

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

**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), 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.<sup>1</sup> 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 revised the reporting forms and instructions for the FR Y-9C to be consistent with adopted changes to U.S. generally accepted accounting principles (GAAP) related to last-of-layer hedging. These revisions to the FR Y-9C forms and instructions are consistent with the recent revisions to the Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031, FFIEC 041, and FFIEC 051; OMB No. 7100-0036).<sup>2</sup> The changes to the FR Y-9C will take effect as of the September 30, 2022, report date. There are no revisions at this time for 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 reports is 115,421 hours, and would remain the same with revisions. The FR Y-9 forms and instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/reportingforms>.

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<sup>1</sup> The following depository institution holding companies are exempt: (1) a unitary savings and loan holding company with primarily commercial assets that meets the requirements of section 10(c)(9)(c) of the Home Owners' Loan Act, for which thrifts make up less than 5 percent of its consolidated assets and (2) a SLHC that primarily holds insurance-related assets and does not otherwise submit financial reports with the Securities and Exchange Commission pursuant to sections 13 or 15(d) of the Securities Exchange Act of 1934.

<sup>2</sup> 85 FR 74784 (November 23, 2020).

## **Background and Justification**

The FR Y-9 reports are the Board's primary source of financial data from 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 an 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 for HCs similar to the FFIEC Call Reports filed by commercial banks. The FR Y-9C collects consolidated data and is filed quarterly by top-tier HCs with total consolidated assets of \$3 billion or more.<sup>3</sup>

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.<sup>4</sup> The report consists of standardized financial statements, including the following schedules: income statement, cash flow statement, balance sheet, investments in subsidiaries and associated companies, memoranda, and notes to the parent company only 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: Statement of Changes in Net Assets Available for Benefits, 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. In addition, HCs must maintain in their files a manually signed and attested printout of the data submitted under each form.

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

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<sup>3</sup> 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.

<sup>4</sup> A top-tier HC may submit a separate FR Y-9LP on behalf of each of its lower-tier HCs.

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 any given situation. For example, changes made by the Financial Accounting Standards Board may introduce into U.S. generally accepted 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.<sup>5</sup>

### **Respondent Panel**

The FR Y-9 respondent panel comprises HCs. Specifically, the FR Y-9C panel comprises top-tier HCs with total consolidated assets of \$3 billion or more; the FR Y-9LP panel comprises each HC that files the FR Y-9C, as well as by each of its subsidiary HCs; the FR Y-9SP panel comprises HCs with total consolidated assets of less than \$3 billion;<sup>6</sup> the FR Y-9ES panel comprises each ESOP that is also an HC; and the FR Y-9CS panel comprises any HC the Board selects.<sup>7</sup> Most small entities are filing the streamlined parent only FR Y-9SP report semiannually.

### **Revisions to the FR Y-9C**

*Accounting Standards Update (ASU) 2022-01, "Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method"*

In ASU No. 2017-12, Derivatives and Hedging (Topic 815) Targeted Improvements to Accounting for Hedging Activities, the Financial Standards Accounting Board (FASB) added the last-of-layer method to its hedge accounting standards to lessen the difficulties institutions encountered under existing accounting rules when seeking to enter into a fair value hedge of the interest rate risk of a closed portfolio of prepayable financial assets or one or more beneficial interests secured by a portfolio of prepayable financial instruments. Typically, prepayable financial assets would be loans and available-for-sale debt securities. Under ASU 2017-12, there are no limitations on the types of qualifying assets that could be grouped together in a last-of-layer hedge other than meeting the following two criteria: (1) they must be prepayable financial assets that have a contractual maturity date beyond the period being hedged and (2) they must be eligible for fair value hedge accounting of interest rate risk (for example, fixed-rate instruments). For example, fixed-rate residential mortgages, auto loans, and collateralized mortgage

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<sup>5</sup> 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.

<sup>6</sup> The following HCs do not have to file holding company financial statements under the FR Y-9C, FR Y-9LP, and FR Y-9SP: (1) HCs that have been granted an exemption under section 4(d) of the Bank Holding Company Act and (2) a "qualified foreign banking organization" as defined by section 211.23(a) of Regulation K (12 CFR 211.23(a)) that controls a U.S. subsidiary bank.

<sup>7</sup> The Reserve Bank with whom a reporting HC files its reports may require that a HC with total consolidated assets of less than \$3 billion submit the FR Y-9C and the FR Y-9LP reports to meet supervisory needs. In addition, any HC that is not subject to the Federal Reserve's Capital Adequacy Guidelines, but nonetheless elects to comply with the guidelines, are required to file a complete FR Y-9C and FR Y-9LP report, and generally would not be permitted to revert back to filing the FR Y-9SP report in any subsequent periods. See footnote 2 of the general instructions for the FR Y-9C for more information.

obligations could all be grouped and hedged together in a single last-of-layer closed portfolio. For a last-of-layer hedge, ASC paragraph 815-10-50-5B states that an institution may need to allocate the related fair value hedge basis adjustment (FVHBA) “to meet the objectives of disclosure requirements in other Topics.” This ASC paragraph then explains that the institution “may allocate the basis adjustment on an individual asset basis or on a portfolio basis using a systematic and rational method.” Due to the aggregation of assets in a last-of-layer closed portfolio, institutions may find it challenging to allocate the related FVHBA to the individual loan or AFS debt security level when necessary for financial reporting purposes.

In March 2018, FASB added a project to its agenda to expand last-of-layer hedging to multiple layers, thereby providing more flexibility to entities when applying hedge accounting to a closed portfolio of prepayable assets. In connection with this project, FASB anticipated that there would be diversity in practice if entities were required to allocate portfolio-level, last-of-layer FVHBAs to more granular levels, which in turn could potentially hamper data quality and comparability. In addition, the allocation would increase operational burden on institutions with little, if any, added value to risk management or to users of the financial statements. Therefore, for financial reporting purposes, FASB tentatively decided that it would require these FVHBAs to be presented as a reconciling item, i.e., in the aggregate for loans and AFS debt securities, in disclosures required by other areas of United States generally accepted accounting principles (U.S. GAAP).

On March 28, 2022, FASB issued ASU 2022-01, to implement last-of-layer hedging.<sup>8</sup> The ASU is considered to be a modification of U.S. GAAP. This ASU expands the current single-layer method and allows for multiple hedged layers of a portfolio layer method, and specifies how hedge basis adjustments should be considered when determining credit losses for the assets included in the closed portfolio.

The ASU 2022-01 applies to all entities that elect to apply the portfolio layer method of hedge accounting. For public business entities, this ASU is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. For all other entities, the ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. Early adoption is permitted.

As a result, the Board implemented changes to the FR Y-9C related to FASB’s expected expansion of last-of-layer hedging to multiple layers, providing more flexibility to entities when applying hedge accounting to a closed portfolio of prepayable assets. Specifically, the Board changed FR Y-9C, Schedules HC-C, Loans and Lease Financing Receivables and HC-B, Securities. Following FASB’s adoption of ASU 2022-01, the instructions for Schedule HC-C, item 11, “LESS: Any unearned income on loans reflected in items 1-9 above,” have been revised to explicitly state that last-of-layer FVHBAs associated with the loans reported in Schedule HC-C, should be included in this item. In addition, the Board renamed existing item 7, “Investments in mutual funds and other equity securities with readily determinable fair values,” to “Unallocated portfolio layer fair value hedge basis adjustments.” Holding companies would

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<sup>8</sup> [ASU 2022-01 Derivatives and Hedging \(Topic 815\): Fair Value Hedging - Portfolio Layer Method \(https://fasb.org\)](https://fasb.org).

have reported amounts for last-of-layer FVHBAs on AFS debt securities only in item 7, column C, “Available-for-sale: Amortized Cost”.

### **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.

If the above submission deadlines for the FR Y-9C, FR Y-9LP, FR Y-9SP, and FR Y-9ES fall on a weekend or holiday, the reports must be received on the first business day after the Saturday, Sunday, or holiday. The reports are due by the end of the reporting day on the submission date (i.e., 5:00 P.M. at each of the Reserve Banks).

### **Public Availability of Data**

Data from the FR Y-9 reports that are not granted confidential treatment as described below are publicly available on the FFIEC website: <https://www.ffiec.gov/NPW>.

### **Legal Status**

The reporting and recordkeeping requirements associated with the FR Y-9 series of reports are authorized for BHCs pursuant to section 5 of the Bank Holding Company Act of 1956 (BHC Act) (12 U.S.C. § 1844); for SLHCs pursuant to sections 10(b)(2) and (3) of the Home Owners’ Loan Act (12 U.S.C. §§ 1467a(b)(2) and (3)); for IHCs pursuant to section 5 of the BHC Act, as well as pursuant to sections 102(a)(1) and 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) (12 U.S.C. §§ 5311(a)(1) and 5365);<sup>9</sup> and for 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 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

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<sup>9</sup> 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. IHC is treated as a BHC 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 BHCs, section 5(c) provides additional authority to require U.S. IHCs to report the information contained in the FR Y-9 series of reports.

recordkeeping requirements set forth in the respective instructions to each of the other reports is mandatory.

Certain information collected on the FR Y-9C and FR Y-9SP reports is kept confidential by the Board. The following items may be kept confidential under exemption 4 of the Freedom of Information Act (FOIA) because these data items reflect commercial and financial information that is both customarily and actually treated as private by the respondent (12 U.S.C. § 552(b)(4)):

- FR Y-9C, Schedule HI, memoranda item 7(g), “FDIC deposit insurance assessments,”
- FR Y-9C, Schedule HC-P, item 7(a) “Representation and warranty reserves for 1-4 family residential mortgage loans sold to U.S. government agencies and government sponsored agencies,”
- FR Y-9C, Schedule HC-P, item 7(b) “Representation and warranty reserves for 1-4 family residential mortgage loans sold to other parties,”
- FR Y-9C, Schedule HC-C, Part I, Memorandum items 16.a and 16.b, for eligible loan modifications under Section 4013 of the 2020 Coronavirus Aid, Relief, and Economic Security Act, and
- FR Y-9C, Schedule HC and FR Y-9SP, Schedule SC, Memoranda item 2.b, the name and email address of the external auditing firm’s engagement partner.<sup>10</sup>

In some circumstances, disclosing these data items may also reveal confidential examination and supervisory information protected from disclosure under exemption 8 of the FOIA (12 U.S.C. § 552(b)(8)). The Board has previously assured submitters that these data items will be treated as confidential.

In addition, the Chief Executive Officer Contact Information section of both the FR Y-9C and FR Y-9SP may be kept confidential pursuant to FOIA exemption 6, which applies to personnel and medical files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy (5 U.S.C. § 552(b)(6)), and exemption 8, which applies to information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions (5 U.S.C. § 552(b)(8)).

Aside from the data items described above, data collected by the FR Y-9 reports generally are not accorded confidential treatment. As provided in the Board’s Rules Regarding Availability of Information,<sup>11</sup> 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 granted or denied.

To the extent that the instructions to the FR Y-9 reports direct the financial institution to retain the workpapers and related materials used in preparation of each report, such material

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<sup>10</sup> The Board has assured respondents that this information will be treated as confidential since the collection of this data item was proposed in 2004, under the assumption that the identity of the engagement partner is treated as private information by HCs.

<sup>11</sup> 12 CFR Part 2.

would only be obtained by the Board as part of the examination or supervision of the financial institution. Accordingly, such information may be considered confidential pursuant to exemption 8 of the FOIA (5 U.S.C. § 552(b)(8)). In addition, the workpapers and related materials may also be protected by exemption 4 of the FOIA to the extent such financial information is customarily and actually treated as private by the respondent (5 U.S.C. § 552(b)(4)).

### **Consultation Outside the Agency**

The Board consulted with the FDIC and OCC regarding the revisions related to ASU 2022-01, “Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method.”

### **Public Comments**

On October 8, 2020, the Board published an initial notice in the *Federal Register* (85 FR 63553) requesting public comment for 60 days on the extension, with revision, of the FR Y-9 reports. The comment period for this notice expired on December 7, 2020. On January 4, 2021, the Board published a final notice in the *Federal Register* (86 FR 92) addressing the public comments received and finalizing all proposed changes except those related to last-of-layer hedging, discussed above. FASB had not adopted the expected expansion of last-of-layer hedging by January 2021 when the Board approved the other revisions to the FR Y-9 reports that had been proposed in the October 2020 notice. Therefore, the Board did not adopt the proposed revisions relating to last-of-layer hedging in the January 2021 notice and instead noted that it would consider whether to finalize the proposed revisions when FASB adopted a final standard. The Board did not receive any comments on the initial *Federal Register* notice (85 FR 63553) on the proposed changes related to last-of-layer hedging. However, in light of the issuance of ASU 2022-01 by FASB, the Board revised the FR Y-9C related to the expansion of last-of-layer hedging proposed in October 2020, with certain modifications to account for the specific content of ASU 2022-01. On September 8, 2022, the Board published a final notice in the *Federal Register* (87 FR 55005).

### **Estimate of Respondent Burden**

As shown in the table below, the estimated total annual burden for the FR Y-9 reports is 115,421 hours, and would remain the same with the revisions. These reporting and recordkeeping requirements represent 1.65 percent of the Board’s total paperwork burden.

<b>FR Y-9</b>	<i>Estimated number of respondents<sup>12</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<b>Reporting</b>				
FR Y-9C (non AA HCs) with less than \$5 billion in total assets	119	4	35.74	17,012
FR Y-9C (non AA HCs) with \$5 billion or more in total assets	221	4	44.94	39,727
FR Y-9C (AA HCs)	9	4	50.16	1,806
FR Y-9LP	412	4	5.27	8,685
FR Y-9SP	3,708	2	5.45	40,417
FR Y-9ES	78	1	0.50	39
FR Y-9CS	236	4	0.50	472
<b>Recordkeeping</b>				
FR Y-9C	349	4	1.00	1,396
FR Y-9LP	412	4	1.00	1,648
FR Y-9SP	3,708	2	0.50	3,708
FR Y-9ES	78	1	0.50	39
FR Y-9CS	236	4	0.50	472
<i>Total</i>				115,421

The estimated total annual cost to the public for the FR Y-9 reports is \$6,977,199.<sup>13</sup>

### **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 the FR Y-9 reports is \$2,050,800.

<sup>12</sup> Of these respondents, 4 FR Y-9C (non AA HCs) with less than \$5 billion in total assets filers; 179 FR Y-9LP filers; 3,708 FR Y-9SP filers; and 75 FR Y-9ES filers are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$750 million in total assets), <https://www.sba.gov/document/support--table-size-standards>.

<sup>13</sup> Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$21, 45% Financial Managers at \$74, 15% Lawyers at \$71, and 10% Chief Executives at \$102). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2021*, published March 31, 2022, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.