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Via Electronic Delivery

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave., N.W.
Washington, D.C. 20551

Re: FR Y-9C

Ladies and Gentlemen:

This letter is submitted by Morrison & Foerster LLP on behalf of a grandfathered unitary savings and loan holding company that is engaged in the retail industry. The letter is in response to the notice approved by the Board of Governors of the Federal Reserve System ("Board") on February 2, 2011 (the "Notice"),[1] in connection with the transfer of supervisory functions relating to savings and loan holding companies and their nondepository subsidiaries from the Office of Thrift Supervision ("OTS") to the Board as of July 21,2011. This transfer of functions is required by section 312(b)(1) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). The Notice broadly would require savings and loan holding companies to adhere to the same reporting requirements for bank holding companies, beginning with reports for the first quarter of 2012. We appreciate the opportunity to comment on this proposal.

We fully understand the need for regulatory reports by savings and loan holding companies. Our concern, however, is that the proposed reporting requirements—specifically with respect to the FR Y-9 family of reports—would require significant changes from the established reporting practices of grandfathered unitary thrift holding companies engaged in the retail industry.

Many retailers report earnings and other financial results according to what is popularly known as the 4-5-4 retail calendar.[2] This calendar differs from the calendar and

[1] The Notice was published at 76 Fed. Reg. 7091 (Feb. 8, 2011).
[2] The calendar is explained by the National Retail Federation on its website at http://www.nrf.com/modules.php?name=Pages&sp_id=392 .

fiscal quarters and years used by other companies in order to provide meaningful year-by-year comparisons of retail financial results. The calendar divides the year into four quarters of (i) February through April, (ii) May through July; (iii) August through October; and (iv) November through January. These quarters correspond to different selling seasons. For example, February marks the beginning of the spring sales season. Including December and January in the same quarter places holiday and post-holiday sales in the same quarter. Each quarter is defined as thirteen specific weeks, four in the first month, five in the second, and four in the third. Weeks are used to ensure that each quarter contains the same number of weekends, during which sales typically increase dramatically from weekdays. One consequence of the 4-5-4 calendar is that each quarter does not necessarily end on the final day of the third month in the quarter. Publicly traded retailers on the 4-5-4 retail calendar report quarterly results as of the last day of each of the retail quarters and not as of the last day of a calendar quarter.

OTS has recognized this reporting system, and OTS regulations allow grandfathered unitary thrift holding companies engaged in the retail industry to report in accordance with the 4-5-4 calendar. However, the Board's current FR Y-9 series of reports do not in their current form allow for this approach. If such grandfathered unitary thrift holding companies are forced to add calendar quarter reporting and different reporting formats, substantial changes to their reporting systems will be required. Moreover, these companies would be forced to disclose their financial results earlier and more frequently than competitors, and discrepancies between bank and retailer reporting formats would inject complexity and could lead to public confusion or misunderstandings.

We recognize, of course, that because of the nature of bank holding company activities, the Board may not have had occasion to consider the 4-5-4 calendar in connection with FR Y-9 reporting requirements. Now that the issue has arisen, we would respectfully urge the Board to adjust the FR Y-9 reporting requirements for companies that have used the 4-5-4 retail calendar to report results. Such an effort would be consistent with the guidance in subsections 604(g) and (h) of the Act that the Board, to the fullest extent possible, use reports that a savings and loan holding company has been required to provide to other regulatory agencies.

* * * *

We appreciate the opportunity to comment on this important matter. We can assure you that our client is committed to meeting the Board's needs as it undertakes its new supervisory duties with respect to the thrift industry. If you have any questions, or if we may otherwise be of assistance in connection with this matter, please do not hesitate to contact me, at (202) 887-1562.

Sincerely,

Dwight C. Smith