



American
Bankers
Association

Building Success. Together.

C. Dawn Causey
(202) 663-5434
dcausey@aba.com

Via Electronic Submission

August 10, 2012

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

Re: Proposed Agency Information Collection Activities; Comment Request
77 Fed. Reg. 34384-34385 (June 11, 2012)

Dear Ms. Johnson:

The American Bankers Association (ABA) welcomes the opportunity to comment on the Board of Governors of the Federal Reserve System (Board) proposed changes to its information reporting forms FR Y-6, FR Y-7, FR Y-10 and the FR Y-10 verification. ABA represents banks and holding companies of all sizes and charters and is the voice for the nation's \$13.3 trillion banking industry and its 2 million employees. Many of the 765 savings and loan holding companies (SLHCs) impacted by the changes in the reporting forms are ABA members.

At the outset, ABA wishes to echo and support the comments of The Financial Services Roundtable on this set of proposed changes. In particular, the timing of the FR Y-10 one-time verification - effective on October 1, 2012 - provides little or no time for the impacted SLHCs to comply. More importantly, while the trade associations will take steps to let their members know of the proposed rule change – it is likely many will be surprised that they have another new form to file, notwithstanding its one-time nature. As The Roundtable comment letter points out, the proposal would “require an SLHC to complete the detailed and comprehensive structural analysis required to submit the one-time verification as a supplement to an FR Y-10 filing before [emphasis added] it would complete the ‘baseline’ structural analysis for purposes of the FR Y-6.” ABA supports phasing in the production of the information so that SLHCs submit their first their FR Y-6 and FR Y-10 before the one-time verification. To require the verification first simply increases the likelihood and potential of the verification having to be refiled because of misunderstandings and unfamiliarity. ABA agrees with The Roundtable that requiring the verification first places “the cart before the horse.”

ABA also encourages the Board to more clearly reflect the grandfathered nature of certain SLHCs in its instructions accompanying the forms. Unless the differing obligations are front and center, there will be the potential for a regulatory reading that forgets the existence of the grandfathered unitary SLHC exemption. Clarity will help eliminate confusion for both the SHLCs and the Board.

Intermediate Holding Company Solution for Insurance Company and Other Diversified SLHCs

ABA has suggested and continues to urge the Board to take advantage of its authority granted by Section 626 of the Dodd-Frank Act to create intermediate holding companies (“IHCs”) as a way of gathering useful supervisory data and providing oversight without extending its reach into the operation of retail stores, manufacturing or the generation of electricity. Use of the IHC could simplify the Board’s approach to these nontraditional SLHCs. It would allow the Board to take advantage of the existing

state insurance regulatory structures and provide a logical supervisory touchpoint. The IHC and its parent would serve as a source of strength for the bank, but only the IHC's activities and assets would be subject to Board Y Series reporting. As to the overall health and stability of the entire structure, existing SEC and other regulatory reports could be provided. This approach would allow the Board to fulfill its supervisory obligations and understand the organization in the context of its own business model while applying bank supervision to the logical level that matches the bank's place in the holding company.

Conclusion

ABA appreciates the Board's desire to have data for its supervisory efforts and to provide accurate information to its sister agencies and Capitol Hill. In that process, we encourage the Board to exercise flexibility and patience as the SLHCs work to provide the information the Board needs.

Sincerely,



C. Dawn Causey