

**Supporting Statement for the
Application for a Foreign Organization to Acquire a U.S. Bank or Bank Holding Company
(FR Y-3F; OMB No. 7100-0119)**

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the Application for a Foreign Organization to Acquire a U.S. Bank or Bank Holding Company (FR Y-3F; OMB No. 7100-0119). Under the Bank Holding Company Act of 1956 (BHC Act),¹ any company, including a company organized under the laws of a foreign country, that seeks to acquire a U.S. bank or bank holding company must receive approval from the Board prior to doing so. The Federal Reserve uses the information collected by the FR Y-3F to determine whether to approve an application for prior approval and, subsequently, to carry out its supervisory responsibilities with respect to the foreign banking organization's operations in the United States.

The Board proposes to revise the FR Y-3F to add a question regarding the integration of the target into the applicant; update or add certain citations and references; remove the sample publication from the instruction; and add a clarifying footnote regarding the Interagency Biographical and Financial Reports (IBFRs).

The current estimated total annual burden for the FR Y-3F is 92 hours and would remain the same. The form and instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/ReportingForms/>.

Background and Justification

The BHC Act requires that a company must apply for approval from the Board prior to acquiring a U.S. bank or bank holding company.² Section 3 of the BHC Act directs the Board to consider the financial and managerial resources and future prospects of the banks involved in the proposed transaction, the effectiveness of the institutions involved in combatting money laundering, whether the transaction would result in greater or more concentrated risks to the stability of the United States banking or financial system, and the effects of the proposed transaction on the convenience and needs of the communities to be served. The Board also may not approve transactions that would result in monopoly or have other anticompetitive effects, unless such effects are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served. In addition, the Board may not approve an application involving a foreign bank if the foreign bank is not subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the bank's home country.

The information collected in the FR Y-3F is necessary for the Board to fulfill its responsibilities under the BHC Act with regard to foreign company acquirers of U.S. banks or

¹ 12 U.S.C. § 1841 et seq.

² 12 U.S.C. § 1842.

bank holding companies.³ The FR Y-3F is the main source of comprehensive data on the proposed transaction, including the present and pro forma financial condition of the applicant and its proposed subsidiary(ies), the likely competitive effects of the proposal, and the proposal's likely effects on the convenience and needs of the community to be served. The Federal Reserve uses the information collected to fulfill its obligation under the BHC Act to consider the statutory factors listed above. After an application is approved, the Board uses the information collected on the FR Y-3F in the supervision program for the foreign banking organization's operations in the United States.

This information is not available from any other source and is necessary for the Federal Reserve to determine whether a proposed transaction is consistent with the relevant statutory factors for approval under the BHC Act and the Board's Regulation Y (12 CFR part 225).

Description of Information Collection

The FR Y-3F is filed by any company, organized under the laws of a foreign country that is seeking to acquire a bank or bank holding company in the United States. Applicants provide information regarding the statutory factors under section 3 of the BHC Act. The application must contain the most recent information available so that the Federal Reserve can analyze compliance with relevant statutory factors.

In addition to providing a complete application, an applicant is required to publish a notice in a newspaper of general circulation in the community(ies) in which the head office of each bank to be directly or indirectly acquired is located.⁴ The notice must state the name and address of the applicant and all target banks and/or bank holding companies, and it must invite the public to submit written comments to the appropriate Federal Reserve Bank. 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 Federal Reserve Bank.

Respondent Panel

The FR Y-3F panel comprises any company organized under the laws of a foreign country that seeks to acquire a U.S. bank or bank holding company.

Frequency and Time Schedule

The FR Y-3F application submitted pursuant to this form is event-generated and is filed with the appropriate Reserve Bank. Applicants are strongly encouraged to submit their applications electronically through the Federal Reserve System's web-based platform, FedEZFile

³ The Foreign Bank Supervision Enhancement Act of 1991, Pub. L. No. 101-242, §§ 201-215, 105 Stat. 2286-305, modified and clarified the Board's authorities and responsibilities under section 3 of the BHC Act with respect to such acquirers.

⁴ In connection with this proposal, the Board would amend the instructions to the FR Y-3F to clarify that an applicant is not required to publish a newspaper notice in the community in which the head office of a target bank holding company is located. The applicant is required to publish such a notice in the community(ies) in which the head offices of each bank to be directly or indirectly acquired is located.

<https://www.federalreserve.gov/supervisionreg/afi/afi.htm>).⁵

Proposed Revisions to the FR Y-3F

The Board proposes the following revisions to the FR Y-3F

References

1. Modify the language in the General Instructions by replacing references to E-Apps with FedEZFile, which is the Board's new web-based application that replaces E-Apps and is used by filers to submit notices and applications to the Federal Reserve System.
2. Remove the reference to Reserve Banks with regard to the applicant obtaining a copy of the Board's Regulation Y. A link to Regulation Y on the Board's website is already provided in the instructions.
3. Update the reference to the Board's Rules Regarding Availability of Information, which governs requests for confidential treatment in the General Instructions. This revision will correct the previous reference of 12 CFR 261.15 to 261.17.
4. Update the discussion in the General Instructions on an exemption to the Freedom of Information Act⁶ based on a recent Supreme Court decision and add a reference to the court case.
5. Update the reference to the Board's Rules Regarding Delegation of Authority with respect to Competitive Structural Criteria from section 265.11c(11)(v) to section 265.20(c)(12)(v)(A).
6. Add a reference to the Board's Supervision and Regulation ("SR") Letter 20-20, which describes the Federal Reserve System's new process for obtaining fingerprints from individuals when required. Adding the reference would facilitate the completion of fingerprinting and clarify how, it is conducted.
7. Add a clarifying footnote regarding the Interagency Biographical and Financial Reports (IBFRs).
8. Modify the language in the General Instructions to clarify that an applicant is required to publish a newspaper notice only in the community(ies) in which the head office of each bank to be directly or indirectly acquired is located.

Additional Required Item

1. Add an item requesting a copy of the applicant's plan to integrate operations of the acquired organization into its own operations. This question would allow the Federal Reserve to assess the future prospects (a statutory factor) of combined organization.

⁵ The FR Y-3F application may alternatively be submitted in paper form, however applicants are strongly encouraged to submit applications through FedEZFile.

⁶ 5 U.S.C. § 552.

Deletion

1. Remove the sample public notice from the instructions. This language is unnecessary, as the instructions also direct applicants to the public websites of the Board and the appropriate Reserve Bank, which contain the most up-to-date sample public notice.

Public Availability of Data

With regard to applications filed using the FR Y-3F, the Board publishes certain information regarding the parties to and structure of the associated transactions in its H.2 release and in the *Federal Register*. No other data collected through the FR Y-3F is proactively made available to the public by the Board. The Board may release non-confidential information included in the FR Y-3F upon request, pursuant to the Freedom of Information Act (FOIA).

Legal Status

Section 3(a) of the BHC Act⁷ requires prior approval by the Board for any company, including a foreign company, to acquire a U.S. bank or bank holding company, and section 3(c) of the BHC Act⁸ sets forth the factors that the Board must consider in approving such an application. Additionally, Section 5(b) of the BHC Act⁹ authorizes the Board to issue regulations and orders as may be necessary to enable it to administer and carry out the purposes of section 3 of the BHC Act, among other provisions. These sections of the BHC Act provide the legal authorization for the FR Y-3F. The FR Y-3F is required to obtain a benefit.

To the extent a respondent submits nonpublic commercial or financial information in connection with the FR Y-3F, which is both customarily and actually treated as private by the respondent, the respondent may request confidential treatment pursuant to exemption 4 of the Freedom of Information Act (FOIA).¹⁰ To the extent a respondent submits personal, medical, or similar files, the disclosure of which would constitute an unwarranted invasion of privacy, the respondent may request confidential treatment pursuant to exemption 6 of the FOIA.¹¹ If a respondent requests confidential treatment, the Board will determine whether the information is entitled to confidential treatment on a case-by-case basis. The entity should separately designate any such information as “confidential commercial information” or “confidential financial information” and the Board will treat such designated information as confidential to the extent permitted by law, including the FOIA. To the extent a respondent submits information related to examination, operating, or condition reports prepared by, on behalf of, or for the use of a financial supervisory agency, the information would be confidential pursuant to exemption 8 of the FOIA.¹²

⁷ 12 U.S.C. § 1842(a).

⁸ 12 U.S.C. § 1842(c).

⁹ 12 U.S.C. §§ 1844(b).

¹⁰ 5 U.S.C. § 552(b)(4).

¹¹ 5 U.S.C. § 552(b)(6).

¹² 5 U.S.C. § 552(b)(8).

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On April 30, 2024, the Board published an initial notice in the *Federal Register* (89 FR 34245) requesting public comment for 60 days on the extension, without revision, of the FR Y-3F. The comment period for this notice expires on July 1, 2024.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR Y-3F is 92 hours and would stay the same with the proposed revisions. The reporting burden is based on the average number of responses received over the last three years. The disclosure burden reflects the amount of time required to fulfill the newspaper publication requirement. These reporting and disclosure requirements represent less than 1 percent of the Board’s total paperwork burden. The Board does not expect that the addition of an item requesting a copy of the applicant’s integration plan would add to the burden associated with the FR Y-3F, as currently the applicant is expected to provide this information as part of the question pertaining to purpose and impact of the transaction.

FR Y-3F	<i>Estimated number of respondents¹³</i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Reporting				
FR Y-3F application form	1	1	0.52	1
FR Y-3F reporting requirements	1	1	90	90
Disclosure				
FR Y-3 disclosure requirements	1	1	1	<u>1</u>
<i>Total</i>				<u>92</u>

The estimated total annual cost to the public for this collection of information is \$6,426 and would stay the same.¹⁴

¹³ Of these respondents to this information collection, none are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$850 million in total assets). Size standards effective March 17, 2023. See <https://www.sba.gov/document/support--table-size-standards>.

¹⁴ Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group’s hourly rate and then summed (30% Office & Administrative Support at \$23, 45% Financial Managers at \$84, 15% Lawyers at \$85, and 10% Chief Executives at \$124). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), Occupational Employment and Wages, May 2023, published April 3, 2024, <https://www.bls.gov/news.release/ocwage.t01.htm#>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.

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 this information collection is negligible.