



JOHN DEERE FINANCIAL

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James A. Israel
President

November 1, 2011

Ms. Jennifer J. Johnson
Secretary of the Board
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re:FR Doc. 2011-21736; Proposed Agency Information Collection Activities; Comment Requested, 76 Fed. Reg. 53129 (August 25, 2011)

Dear Ms. Johnson:

This comment letter represents the views of Deere & Company, on behalf of itself and two of its subsidiaries, John Deere Financial Services, Inc. and John Deere Capital Corporation (collectively, "Deere"), which are the savings and loan holding companies for John Deere Financial, f.s.b. ("JDF"). This letter is being submitted in response to the Proposed Agency Information Collection Activities relating to reporting by savings and loan holding companies ("SLHCs") upon which comment was requested ("Proposed SLHC Reporting Requirements") by the Board of Governors of the Federal Reserve System ("Federal Reserve").

Filing Exemption for Certain Grandfathered Unitary SLHCs

5 Percent Limit Criteria

The Proposed SLHC Reporting Requirements include an initial exemption to the required Federal Reserve reporting for SLHCs that are exempt pursuant to section 10(c)(9)(C) of the Home Owners' Loan Act ("HOLA") and whose savings associations subsidiaries' consolidated assets make up less than 5 percent of the total consolidated assets of the SLHC as of the quarter end prior to the reporting date quarter end.¹ For the reasons set forth below, Deere agrees that an exemption is appropriate but requests that it include savings associations' subsidiaries with consolidated assets that make up less than 10 percent of the total consolidated assets of the SLHC ("10 Percent Limit").

Although Deere meets the requirements of section 10(c)(9)(C) of HOLA as a grandfathered unitary SLHC, if the proposed 5 percent limit were used, Deere would be

¹ Deere is not commenting on the reporting exemption for SLHCs where the top-tier holding company is an insurance company that only prepares SAP financial statements.

subject to the Proposed SLHC Reporting Requirements. This is because the assets of JDF are above and below that 5 percent of the total consolidated assets of Deere during a given twelve month period, due to the seasonality of JDF's agricultural lending.²

By increasing the total consolidated assets percentage to the 10 Percent Limit, the Federal Reserve would be consistent in its rationale in exempting an entity like Deere. In this regard, the Federal Reserve states in the request for comment on the Proposed SLHC Reporting Requirements that it has identified a limited number of SLHCs that are either principally engaged in commercial activities, such as manufacturing or merchandizing, or engaged in activities not specifically allowed by financial holding companies. It further states that applying bank-centric reporting to these disparate companies may provide little useful information to Federal Reserve analysis. In addition, it states that for exempt SLHCs, the Federal Reserve would rely on reports provided to other regulators, such as the Securities and Exchange Commission ("SEC") and supervisory information gathered by examiners from the parent organization. Deere clearly falls within this type of category of SLHCs. As a manufacturing company, it is principally engaged in commercial activities, so the information provided to the Federal Reserve would not be bank-centric resulting in little useful information being provided to the Federal Reserve analysis. Moreover, as a publicly traded corporation, the Federal Reserve would have access to Deere's filings with the SEC.

In addition, with over 200 legal entities in the Deere corporate structure of which approximately 150 are foreign entities, the type of reporting required of a diversified SLHC such as Deere (including the development of reporting systems to comply with the Federal Reserve's reporting requirements) would be extremely burdensome and complex.

Frequency of Exemption Determination

In the event that an entity, such as Deere, is not entitled to the exemption described above, Deere would be in a difficult position where, because of a fluctuation below and above the 5 percent limit, it would be required to submit reports to the Federal Reserve on a sporadic basis. This would only further decrease the usefulness of such reports. In order to avoid such sporadic reporting, it is requested that the determination be made annually, based on whether the assets of JDF have, for four consecutive quarters, exceeded the 5 percent limit or, alternatively, whether an average of JDF assets over the preceding four consecutive quarters has exceeded that 5 percent limit. This would be consistent with other federal banking requirements. See, e.g., 12 C.F.R. section 327.8(f) (defining for assessment purposes a "Large Institution" and "Highly Complex Institution" to be institutions that have a certain level of assets for four consecutive quarters).

Other Criteria for Determining Exemption for Grandfathered Unitary SLHCs

To the extent the 5 percent limit is not to be changed, Deere requests that an exception to the 5 percent limit be provided to a grandfathered unitary SLHCs where the

² Deere assumes that the 5 percent limit is to be calculated at the top grandfathered unitary SLHC in a multiple holding company structure.

underlying financial institution is well-capitalized and well-managed as determined by the most recent bank examination. In such a situation, there should be minimal safety and soundness concerns with regard to the financial institution. Moreover, the same reasons given by the Federal Reserve for exempting grandfathered unitary SLHCs from the filing requirements (in terms of the lack of bank-centric information and ability to rely on reporting to other federal agencies) would be applicable.

Permanent Exemption

The request for comment on the Proposed SLHC Reporting Requirements indicates that SLHCs meeting the exemption requirements would be "initially" exempted from reporting using the Federal Reserve's BHC reports. Deere supports the exemption being made permanent for grandfathered unitary SLHCs that are primarily engaged in commercial activities. In this regard, the rationale used by the Federal Reserve for permitting the initial exemptions for SLHCs will continue to be applicable for future reporting years. In particular, applying bank-centric reporting to the disparate SLHCs would provide little useful information to Federal Reserve analysts. In addition, the Federal Reserve could rely on reports provided to other regulators, such as the SEC. Moreover, the serious concerns relating to having SLHCs that prepare their financial statements on a basis different from a calendar year-end basis would continue.

FR Y-6 and FR Y-10 Requirements

Footnotes 1 and 2 to the request for comment on the Proposed SLHC Reporting Requirements provides that all SLHCs would be required to file the FR Y-6 and FR Y-10 reports. These reports are based on requirements applicable to bank holding companies and not grandfathered unitary SLHCs. Similar to the other reports described in this letter, the requirement to submit the FR Y-6 and FR Y-10 reports would impose significant burdens on such SLHCs. As a result, Deere requests that such requirements not be imposed on grandfathered unitary SLHCs.

Reporting Requirements

Deere requests that to the extent that reporting would be required of a grandfathered unitary SLHC that does not meet the 5 percent limit, any grandfathered unitary SLHCs utilizing fiscal year reporting periods be permitted to continue to utilize such reporting periods (as opposed to being required to utilize a calendar year reporting period) for its filings with the Federal Reserve. The implementation of an effective system for complying with the Federal Reserve's reporting requirements for SLHCs will require substantial personnel and resources. Imposing calendar year reporting on an entity like Deere, which has a fiscal year ending on October 31, would add significant complexity to its financial reporting infrastructure and require significant additional resources on the part of Deere to maintain a dual reporting system. In addition, given that Deere is a public reporting company (reporting on an October 31 fiscal year basis), the disclosure of financial information to the Federal Reserve on a calendar year basis would cause significant disclosure issues for Deere under the SEC reporting requirements. The magnitude and complexity of the work that must be performed by a SLHC like Deere to develop reporting

systems to comply with the Federal Reserve's reporting requirements would make even a phased-in reporting requirement commencing March 2012 extremely difficult.

Request for Delay in Filing Requirements

The request for comment on the Proposed SLHC Reporting Requirements do not mention the impact that a designation of an intermediate holding company ("IHC") would have on the Federal Reserve reporting requirements. Given the impact of an IHC designation on supervision requirements imposed on grandfathered unitary SLHCs and the reduced reporting requirements imposed on such SLHCs with IHCs, the Proposed SLHC Reporting Requirements should not be imposed on grandfathered unitary SLHCs seeking IHCs until an IHC determination has been made by the Federal Reserve.³

In addition, a delay in any reporting is requested given the magnitude and complexity of the work that must be performed for an entity like Deere to develop reporting systems to comply with the Federal Reserve's reporting requirements. There is insufficient time for an entity such as Deere to prepare the required regulatory reporting information in a systematic and complete fashion that is due in March 2012. This is further complicated by the fact that the filing requirements have not been finalized and Deere will not know until it has finalized its December 31, 2011, results as to whether it meets the 5 percent limit criteria for the exemption for filing.

Thank you for the opportunity to comment on this proposal. If you have any questions concerning our letter, please feel free to contact the undersigned.

Sincerely,



James A. Israel
President

John Deere Capital Corporation

³ Under DFA, the reporting requirements by a grandfathered unitary SLHC are greatly reduced to reporting that ensures compliance with the IHC requirements and assessment of ability to serve as a source of strength. See HOLA, section 10A(b)(4).