

**Supporting Statement for the
Reporting and Disclosure Requirements Associated with Regulation MM
(FR MM; OMB No. 7100-0340)**

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 Reporting and Disclosure Requirements Associated with Regulation MM (FR MM; OMB No. 7100-0340).¹ The FR MM includes collections of information in Regulation MM - Mutual Holding Companies (12 CFR Part 239) plus six reporting forms:

- Notice of Mutual Holding Company Reorganization (FR MM-10(o)-1),
- Application for Approval of a Stock Issuance by a Subsidiary Holding Company of a Mutual Holding Company (FR MM-10(o)-2),
- Application for Conversion of a Mutual Holding Company to Stock Form (FR MM-AC),
- Proxy Statement (FR MM-PS),
- Offering Circular (FR MM-OC), and
- Order Forms (FR MM-OF).

The FR MM consists of information that must be filed in connection with certain proposals involving savings and loan holding companies (SLHCs) that are organized in mutual holding company (MHC) form, including the reorganization of a savings association into MHC form, stock issuances of holding company subsidiaries of MHCs, and conversions of MHCs to stock form, as well as certain disclosures related to these filings. The Board requires the submission of these filings to allow the Board to fulfill its obligations to review such transactions under section 10(o) of the Home Owners' Loan Act (HOLA), as amended (12 U.S.C. § 1467a(o)) and the Board's Regulation MM. The Board uses the information submitted by an applicant or notificant to evaluate these transactions with respect to the relevant statutory and regulatory factors.

The Board made clarifications to the FR MM by updating references to the Board's Rules Regarding Availability of Information, modifying the instructions to clarify which Federal Reserve Bank an applicant should contact for inquiries; provide that applicants are not required to identify risk-weighted assets or provide risk-weighted capital ratios with regard to a holding company or subsidiary or target mutual savings association that has elected to utilize the Community Bank Leverage Ratio (CBLR) framework; and correct references within instructions that were left over when the Board adopted these forms, which were based on forms previously used by the former Office of Thrift Supervision (OTS).²

The current estimated total annual burden for the FR MM is 692 hours, and would decrease to 553 hours. The revisions would result in a decrease of 139 hours. The decrease is

¹The Board changed the internal Agency Tracking Number for the set of forms covered by OMB No. 7100-0340 from MHC Forms to FR MM for the purpose of consistency with the Board's naming conventions. The Board also is changing the title of this information collection to better capture its scope.

² 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 OTS related to SLHCs and their non-depository subsidiaries.

because the Board will no longer include for the FR MM-OF the burden associated with requirements of state law or the U.S. Securities and Exchange Commission (SEC). The Board has also added certain requirements for applicants to publish a notice in a newspaper, offering period extensions, and voluntary supervision conversions. These requirements are currently approved by the Board but were not included in prior burden estimates. The forms and instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/reportingforms>.

Background and Justification

An MHC is a corporate form that involves ownership by a holding company's depositor-members (and borrowers, in some situations) in the same manner that depositors and borrowers own a mutual savings association. A member of an MHC is any person who holds a deposit account at, or in some instances, has obtained a loan from, a savings association subsidiary of the MHC that was in mutual form prior to the association's reorganization into, or acquisition by, the MHC. The Board's Regulation MM, which implements section 10(o) of HOLA, provides that certain transactions involving an MHC require prior written approval of the Board.³ These transactions include the reorganization of a mutual savings association into a federally chartered MHC, the issuance of stock by a subsidiary holding company of a mutual holding company to any person other than its mutual holding company parent, and the conversion of an MHC from mutual to stock form.

The information requested by the FR MM is necessary for the Board to fulfill its responsibilities under HOLA and Regulation MM to evaluate the subject transactions. The completed filings provide data on, among other things, the structure of the proposed transaction; the reorganization plan, the plan of conversion, or stock issuance plan (as applicable); the business plan; the pro forma financial condition of the applicant or notificant; and the effect of the proposed transaction on the organization's ability to satisfy the convenience and needs of the communities it serves. This information is generally not readily available from any other source and is critical to the Federal Reserve's ability to determine whether a proposed transaction is consistent with the relevant statutory and regulatory factors.

Description of Information Collection

FR MM-10(o)-1

A mutual savings association that wishes to reorganize as a federally chartered MHC under HOLA must submit a notice (FR MM-10(o)-1) to the Federal Reserve pursuant to section 239.3 of Regulation MM. The notice must include a copy of the savings association's reorganization plan. The reorganization plan must contain a complete description of all significant terms of the proposed reorganization, attach and incorporate any stock issuance plan proposed in connection with the reorganization plan, and comply with all of the other informational requirements specified in 12 CFR 239.6. In addition to the reorganization plan, a

³ In addition to Regulation MM, the Board's Regulation LL - Savings and Loan Holding Companies (12 CFR Part 238) applies to MHCs that are SLHCs. Accordingly, many filings with the Federal Reserve pertaining to MHCs must also comply with section 238.14 of Regulation LL.

notice of reorganization must include, among other things, the other information requested in the General Instructions to FR MM-10(o)-1, including proxy soliciting materials to be circulated to members of the reorganizing association; a business plan; evidence of the newspaper publication regarding the proposed transaction; financial, managerial and capital information; and information regarding the effects of the proposal on the convenience and needs of the communities served by the savings association. A copy of the reorganization plan must also be sent to members of the reorganizing association and any acquiree association (as defined in 12 CFR 239.2(a)).⁴ A notificant savings association may amend its filing or file additional information with respect to the filing upon its own initiative.⁵

A notificant that files the FR MM-10(o)-1 is required to publish a notice in a newspaper of general circulation in the community(ies) in which the head offices of the largest subsidiary savings association, if any, of an applicant and of each savings association, shares of which are to be directly or indirectly acquired, are located.⁶ The newspaper notice must state the name and address of the notificant, and it must invite the public to submit written comments to the appropriate Reserve Bank for a period of at least 30 calendar days after the date of publication. The newspaper notice must be published no more than fifteen calendar days before and no later than seven calendar days after the date that the reorganization notice is filed with the appropriate Reserve Bank. This requirement is currently approved by the Board but was not included in prior burden estimates.

Notice of Reorganization Following Board Failure to Act

A reorganization notice shall be deemed approved if the Board fails to act on the notice within the time period specified in section 238.14(g)(3) of the Board's Regulation LL.⁷ In such a case, if the savings association chooses to go forward with the reorganization, it must submit to the Board certain information described in section 239.4(d)(4) of Regulation MM.

FR MM-10(o)-2

The FR MM-10(o)-2 is used by a subsidiary holding company of an MHC that wishes to issue stock to any person other than its MHC parent pursuant to section 239.24 of Regulation MM. Applications regarding stock issuances by subsidiary holding companies provide the Federal Reserve with information to determine, among other things, whether the applicant would use the proceeds of the stock issuance appropriately and whether the proposed transaction would provide the organization with sufficient capital, meet the convenience and needs of the organization's communities, and ensure the rights of its members. An applicant must provide a stock issuance plan containing the information required by section 239.25 of Regulation MM, as well as the information requested in the General Instructions to FR MM-10(o)-2, including financial and capital information, the aggregate amount of outstanding common stock of the subsidiary holding company owned or controlled by persons

⁴ 12 CFR 239.3(a)(3).

⁵ 12 CFR 239.10(d).

⁶ 12 CFR 239.3(a)(2) (citing to section 238.14 of the Board's Regulation LL, which includes a newspaper publication requirement).

⁷ 12 CFR 239.4(d).

other than the MHC parent, and the proposed price or price range of the stock to be issued.

A subsidiary holding company of an MHC may not issue stock to any person other than its MHC parent unless the members of the MHC approve the stock issuance at a members' meeting, among other requirements.⁸ The MHC must notify members of the meeting in the manner prescribed by section 239.56(c) of Regulation MM and may also notify eligible account holders or supplemental eligible account holders who are not voting members of the proposed transaction. Following the members' meeting, the MHC must submit to the appropriate Reserve Bank information required by section 239.56(d)(1) of Regulation MM. Following completion of the stock offering, the MHC must submit to the appropriate Reserve Bank an opinion of counsel that the MHC conducted the stock issuance in compliance with all applicable state or federal laws and regulations.

An applicant may amend its filing or file additional information with respect to the filing upon its own initiative.⁹ To amend an application for a stock issuance, the applicant must file an amendment with an appropriate facing sheet, number each amendment consecutively, respond to all issues raised by the Board, and demonstrate that the amendment conforms to all applicable regulations.¹⁰

FR MM-AC

The FR MM-AC is used by an MHC applying to convert from a mutual to a stock form of ownership pursuant to subpart E of Regulation MM. Applicants must generally comply with all of the requirements of subpart E of Regulation MM and must provide all information requested in the General Instructions to FR MM-AC. Each application must include, among other things, a formal plan of conversion that meets the requirements of section 239.54 of Regulation MM; appraisal (valuation) materials that meet the requirements of section 239.55(g)(2) of Regulation MM; proxy solicitation materials to be circulated to members of the MHC for approval of the plan of conversion; an offering circular; a business plan; and financial, managerial and capital information.

An applicant that files the FR MM-AC is required to publish a notice in a newspaper of general circulation in the community(ies) in which the head offices of the applicant and its subsidiary savings association are located. The notice must state the name and address of the applicant, and it must invite the public to submit written comments to the appropriate Reserve Bank for a period of at least 30 calendar days after the date of publication. The newspaper notice must be published no more than fifteen calendar days before and no later than seven calendar days after the date that the application is filed with the appropriate Reserve Bank. This requirement is currently approved by the Board but was not included in prior burden estimates.

Pursuant to section 239.56 of Regulation MM, an MHC may not convert to stock form

⁸ See 12 CFR 239.24(d) (stating that the procedural and substantive requirements of subpart E of Regulation MM shall apply to all mutual holding company stock issuances and subsidiary holding company stock issuances under section 239.24, unless clearly inapplicable, as determined by the Board). Specifically, section 239.56 of subpart E of Regulation MM includes certain reporting and disclosure provisions described above.

⁹ 12 CFR 239.10(d).

¹⁰ 12 CFR 239.55(e).

unless, after receiving Board approval of its plan of conversion, the MHC submits the plan of conversion to its members for approval and the members approve the plan of conversion at a meeting of its members by a majority of the total outstanding votes. The MHC must notify members of the meeting in the manner prescribed by section 239.56(c) of Regulation MM and may also notify eligible account holders or supplemental eligible account holders who are not voting members of the proposed conversion. Following the members' meeting, the MHC must submit to the appropriate Reserve Bank information required by section 239.56(d)(1) of Regulation MM. Following completion of the conversion, the MHC must submit to the appropriate Reserve Bank an opinion of counsel that the MHC has complied with all laws applicable to the conversion.¹¹

Offering Period Extension

An MHC converting to stock form or a subsidiary holding company of an MHC that wishes to issue stock to any person other than its MHC parent generally must complete all sales of the stock within 45 calendar days after the last day of the subscription period. Any such entity may submit a request to the Board, in writing, for an extension of any offering period.¹² If the extension is granted, the entity must provide a post-effective amendment to the offering circular to each person who subscribed for or ordered stock. The amendment must indicate that the Board extended the offering period and that each person who subscribed for or ordered stock may increase, decrease, or rescind their subscription or order within the time remaining in the extension period.

Voluntary Supervisory Conversion

In order to engage in a voluntary supervisory conversion, an MHC must comply with the requirements of section 239.65 of Regulation MM, including the submission of an application to the Board that includes the information listed in section 239.65(g) of Regulation MM.

FR MM-PS

The FR MM-PS, otherwise known as the proxy statement, is used to provide members of the applicant mutual savings association or mutual holding company with information necessary to vote on a reorganization of the applicant to mutual holding company form, conversion to stock form, or other transactions. Information required by Regulation MM and FR MM-PS includes, among other things, the notice of the members' meeting; description of the voting rights of the mutual members; the vote required for approval of each matter presented for a vote; and business, financial, and managerial information of the organization. A proxy statement must be disclosed to all members prior to a member vote,¹³ and must be submitted to the appropriate Reserve Bank in connection with a notice to reorganize into mutual form or an application to convert from MHC to stock form.¹⁴ Subpart E of Regulation MM also contains certain additional

¹¹ 12 CFR 239.56(d)(2).

¹² 12 CFR 239.60(b).

¹³ 12 CFR 239.56(c).

¹⁴ 12 CFR 239.10(a)(1) (notice to reorganize into mutual form); 12 CFR 239.55(b)(1)(iii) (application to convert from MHC to stock form).

procedural and informational requirements for proxy statements. Proxies requesting accountholder approval of an MHC reorganization or non-conforming minority stock issuance must also comply with the informational requirements of sections 239.10(a)(2) and 239.10(a)(3) of Regulation MM, respectively, as well as any other applicable federal and state laws and regulations.

FR MM-OC

An MHC that files an application in connection with a stock issuance conducted as part of any transaction or proposal pursuant to HOLA and Regulation MM must file FR MM-OC with the appropriate Reserve Bank.¹⁵ An offering circular must accompany FR MM-OC and such offering circular must be prepared in accordance with applicable state law and rules and regulations promulgated by the SEC.

An applicant MHC may distribute a preliminary offering circular at the same time as or after the MHC mails the proxy statement to its members, and must distribute the offering circular in accordance with all applicable securities laws and the requirements of subpart E of Regulation MM. If a material event or change of circumstances concerning the proposed transaction occurs, including approval of an extension of time to sell shares by the Board pursuant to section 239.60 of Regulation MM, an MHC must file a post-effective amendment to its offering circular with the Board. Additionally, after the SEC declares the post-effective amendment effective, the MHC must deliver the amendment to each person who subscribed for or ordered shares in the share offering. The post-effective amendment must indicate that each such person may increase, decrease, or rescind their subscription or order.

FR MM-OF

An MHC that applies for Board approval of certain transactions or proposals pursuant to HOLA and Regulation MM, including conversions from mutual to stock form, must distribute an order form to all eligible account holders, supplemental eligible account holders, and other voting members to enable them to subscribe for the shares they are permitted under the proposed transaction. The MHC may either send the order forms with the offering circular or after it distributes the offering circular. Order forms must accompany FR MM-OF and must contain information that is consistent with information contained in documents that are otherwise required to be provided to the Board pursuant to Regulation MM (e.g., business plan, stock issuance plan, plan of conversion, reorganization plan, proxy solicitation materials). If applicable, order forms provided to the Board should comply with state law and be in the same format as any order forms that the applicant has provided to the SEC.

Respondent Panel

The FR MM panel comprises mutual savings associations and SLHCs that are organized in mutual form.

¹⁵ See 12 CFR 239.58.

Frequency and Time Schedule

The FR MM is event generated. All timeframes are generally dependent upon when the notificant or applicant chooses to enter into a transaction, and are set forth in Regulation MM.

Revisions to the FR MM

The Board updated the reference to the Board's Rules Regarding Availability of Information, which governs requests for confidential treatment, in the General Instructions of FR MM-10(o)-1, FR MM-10(o)-2, FR MM-AC, FR MM-PS, FR MM-OC, and FR MM-OF. This revision will correct the previous reference of 12 CFR 261.15 to 261.17. The Board also modified the language in the General Instructions of FR MM-10(o)-1, FR MM-10(o)-2, FR MM-AC, FR MM-PS, FR MM-OC, and FR MM-OF to clarify which Reserve Bank a currently supervised institution should reach out to with inquiries.

Additionally, recent legislative and regulatory changes implemented the CBLR framework in 2020, which, if used by a qualifying depository organization, eliminates the requirement for the organization to track risk-weighted assets and report risk-based capital ratios.¹⁶ In light of this change, the Board revised the FR MM-10(o)-1, FR MM-10(o)-2, and FR MM-AC instructions to provide applicants that have elected to use the CBLR framework with the option not to submit information related to risk-weighted assets or risk-based capital ratios. Similarly, if the savings association subsidiary of an applicant has elected to use the CBLR framework, the applicant would no longer be required to submit information related to the savings association's risk-weighted assets or risk-based capital ratios. These revisions simplify the reporting requirement for those savings associations and MHCs that have elected to use the CBLR framework.

Finally, the Board corrected obsolete references within the requested information section of the General Instructions of the FR MM-PS which were carried forward from the OTS forms.

Public Availability of Data

No data collected by this information collection are published.

Legal Status

The FR MM is authorized pursuant to section 10(o) of the HOLA, as amended (12 U.S.C. § 1467a(o)),¹⁷ and the Board's Regulation MM.¹⁸ The FR MM is also authorized under the

¹⁶ See Regulatory Capital Rule: Capital Simplification for Qualifying Community Banking Organizations, 84 FR 61776 (Nov. 13, 2019). See also 12 CFR 217.12.

¹⁷ Requiring a savings association seeking to reorganize in MHC form to provide written notice to the Board containing such information as the Board requires by regulation or specific request in connection with a particular notice.

¹⁸ 12 CFR Part 239 (implementing sections 10(g) and 10(o) of HOLA).

Board's general authority under sections 10(b) (12 U.S.C. § 1467a(b))¹⁹ and 10(g) (12 U.S.C. § 1467a(g))²⁰ of HOLA. The FR MM is required to obtain a benefit.

The information submitted under the FR MM is not considered confidential unless an applicant requests confidential treatment in accordance with the Board's Rules Regarding Availability of Information.²¹ Requests for confidential treatment of information are reviewed on a case-by-case basis. Information provided under the FR MM may be nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent, which is protected from disclosure pursuant to exemption 4 of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(4)). Submissions under the FR MM may also contain personnel and medical files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, which are protected under exemption 6 of the FOIA (5 U.S.C. § 552(b)(6)).

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On November 4, 2022, the Board published an initial notice in the *Federal Register* (87 FR 66700) requesting public comment for 60 days on the extension, with revision, of the FR MM. The comment period for this notice expired on January 3, 2023. The Board did not receive any comments. The Board adopted the extension, with revision, of the FR MM as originally proposed. On March 1, 2023, the Board published a final notice in the *Federal Register* (88 FR 12936).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR MM is 692 hours, and would decrease to 553 hours with the revisions. The decrease is because the Board would no longer include for the FR MM-OF the burden associated with requirements of state law or the SEC. The Board has also added certain requirements for applicants to publish a notice in a newspaper, offering period extensions, and voluntary supervision conversions. These reporting and disclosure requirements represent less than 1 percent of the Board's total paperwork burden.

¹⁹ Requiring SLHCs to register with the Board on such forms as it may prescribe and authorizing the Board to require reports from SLHCs containing such information concerning the operations of SLHCs and their subsidiaries as the Board may require.

²⁰ Authorizing the Board to issue such regulations and orders as it deems necessary or appropriate to enable it to administer and carry out the purposes of section 10.

²¹ 12 CFR 261.17.

FR MM	<i>Estimated number of respondents²²</i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current				
Reporting				
FR MM-10(o)-1	3	1	60	180
FR MM-10(o)-2	1	1	30	30
FR MM-AC	2	1	60	120
FR MM-PS	4	1	50	200
FR MM-OC	3	1	50	150
FR MM-OF	3	1	1	3
Disclosure				
FR MM-10(o)-1	3	1	1	3
FR MM-AC	2	1	1	2
FR MM-PS	4	1	1	<u>4</u>
<i>Current Total</i>				692
Proposed				
Reporting				
FR MM-10(o)-1	3	1	60	180
FR MM-10(o)-2	1	1	30	30
FR MM-AC	2	1	60	120
FR MM-PS	4	1	50	200
FR MM-OC	3	1	1	3
FR MM-OF	3	1	1	3
Section 239.4(d)(4) Notice of Reorganization	1	1	1	1
Section 239.60(b) Offering Period Extension	1	1	1	1
Section 239.65(g) Voluntary Supervisory Conversion	1	1	1	1
Disclosure				
FR MM-10(o)-1	3	1	1	3
FR MM-AC	2	1	1	2
FR MM-PS	4	1	1	4
Sections 239.3(a)(2) and 239.54(c)(1) Newspaper Publication	5	1	1	<u>5</u>

²² Of these respondents, 4 are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$850 million in total assets), <https://www.sba.gov/document/support-table-size-standards>. There are no special accommodations given to mitigate the burden on small institutions.

<i>Proposed Total</i>	553
<i>Change</i>	(139)

The estimated total annual cost to the public for the FR MM is \$45,845, and would decrease to \$36,636 with the revisions.²³

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 is negligible.

²³ 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 \$22, 45% Financial Managers at \$80, 15% Lawyers at \$79, and 10% Chief Executives at \$118). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2022*, published April 25, 2023, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.