

**Board of Governors of the Federal Reserve System**

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Instructions for Preparation of

**Annual Report of Foreign Banking Organizations**

Reporting Form FR Y-7

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## INSTRUCTIONS FOR PREPARATION OF

# Annual Report of Foreign Banking Organizations

## FR Y-7

### GENERAL INSTRUCTIONS

#### Who Must Report

A Foreign Banking Organization (FBO) is required to file this report (termed a Reporter for purposes of the FR Y-7) unless the FBO does not meet the requirements of and is not treated as a qualifying FBO under Section 211.23 of Regulation K.<sup>1</sup> Note, however, that a FBO that is a FR Y-7 Reporter must report in Report Item 2, the Organization Chart, of the *Annual Report of Holding Companies* (FR Y-6) any interests the FBO holds through a bank holding company (BHC) or U.S. intermediate holding company (IHC) organized under U.S. law. (See the instructions for the FR Y-6 for additional information.)

In the case of multi-tiered FBOs that are direct or indirect subsidiaries of another FBO, the reporting requirements of the FR Y-7 can be satisfied by submitting the required information as part of the FR Y-7 submission of the top-tier FBO. In such a unified submission, subsidiary FBOs need not provide responses to Report Items 1 and 2 if those responses would duplicate information provided by the top-tier FBO. The top-tier FBO and each subsidiary FBO must provide a response to Report Item 3. In addition, subsidiary FBOs included within the tiered report need not provide a separate response to Report Item 4 unless the subsidiary FBO claims the limited exemption pursuant to Section 211.23(c) of Regulation K (12 CFR 211.23(c)).

Additional copies of this form and instructions may be obtained from the Federal Reserve Bank in the district where the Reporter submits its FR Y-7 report or may be

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1. A FBO that does not meet the requirements and is not treated as a qualifying FBO must file the *Annual Report of Holding Companies* (FR Y-6) instead of the FR Y-7.

found on the Federal Reserve Board's public website ([www.federalreserve.gov](http://www.federalreserve.gov)).

#### Where and When to Submit the Report

The original and number of copies of the completed report required by the Federal Reserve Bank should be filed with the appropriate Federal Reserve Bank (see the *Report of Changes in Organizational Structure* (FR Y-10) Glossary). All copies must include the required attachments.

All reports shall be made out clearly and legibly, submitted in typewritten form or in ink. Reports completed in pencil will not be accepted.

The FR Y-7 is required to be submitted no later than four months after the Reporter's fiscal year end. If this deadline cannot be met, the Reporter must advise the appropriate Federal Reserve Bank as soon as possible, and normally not later than 30 calendar days before the deadline, and request an extension, stating the reason for the request and the date on which the information will be filed. As a general rule, extensions beyond 30 calendar days will not be granted. The Reporter will be advised before the deadline as to whether an extension will be granted. As part of the consideration of the extension request, the Federal Reserve Bank may require the submission of draft information and a commitment as to when the final information will be submitted.

The filing of a completed report will be considered timely, regardless of when the report is received by the appropriate Federal Reserve Bank, if the report is mailed first class and postmarked no later than the third calendar day preceding the submission deadline. In the absence of a postmark, a Reporter whose completed FR Y-7 is received late may be called upon to provide proof of timely mailing. A "Certificate of Mailing" (U.S. Postal

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# General Instructions

Service form 3817) may be used to provide such proof. If an overnight delivery service is used, entry of the completed original report into the delivery system on the day before the submission deadline will constitute timely submission. In addition, the hand delivery of the completed original report on or before the submission deadline to the location to which the report would otherwise be mailed is an acceptable alternative to mailing the report.

Companies that are unable to obtain the required officials' signatures on their completed original reports in sufficient time to file these reports so that they are received by the submission deadline should contact the Federal Reserve Bank to which they mail their original reports to arrange for the timely submission of their report information and the subsequent filing of their signed reports.

If the submission deadline falls on a weekend (Saturday or Sunday) or holiday, the report must be received by 5:00 P.M. on the first business day after the weekend or holiday. Any report received after 5:00 P.M. on the first business day after the weekend or holiday deadline will be considered late unless it has been postmarked three calendar days prior to the original weekend or holiday submission deadline (original deadline), or the institution has a record of sending the report by overnight service one day prior to the original deadline.

## How to Prepare the Report

### A. Basis of Reporting Financial Information

If the Reporter prepares consolidated financial statements for any purpose (including, without limitation, published financial statements, or financial statements to any other banking supervisor), the financial statements provided in the FR Y-7 must also be reported on a consolidated basis unless otherwise instructed in this report.

### B. Substitution of Information

When strictly complying with specific requirements in the report involves undue burden or expense, the Board may, upon receipt of a written request submitted through the appropriate Federal Reserve Bank, normally at least 30 calendar days before the filing date of the report, permit the substitution of appropriate information.

### C. Confidentiality

Once submitted, an FR Y-7 report becomes a Federal Reserve Board (Board) record and may be requested by any member of the public pursuant to the Freedom of Information Act (FOIA), 5 U.S.C. §552. Under the FOIA, Board records generally must be disclosed unless they are determined to fall, in whole or in part, within the scope of one or more of the FOIA exemptions from disclosure. See 5 U.S.C. §552(b)(1)-(9).

The exempt categories include (but are not limited to) "trade secrets and commercial or financial information obtained from a person and privileged or confidential" (exemption 4), and information that, if disclosed, "would constitute a clearly unwarranted invasion of personal privacy" (exemption 6). In certain limited circumstances, the Federal Reserve may grant confidential treatment for some or all of the items for which such treatment has been requested if the institution clearly has provided a compelling justification for the request. A reporter may request confidential treatment for any information submitted on the FR Y-7 that the reporter believes is exempt from disclosure under FOIA. The Reporter must follow the steps outlined immediately below, and certify on the completed and signed page 1 of the FR Y-7 that these steps have been followed.

This report requires the submission of information regarding individuals. The submission of information on individuals can raise privacy concerns, especially when reporters provide more details on individuals than is required to be submitted. The report items regarding individuals are narrowly tailored to minimize these concerns. The Reporter is responsible for ensuring that the information provided on individuals is limited to that which is requested in the relevant report items. **Personal home addresses of securities holders are considered and will be treated as confidential. Therefore, a Reporter does not need to file a request for confidential treatment of this information.**

The Reporter must take appropriate measures to safeguard the confidentiality of information provided to the Federal Reserve, including details regarding individuals. The Reporter must confirm (on page 1 of this report) that the Reporter has the authority (a) to provide information regarding individuals to the Federal Reserve, and (b) on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve will assume, in the absence of a request

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# General Instructions

for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 CFR Part 261, **that the Reporter and individual consent to public release of all details in the report concerning that individual.**

Reporters requesting confidential treatment of information are hereby advised that Board policy, particularly in those instances in which an FBO owns a U.S. bank subsidiary, strongly favors disclosure of the names and the number and percentage of voting securities provided in response to Report Item 3 that pertain to shareholders who control 10 percent or more of any class of voting shares of a FBO, unless there is shown to be a well-defined present threat to the liberty or personal security of individuals. This policy shall not preclude a Reporter from raising any ground for confidential treatment of such information that may be available under the FOIA. Therefore, it is incumbent on Reporters to make a formal, substantiated request for confidential treatment of any portion of the report that they believe should be kept confidential, and that includes (but is not limited to) information on holders of voting securities.

Reporters that seek confidential treatment for specific report item responses to the FR Y-7 must divide their report submission into two parts, filed simultaneously. The separately bound confidential volume should be accompanied by a cover page marked "confidential" and include only those report item responses for which confidential treatment is requested. The public volume should include responses to all of the report items. The responses to those items for which confidential treatment is requested should indicate that the responsive data may be found in the confidential volume.

The Reporter also must submit a letter prior to or concurrent with submission of the two-part FR Y-7. The written request must identify the specific items for which confidential treatment is requested, provide justification for the confidential treatment requested for the identified items, and must demonstrate the specific nature of the harm that would result from public release of the information. Merely stating that competitive harm would result is not sufficient.<sup>2</sup>

Reporters must submit a request for confidential treat-

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2. FOIA exemptions 4 and 6 may be applicable for requests for confidentiality. For a complete list see the Board's public web site <http://www.federalreserve.gov/foia/exemptions.htm>

ment prior to or at the time of filing this report even if they previously requested (and were or were not accorded) confidential treatment for the same information as filed on a previous FR Y-7 report or as otherwise provided to the Board.

## Check Box

The Reporter must select on page 1 of the form whether any confidential treatment is requested for any portion of the report. If the answer to the first question is "Yes," the Reporter must indicate whether a letter justifying the request for confidential treatment is included with the submission or has been provided separately. **If an institution does not fulfill both requirements, or does not check the appropriate boxes, confidential treatment will not be considered.**

**Note: Responses to the questions regarding confidential treatment on page 1 of the form will be considered public information.**

Information for which confidential treatment is requested may be released subsequently by the Federal Reserve System, in accordance with the terms of 12 CFR 261.16, if the Board determines that the disclosure of such information is required by law or in the public interest. If the Federal Reserve deems it necessary to release confidential data, the reporting institution will be notified before it is released. For further information on the procedures for requesting confidential treatment and the Board's procedures for addressing such requests, consult the Board's Rules Regarding Availability of Information, 12 CFR part 261, including 12 CFR 261.15, which governs requests for confidential treatment.

## D. Additional Information

The Federal Reserve System reserves the right to require the filing of additional information if the information submitted in the FR Y-7 report is not sufficient to appraise the FBO's ability to be a source of strength and support to its U.S. banking operations, or to determine that the FBO and its affiliates are in compliance with applicable laws and regulations. The Reporter must follow the steps outlined immediately above with respect to any additional information for which it seeks confidential treatment.

## E. Signatures

The FR Y-7 shall be signed by a duly authorized official (see the FR Y-10 Glossary) of the Reporter. By signing

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# General Instructions

page 1 of the FR Y-7 report form, the duly authorized official acknowledges that any knowing and willful misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject the official to legal sanctions provided by 18 U.S.C. §§ 1001 and 1007.

## **F. Amended Reports**

The Federal Reserve may require the filing of an amended FR Y-7 if the report as previously submitted contains significant errors. In addition, a Reporter should file an amended report when internal or external auditors make audit adjustments that result in a restatement of financial statements previously submitted to the Federal Reserve. The Reporter must follow the steps outlined immediately above with respect to any portion of an amended report for which it seeks confidential treatment.

## **G. Monitoring of Regulatory Reports**

Federal Reserve Banks will monitor the filing of all regulatory reports to ensure that they are filed in a timely manner and are accurate and not misleading. Reporting deadlines are detailed in the Where and When to Submit the Report section of these general instructions. Additional information on the monitoring procedures is available from the Federal Reserve Banks.

## **H. FR Y-7 Glossary Terms**

For the purposes of these reporting instructions please refer to the FR Y-10 Glossary for all FR Y-7 glossary terms.

# Report Item Instructions

## Page 1

### Legal Entity Identifier (LEI):

The top-tier foreign banking organization (Reporter) must provide its LEI on page 1 of this report if it already has one. If the Reporter does not have a LEI, it is not required to obtain one. See the FR Y-10 Glossary for definition of a “Legal Entity Identifier (LEI).”

### Report Item 1: Financial Information Regarding the Foreign Banking Organization (FBO)

#### Report Item 1(a) Financial Statements

Submit financial statements and notes in English covering the Reporter’s two most recent fiscal years that include or are equivalent to balance sheets and income statements. If the Reporter prepares consolidated financial statements for any purpose (including without limitation, for published financial statements or submission to any other banking supervisor), the financial statements provided in the FR Y-7 must also be reported on a consolidated basis, unless otherwise instructed in this report.

The financial statements should be stated in the local currency of the country in which the head office of the Reporter is located. They should be prepared in accordance with local accounting practices.

If the financial statements have not been finalized by the due date of this report, preliminary figures must be provided. The Reporter must advise the appropriate Federal Reserve Bank before the deadline. Finalized data are due within 30 calendar days from the deadline date.

Also, respond to the following questions: (circle one)

Have the financial statements been certified by an independent public accountant? Yes No

Do the financial statements consolidate all material subsidiaries that are majority-owned financial companies? Yes No

Do the financial statements reflect any significant changes in accounting standards or policies used in preparing such statements since the last filing of the FRY-7? Yes No  
If yes, describe the changes in a note or attachment to the financial statements.

#### Report Item 1(b) Annual Report to Shareholders

Submit one copy of the most recent annual report prepared for shareholders for each FBO being reported, accompanied by one copy of an English translation. The Reporter must indicate on page 1 of the form (per checkbox at lower left-hand corner) that an annual report to shareholders: (a) is included with the FR Y-7 report, (b) will be sent under separate cover, or (c) is not prepared. An annual report is to be submitted to the Federal Reserve only if such a report is created for shareholders. The Reporter does not need to create an annual report if such report is not normally created for shareholders.

### Report Item 2: Organization Information for the FBO

#### Report Item 2(a) Organization Chart

Submit an organization chart indicating the Reporter and its interests in all entities defined below. The organization chart may be in a diagram or list format. It should disclose:

- (1) full legal names (use abbreviations only if part of the legal name) use popular name for branches, agencies, and representative offices;



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# Report Item Instructions

- (2) the Legal Entity Identifier (LEI) (if the entity already has one)<sup>1</sup>
  - (3) physical address (i.e., city and state/country) of each entity;
  - (4) country of incorporation for each entity: (Companies that are incorporated or organized in the U.S. should only report the state of incorporation. Companies that are incorporated or organized outside the U.S. should only report the country of incorporation. The state or country of incorporation is required for all business organization types. For instance, limited liability companies should report the state or country in which they file their articles of organization.)
  - (5) intercompany ownership and control relationships (including an interest held by a Reporter in an entity through more than one direct holder); and
  - (6) percentage ownership (of voting or nonvoting equity or other interests) by each direct holder. For partnerships and limited liability companies, the specific partner or member interest should be provided (i.e., general or limited partner, managing or non-managing member).
- As described below, some entities not reportable on the FR Y-10 are nevertheless reportable on the FR Y-7. These entities may be reported on the FR Y-7 organization chart in a format convenient for the Reporter. For example, a Reporter may provide a single organization chart annotated to indicate entities reportable on the FR Y-7 but not on the FR Y-10. As another option, a Reporter may provide an organization chart covering FR Y-10 reportable entities supplemented by a list of entities reportable on the FR Y-7 but not on the FR Y-10.
- If the Reporter in the aggregate controls shares of more than one class of the entity's voting shares, the Reporter should report information for the class in which the Reporter controls the highest percentage.
- Entities reportable on the FR Y-10 and thus reportable on the FR Y-7:***
- (1) The top-tier FBO itself and lower-tier FBOs;
- (2) Branches, agencies, and representative offices that are located in the United States, and any non-U.S. branches that are managed by a U.S. branch or agency of each FBO that is a foreign bank;
  - (3) A parent of the representative office when there are no other reportable offices in the United States;
  - (4) A Banking Company, as defined in the FR Y-10 Glossary, in which a Reporter directly or indirectly in the aggregate controls, owns, or holds more than 5 percent of any class of voting shares,<sup>2</sup> or which the Reporter otherwise directly or indirectly controls;<sup>3</sup>
  - (5) U.S. companies and non-U.S. companies directly or indirectly engaged in business in the United States other than BHCs, IHCs, U.S. banks, or FBOs ("non-banking companies" as defined in the FR Y-10 Glossary) that the Reporter controls<sup>2</sup> directly or indirectly. This includes financial and other nonbanking subsidiaries of national or state banks;
  - (6) Specific merchant banking or insurance company investments made by an affiliate of a financial holding company (FHC) are reportable if the FHC and its affiliates on a combined basis acquired more than 5 percent of the voting shares, assets, or ownership interests of a company engaged in a nonfinancial activity at a cost that exceeds the lesser of 5 percent of the parent FHC's Tier 1 capital or \$200 million;
  - (7) Any entity not mentioned above that is required to file a regulatory financial report with the Federal Reserve System; and
  - (8) Directly or indirectly held subsidiaries that are direct or indirect holders of any of the above companies.

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1. The top-tier FBO (Reporter) must provide the LEI for itself and any subsidiary reportable on the FR Y-7 if they already have one. If the Reporter or any of its subsidiaries do not have a LEI, it is not required to obtain one. See the FR Y-10 Glossary for definition of a "Legal Entity Identifier (LEI)."

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2. In general, a Reporter is considered to control all shares which it or its subsidiaries have the power to vote, but not shares held in a fiduciary capacity. However, shares held by a Reporter (or its subsidiary) as fiduciary are deemed controlled by the Reporter if the shares are held for the benefit of employees, shareholders, members, or affiliates of the Reporter or any Reporter subsidiary, or if the shares are of a BHC, IHC, or bank organized under U.S. law and the Reporter has directly or indirectly had the sole power to vote the shares for more than 2 years. In addition, a security that is convertible into a voting security at a holder's option is deemed to be shares of the class into which the security is convertible. The Reporter should check to see if any other basis for control exists (such as a management agreement or the power to control the election of a majority of directors).

3. To determine whether one company controls another company, apply the standard for control as defined in the FR Y-10 Glossary.

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# Report Item Instructions

## ***Additional entities reportable on the FR Y-7***

### ***Organization Chart:***

- (1) Include nonbanking companies (U.S. companies and non-U.S. companies engaged in business in the United States) in which the Reporter directly or indirectly in the aggregate controls more than 5 percent, but less than 25 percent, of the outstanding shares of any class of voting securities. With respect to such companies, a Reporter need not report on its organization chart the exact percentage of the voting shares that it controls, and need only indicate that the company is not reportable on the FR Y-10, and
- (2) Include any company that the Federal Reserve System determines should be reported.

### ***Interests not reportable on the FR Y-7 Organization Chart:***

- (1) *Interests Reportable on the FR Y-6:* Interests reportable on the FR Y-6 instead of the FR Y-7, which includes interests held directly or indirectly by any subsidiary of the Reporter that is a BHC or IHC organized under U.S. law;
- (2) *Non-U.S. Entities Not Engaged in Business in the United States:* Non-U.S. companies that are not engaged in business in the U.S. and are not otherwise reportable;
- (3) *Entities Held Under Section 211.23(f)(5) of Regulation K (12 CFR 211.23(f)(5)):* An interest in an entity held under section 211.23(f)(5) should not be reported on the organization chart. (These interests should be reported in Report Item 2(b).);
- (4) *Companies Held by a Small Business Investment Company (SBIC):* Any company controlled directly or indirectly by a SBIC that is registered with the Small Business Administration, unless the interest in the company is a reportable merchant banking or insurance company investment on the FR Y-10. However, if a FBO that is a FHC engaged in merchant banking activities holds shares in the same merchant banking investment through a merchant banking vehicle as well as through a SBIC, the entire investment is treated as the merchant banking investment, subject to the reporting criteria;

- (5) *Debts Previously Contracted:* An interest in a company, other than a U.S. bank, BHC, or IHC, acquired in full or in part in satisfaction of a debt previously contracted or that solely holds assets acquired in satisfaction of a debt previously contracted;
- (6) *Interests Held as Collateral:* An interest held solely as collateral securing an extension of credit;
- (7) *Companies Controlled Through an Insurance Underwriter:* An interest in a nonbanking company organized under U.S. federal or state law, if controlled directly or indirectly by an insurance underwriter. This exception does not apply to any of the following: (a) a Nonbanking Company that is the underwriter's highest-tier provider in the U.S. of any primary line of insurance, or (b) any interest that is a reportable merchant banking or insurance company investment;
- (8) *Advising and Administering a Mutual Fund:* If a Reporter directly or indirectly advises or administers a mutual fund, the mutual fund is not reportable on the Reporter's FR Y-7 unless other ties between the Reporter and the fund meet the standard for control as defined in the FR Y-10 Glossary;
- (9) *Inactive Companies:* An interest in any company that exists as a matter of law, but does not engage in any business activity. The company becomes reportable once it begins to engage in business. Note that inactive companies include companies that have been set-up as name-saving organizations or have been formed or incorporated but do not yet conduct any business activity. Any company that has become inactive as of the end of the reporting period does not need to be reported on the FR Y-7 organization chart;
- (10) *Special Purpose Vehicles (SPV):* An interest in any company formed for specific leasing transactions, such as a special purpose vehicle engaged in a single leasing transaction;<sup>4</sup>
- (11) *Companies to be Divested:* An interest in any company which must be divested pursuant to sections 4(a)(2) or 4(n)(7) of the Bank Holding Company Act (BHC Act) or pursuant to a commitment

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4. Note that an interest in a Variable Interest Entity (as defined in Financial Accounting Standards Board Interpretation No. 46R as amended by FAS 167) typically will not be reportable on either the FR Y-7 or the FR Y-10 so long as the Reporter does not control the entity.



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# Report Item Instructions

made to the Board or the Federal Reserve Bank (see also 12 CFR 225.85). NOTE: The Reporter should report direct and indirect interests in companies that are to be conformed, beginning with the first report submitted once the Reporter has become subject to the BHC Act; and

- (12) *Public Welfare Investments.* Public welfare investments subject to prior-notice or post-notice filing requirements with federal banking agencies (such as a CD-1 or H-6), if held through a company that has been reported on the FR Y-10 and that is principally engaged in community development or public welfare investments.

In addition, list separately as a supplement to the organization chart the entities reported in response to Report Item 2(b).

## **Report Item 2(b) Foreign companies held pursuant to section 2(h)(2) of the BHC Act and Section 211.23(f)(5) of Regulation K, or Section 4(c)(9) of the BHC Act and Section 211.23(f)(5) of Regulation K**

- (1) For each foreign company (whether or not a subsidiary):
- (a) provide its full legal name and location (city/country);
  - (b) the Legal Entity Identifier (LEI) (if the entity already has one) (See footnote 1 for more information.)
  - (c) indicate the percent of any class of voting shares of the company that is held directly or indirectly by the FBO; and
  - (d) indicate the percent of the company's worldwide consolidated assets that are located in and gross revenues that are derived from the United States.
- (2) For each foreign company that is a subsidiary, indicate its U.S. activities (conducted through a U.S. office or a U.S. company, whether or not a subsidiary of the foreign company), and confirm that these activities are the same as or are related to those conducted abroad as measured by North American Industry Classification System (NAICS) codes.

**Note:** Reporters are reminded that, pursuant to Section 211.23(f)(5)(ii) of Regulation K, foreign companies may not directly underwrite, sell, or distribute, nor own

or control more than 10 percent of the voting shares of a company that underwrites, sells, or distributes securities in the United States, except to the extent permitted bank holding companies.<sup>5</sup> Interests included in Report Item 2(a) are not reportable in Report item 2(b).

## **Report Item 3: Shares and Shareholders**

### **Report Item 3(a) Number and Types of Shares**

List the number and types of all the shares (or their equivalent) that the FBO has authorized, issued, or holds for its own account. Describe the voting rights of each type of shares and any agreements that limit the voting of such shares. When the FBO has bearer securities outstanding, describe the regulations requiring registration of the ownership of the bearer securities with the FBO or appropriate regulatory agency.

### **Report Item 3(b) Nonbearer Securities<sup>6</sup>**

(circle one)

Does the FBO have nonbearer securities? Yes No  
If the response is "yes," list each shareholder (or the equivalent) of record that directly or indirectly owns, controls, or holds with power to vote 5 percent or more of any class of nonbearer securities of the FBO (See Regulation Y, Section 225.2(q)). Also list the beneficial owner, to the extent ascertainable, when the beneficial ownership is 5 percent or more of nonbearer shares.

Provide the following information for each:

- (1) name and address of principal residence for individuals, or of head office for companies;
- (2) country of citizenship or of organization; and

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5. Under a 1971 Board interpretation (12 CFR 225.124(d)), a foreign bank holding company may underwrite or deal in shares of stock (including shares of United States issuers) to be distributed outside the United States, provided that shares so acquired are disposed of within a reasonable time. This applies only to activity that takes place outside of the United States and that does not involve a U.S. office. See F.R.R.S. 3-693 (addressing restrictions on underwriting by foreign banks of securities to be distributed in the United States). Shares of companies held pursuant to the interpretation on the reporting date need not be reported in response to Report Item 2(b), provided that the holding of the shares is in all respects consistent with the interpretation.

6. See the FR Y-10 Glossary.

# Report Item Instructions

- (3) number and percentage of each class of nonbearer securities (or their equivalent) owned, controlled, or held with power to vote.

## Report Item 3(c) Bearer Securities<sup>6</sup>

(circle one)

Does the FBO have bearer securities? Yes No  
If the response is “yes,” list each known shareholder that directly or indirectly owns, controls, or holds with power to vote 5 percent or more of any class of bearer securities (see Regulation Y, Section 225.2(q)) of the FBO. Provide the following information for each:

- (1) name and address of principal residence for individuals, or of head office for companies;
- (2) country of citizenship or of organization; and
- (3) number and percentage of each class of bearer securities (or their equivalent) owned, controlled, or held with power to vote.

## Report Item 4: Eligibility as a Qualified Foreign Banking Organization (QFBO)

### Report Item 4(a) Requirements for Eligibility as a QFBO

To qualify for exemption from the nonbanking prohibitions of the BHC Act, a FBO must be “principally” engaged in the banking business outside the United States. Section 211.23(a) of Regulation K (12 CFR 211.23(a)) sets forth requirements to qualify for the exemption. Certain FBOs that do not meet the criteria set forth below in 4(g) will be eligible for limited exemptions as described in Section 211.23(c) of Regulation K (12 CFR 211.23(c)) if they meet the requirements set forth in that section. Such organizations should contact the appropriate Federal Reserve Bank for guidance.

### Report Item 4(b) Financial Data

The top-tier FBO must provide financial data on the size of its: (1) worldwide nonbanking business activities; (2) non-U.S. banking activities; and (3) U.S. banking activities. The top-tier FBO must measure the size of its business activities by any two of the three financial items: total assets, revenues, or net income, as provided in 4(c) below. Refer to the Notes to Report Item 4 on pages RI-7 and RI-8.

## Report Item 4(c) Consolidated or Combined Basis for Determining Total Assets, Revenues, and Net Income

For purposes of determining total assets, revenues, and net income, each FBO:

- (1) may use either a consolidated or a combined basis;<sup>7</sup>
- (2) must include the total assets, revenues, and net income of all companies in which it owns 50 percent or more of the voting shares; and
- (3) may include the total assets, revenues, and net income of companies in which it owns 25 percent or more of the voting shares if all such companies within the FBO are included.

## Report Item 4(d) Worldwide Business Activities and Banking Business Activities

The top-tier FBO must complete **both** 4(e) regarding worldwide business activities and 4(f) regarding banking business activities. The top-tier FBO should use the same currency in reporting the amounts in both 4(e) and 4(f).

## Report Item 4(e) Worldwide Business Activities

Respond to any two of the following three criteria:

- |                                      | Amounts in<br>local currency<br>or U.S. Dollars<br>(circle one) |
|--------------------------------------|---|
| (1) Assets:                          |   |
| (a) total worldwide nonbanking ..... | _____   |
| (b) total non-U.S. banking .....     | _____   |
| (2) Revenues derived from:           |   |
| (a) total worldwide nonbanking ..... | _____   |
| (b) total non-U.S. banking .....     | _____   |
| (3) Net Income derived from:         |   |
| (a) total worldwide nonbanking ..... | _____   |
| (b) total non-U.S. banking .....     | _____   |

7. Combined financial statements present the results of operations and the financial position of a group of commonly controlled companies, a group of unconsolidated subsidiaries or other companies that are under common management, and after giving effect to the elimination of inter-company balances and transactions.

# Report Item Instructions

## Report Item 4(f) Banking Business Activities

Respond to any two of the following three criteria:

- |                                  | Amounts in<br>local currency<br>or U.S. Dollars<br>(circle one) |
|----------------------------------|---|
| (1) Assets:                      |   |
| (a) total non-U.S. banking ..... | _____   |
| (b) total U.S. banking .....     | _____   |
| (2) Revenues derived from:       |   |
| (a) total non-U.S. banking ..... | _____   |
| (b) total U.S. banking .....     | _____   |
| (3) Net Income derived from:     |   |
| (a) total non-U.S. banking ..... | _____   |
| (b) total U.S. banking .....     | _____   |

## Report Item 4(g) Criteria for Qualifying

A FBO will qualify for the exemption from the nonbanking prohibitions of the BHC Act only if two of the three requirements in **both** of the following categories are met:

### Worldwide Business

- (1) banking assets held outside the United States exceed total worldwide nonbanking assets; or
- (2) revenues derived from the business of banking outside the United States exceed total revenues derived from its worldwide nonbanking business; or
- (3) net income derived from the business of banking outside the United States exceeds total net income derived from its worldwide nonbanking business; and

### Banking Business

- (1) banking assets held outside the United States exceed banking assets held in the United States; or
- (2) revenues derived from the business of banking outside the United States exceed revenues derived from the business of banking in the United States; or
- (3) net income derived from the business of banking outside the United States exceeds net income derived from the business of banking in the United States.

## Report Item 4(h) Eligibility for Limited Exemptions

FBOs that satisfy the criteria as a qualifying FBO through Items 4(e) and 4(f) should NOT complete the limited exemptions eligibility test Items 4(j), 4(k), 4(l), and 4(m). Certain FBOs that do not meet the criteria set forth above in 4(g) will be eligible for limited exemptions as described in Section 211.23(c) of Regulation K (12 CFR 211.23(c)) if they meet **both** of the following requirements:

### (1) Qualification of Foreign Bank(s)

Each foreign bank within the FBO that maintains a branch or an agency, or controls a commercial lending company, Edge or agreement corporation, or bank in the United States must meet the criteria set forth above in 4(g) determined in accordance with 4(b) and 4(c) above, and the Notes to Report Item 4 on pages RI-7 and RI-8.

### (2) Qualification of Top-tier Foreign Banking Organization

The top-tier FBO, i.e., the ultimate parent, must meet the criteria set forth above in 4(g) determined in accordance with 4(b), 4(c), and the Notes to Report Item 4 on page RI-7, provided, however, that solely for purposes of meeting the “Worldwide Business” requirement in 4(g), the top-tier FBO may count as non-U.S. banking all activities listed in Section 211.10 of Regulation K (12 CFR 211.10) conducted by it and its direct and indirect subsidiaries; that is, the limitation set forth in the second sentence of Note 2 on page RI-7 shall not apply.

## Report Item 4(i) Limited Exemptions: Worldwide Business Activities and Banking Business Activities

Each foreign bank must complete **both** 4(j) regarding worldwide business activities and 4(k) regarding banking business activities. The same currency should be used in reporting both 4(j) and 4(l). In addition, the top-tier FBO must complete **both** 4(l) regarding worldwide business activities and 4(m) regarding banking business activities. The same currency should be used in reporting both 4(j) and 4(l).

# Report Item Instructions

## Report Item 4(j) Worldwide Business Activities

If the criteria are NOT satisfied as a qualified FBO through Items 4(e) and (f), respond to any two of the three criteria:

|                                      | Amounts in<br>local currency<br>or U.S. Dollars<br>(circle one) |
|--------------------------------------|---|
| (1) Assets:                          |   |
| (a) total worldwide nonbanking ..... | _____   |
| (b) total non-U.S. banking .....     | _____   |
| (2) Revenues derived from:           |   |
| (a) total worldwide nonbanking ..... | _____   |
| (b) total non-U.S. banking .....     | _____   |
| (3) Net Income derived from:         |   |
| (a) total worldwide nonbanking ..... | _____   |
| (b) total non-U.S. banking .....     | _____   |

## Report Item 4(k) Banking Business Activities

If the criteria are NOT satisfied as a qualified FBO through Items 4(e) and (f), respond to any two of the three criteria:

|                                  | Amounts in<br>local currency<br>or U.S. Dollars<br>(circle one) |
|----------------------------------|---|
| (1) Assets:                      |   |
| (a) total non-U.S. banking ..... | _____   |
| (b) total U.S. banking .....     | _____   |
| (2) Revenues derived from:       |   |
| (a) total non-U.S. banking ..... | _____   |
| (b) total U.S. banking .....     | _____   |
| (3) Net Income derived from:     |   |
| (a) total non-U.S. banking ..... | _____   |
| (b) total U.S. banking .....     | _____   |

## Report Item 4(l) Worldwide Business Activities

If the criteria are NOT satisfied as a qualified FBO through Items 4(e) and (f), respond to any two of the three criteria:

|                                      | Amounts in<br>local currency<br>or U.S. Dollars<br>(circle one) |
|--------------------------------------|---|
| (1) Assets:                          |   |
| (a) total worldwide nonbanking ..... | _____   |
| (b) total non-U.S. banking .....     | _____   |
| (2) Revenues derived from:           |   |
| (a) total worldwide nonbanking ..... | _____   |
| (b) total non-U.S. banking .....     | _____   |
| (3) Net Income derived from:         |   |
| (a) total worldwide nonbanking ..... | _____   |
| (b) total non-U.S. banking .....     | _____   |

## Report Item 4(m) Banking Business Activities

If the criteria are NOT satisfied as a qualified FBO through Items 4(e) and (f), respond to any two of the three criteria:

|                                  | Amounts in<br>local currency<br>or U.S. Dollars<br>(circle one) |
|----------------------------------|---|
| (1) Assets:                      |   |
| (a) total non-U.S. banking ..... | _____   |
| (b) total U.S. banking .....     | _____   |
| (2) Revenues derived from:       |   |
| (a) total non-U.S. banking ..... | _____   |
| (b) total U.S. banking .....     | _____   |
| (3) Net Income derived from:     |   |
| (a) total non-U.S. banking ..... | _____   |
| (b) total U.S. banking .....     | _____   |

## Report Item 4(n) Loss of Eligibility

A foreign banking organization that does not meet the requirements for two consecutive years as reported herein will lose its eligibility for exemption pursuant to Section 211.23(d) of Regulation K (12 CFR 211.23(d)).

## Notes to Report Item 4

- When the same two criteria i.e., assets, revenues, or net income, are reported in 4(e) and 4(f), the amount reported in 4(e) for total non-U.S. banking should equal the amount reported in 4(f) for total non-U.S. banking for that criterion. Similarly, amounts reported

# Report Item Instructions

for total non-U.S. banking items in 4(j) should equal those in 4(k). Note that the amounts reported for all criteria in 4(m) should be the same as those reported in 4(f).

2. **Non-U.S. Banking:** The activities considered to be banking when conducted outside of the United States are listed in Section 211.10 of Regulation K (12 CFR 211.10). Note, however, that the Board has determined that for purposes of determining eligibility as a qualifying foreign banking organization, such activities must be conducted through a foreign bank or its direct or indirect subsidiaries in order to be considered banking activities. See 12 CFR 211.23(b)(2).
3. **U.S. Banking:** All of the assets, revenues, or net income of a U.S. subsidiary bank (including its foreign branches and subsidiaries), branch, agency, subsidiary commercial lending company, or other company engaged in the business of banking in the United States will be considered held or derived from the business of banking in the United States. Managed non-U.S. branches are not considered held or derived from the business of banking in the United States.
4. None of the assets, revenues, or net income of a U.S. subsidiary bank (including its foreign branches and subsidiaries), branch, agency, subsidiary commercial lending company, or other company engaged in the business of banking in the United States will be considered held or derived from the business of banking outside the United States.

## Report Item 5: Regulation YY Compliance for the Foreign Banking Organization (FBO) (as applicable)

Note: The requirement to certify annually the capital stress-testing standards and risk-committee requirements is effective as of July 1, 2016, and becomes reportable effective with fiscal year ends beginning March 1, 2018.

### Report Item 5(a) Satisfies the capital stress-testing standards set forth in 12 CFR 252.122(a)

(circle one)

Yes No N/A

**Subpart L** Company-Run Stress Test Requirements for Foreign Banking Organizations and Foreign Savings and Loan Holding Companies with Total Consolidated Assets Over \$10 Billion but Less Than \$50 Billion.

Under section 252.122(a)(1) of Regulation YY, an FBO with total consolidated assets of more than \$10 billion but less than \$50 billion and a foreign savings and loan holding company (“FSLHC”) with total consolidated assets of more than \$10 billion must meet the following standards: (i) the FBO or FSLHC is subject on a consolidated basis to a capital stress testing regime by its home-country supervisor that meets the requirements of section 252.122(a)(2) of Regulation YY; and (ii) the FBO or FSLHC conducts such stress tests or is subject to a supervisory stress test and meets any minimum standards set by its home-country supervisor with respect to the stress tests.

The FBO or FSLHC should indicate whether it satisfies these standards by circling either “Yes” or “No.” If the FBO or FSLHC cannot satisfy these standards, the FBO or FSLHC may be subject to additional standards under section 252.122(b) of Regulation YY. If the FBO or FSLHC is not subject to subpart L, the FBO or FSLHC should circle “N/A.”

### Report Item 5(b) Maintains a U.S. risk committee in compliance with the risk-committee requirements of 12 CFR 252.132(a)

(circle one)

Yes No N/A

**Subpart M** Risk Committee Requirement for Publicly Traded Foreign Banking Organizations with Total Consolidated Assets of at Least \$10 Billion but Less Than \$50 Billion.

Under section 252.132(a) of Regulation YY, an FBO with a class of stock (or similar interest) that is publicly traded and total consolidated assets of at least \$10 billion but less than \$50 billion, must, on an annual basis, certify to the Board that it maintains a committee of its global board of directors (or equivalent thereof), on a standalone basis or as part of its enterprise-wide risk committee (or equivalent thereof) that: (1) oversees the risk management policies of the combined U.S. operations of the FBO; and (2) includes at least one member having experience in identifying, assessing, and managing risk exposures of large, complex firms.

The FBO should make this certification by circling either “Yes” or “No.” If the FBO cannot make this certification, the FBO may be subject to additional requirements, conditions, or restrictions under section 252.132(d) of



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Regulation YY. If the FBO is not subject to subpart M, the FBO should circle “N/A.”

**Report Item 5(c)** Maintains a U.S. risk committee in compliance with 12 CFR 252.144(a)

(circle one)

Yes No N/A

**Subpart N** Enhanced Prudential Standards for Foreign Banking Organizations with Total Consolidated Assets of \$50 Billion or More But Combined U.S. Assets of Less Than \$50 Billion.

Under section 252.144(a) of Regulation YY, an FBO with total consolidated assets of \$50 billion or more and combined U.S. assets of less than \$50 billion must, on an annual basis, certify to the Board that it maintains a committee of its global board of directors (or equivalent thereof), on a standalone basis or as part of its enterprise-wide risk committee (or equivalent thereof) that: (1) oversees the risk management policies of the combined U.S. operations of the FBO; and (2) includes at least one member having experience in identifying, assessing, and managing risk exposures of large, complex firms.

The FBO should make this certification by circling either “Yes” or “No.” If the FBO cannot make this certification, the FBO may be subject to additional requirements, conditions, or restrictions under section 252.144(d) of Regulation YY. If the FBO is not subject to subpart N, the FBO should circle “N/A.”

**Report Item 5(d)** Satisfies the capital stress-testing standards set forth in 12 CFR 252.146(b)

(circle one)

Yes No N/A

**Subpart N** Enhanced Prudential Standards for Foreign Banking Organizations with Total Consolidated Assets of \$50 Billion or More But Combined U.S. Assets of Less Than \$50 Billion.

Under section 252.146(b)(1) of Regulation YY, an FBO with total consolidated assets of \$50 billion or more and combined U.S. assets of less than \$50 billion must meet the following standards: (i) the FBO is subject on a consolidated basis to a capital stress testing regime by its

home-country supervisor that meets the requirements of section 252.146(b)(2) of Regulation YY; and (ii) the FBO conducts such stress tests or is subject to a supervisory stress test and meets any minimum standards set by its home-country supervisor with respect to the stress tests.

The FBO should indicate whether it satisfies these standards by circling either “Yes” or “No.” If the FBO cannot satisfy these standards, the FBO may be subject to additional standards under section 252.146(c) of Regulation YY. If the FBO is not subject to subpart N, the FBO should circle “N/A.”

**Report Item 5(e)** Satisfies the capital stress-testing standards set forth in 12 CFR 252.158(b)

(circle one)

Yes No N/A

**Subpart O** Enhanced Prudential Standards for Foreign Banking Organizations with Total Consolidated Assets of \$50 Billion or More and Combined U.S. Assets of \$50 Billion or More.

Under section 252.158(b)(1) of Regulation YY, an FBO with combined U.S. assets of \$50 billion or more and that has a U.S. branch or U.S. agency must meet the following standards: (i) the FBO is subject on a consolidated basis to a capital stress testing regime by its home-country supervisor that meets the requirements of section 252.158(b)(2) of Regulation YY; and (ii) the FBO conducts such stress tests or is subject to a supervisory stress test and meets any minimum standards set by its home-country supervisor with respect to the stress tests.<sup>8</sup>

The FBO should indicate whether it satisfies these standards by circling either “Yes” or “No.” If the FBO cannot satisfy these standards, the FBO may be subject to additional standards under section 252.158(d) of Regulation YY. If the FBO is not subject to subpart O, the FBO should circle “N/A.”

8. In addition to the information provided through this report, section 252.158 contains additional reporting obligations. Specifically, section 252.158(c)(1) provides that an FBO with combined U.S. assets of \$50 billion or more must report to the Board summary information about its stress testing activities and results, and section 252.158(c)(2) provides for certain reporting obligations if a foreign banking organization with combined U.S. assets of \$50 billion or more is in a net due from position.