b) and (g)), and state member banks (12 U.S.C. §§ 248(a) and 324). State member banks, bank holding companies and savings and loan holding companies that wish to utilize the exemption to DIMIA must comply with the reporting and recordkeeping requirements of the FR L. Thus, the FR L is required to obtain a benefit.

Because the recordkeeping requirements would be maintained at each banking organization, the Freedom of Information Act (FOIA) would only be implicated if the Board obtained such records as part of the examination or supervision of a banking organization. In the event the records are obtained by the Board as part of an examination or supervision of a financial institution, this information would be considered confidential pursuant to exemption 8 of the FOIA, which protects information contained in "examination, operating, or condition

reports” obtained in the bank supervisory process (5 U.S.C. § 552(b)(8)). In addition, the information may also be kept confidential under exemption 4 for the FOIA, which protects commercial or financial information obtained from a person that is privileged or confidential (5 U.S.C. § 552(b)(4)). Information submitted to the Board under the reporting requirement of the FR L may similarly be kept confidential under exemption 4 for the FOIA.

Consultation Outside the Agency

The Board consulted with the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency when issuing the final regulations that contain these information collections.

Public Comments

On January 31, 2019, the agencies published a notice of proposed rulemaking in the *Federal Register* (84 FR 604) for public comment on the FR L. The comment period for this notice expired on April 1, 2019. The agencies did not receive any specific comments on the Paperwork Reduction Act notice. On October 10, 2019, the agencies published a final rule in the *Federal Register* (84 FR 54465), which was effective on that date.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR L is 40 hours. These reporting and recordkeeping requirements represent less than 1 percent of the Board’s total paperwork burden.

FR L	<i>Estimated number of respondents²</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Reporting Sections 212.4(h)(1)(i) and 238.94(h)(1)(i)	4	1	4	16
Recordkeeping Sections 212.5(b) and 238.95(b)	8	1	3	<u>24</u>
<i>Total</i>				40

The estimated total annual cost to the public for the FR L is \$2,310.³

² 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>.

³ 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/>.

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 this information collection is negligible.