

FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Proposed Collection; Comment Request

AGENCY: Board of Governors of the Federal Reserve System

SUMMARY: **Background.**

On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board of Governors of the Federal Reserve System (Board) its approval authority under the Paperwork Reduction Act, as per 5 CFR 1320.16, to approve of and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board under conditions set forth in 5 CFR 1320 Appendix A.1. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the OMB 83-Is and supporting statements and approved collection of information instruments are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

Request for comment on information collection proposals.

The following information collections, which are being handled under this delegated authority, have received initial Board approval and are hereby published for comment. At the end of the comment period, the proposed information collections, along with an analysis of comments and recommendations received, will be submitted to the Board for final approval under OMB delegated authority. Comments are invited on the following:

- a. whether the proposed collection of information is necessary for the proper performance of the Federal Reserve's functions; including whether the information has practical utility;
- b. the accuracy of the Federal Reserve's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. ways to enhance the quality, utility, and clarity of the information to be collected; and
- d. ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology.

DATES: Comments must be submitted on or before [insert date 60 days from publication in the Federal Register].

ADDRESSES: Comments should be mailed to Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, DC 20551, or mailed electronically to regs.comments@federalreserve.gov. Comments addressed to Ms. Johnson may also be delivered to the Board's mail facility in the West Courtyard between 8:45 a.m. and 5:15 p.m., located on 21st Street between Constitution Avenue and C Street, N.W. Members of the public may inspect comments in room MP-500 of the Martin Building between 9:00 a.m. and 5:00 p.m. on weekdays pursuant to § 261.12, except as provided in § 261.14, of the Board's Rules Regarding Availability of Information, 12 CFR 261.12 and 261.14.

A copy of the comments may also be submitted to the OMB desk officer for the Board: Alexander T. Hunt, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3208, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: A copy of the proposed form and instructions, the Paperwork Reduction Act Submission (OMB 83-I), supporting statement, and other documents that will be placed into OMB's public docket files once approved may be requested from the agency clearance officer, whose name appears below.

Mary M. West, Federal Reserve Board Clearance Officer (202-452-3829), Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551. Telecommunications Device for the Deaf (TDD) users may contact Diane Jenkins (202-452-3544), Board of Governors of the Federal Reserve System, Washington, DC 20551.

Proposal to approve under OMB delegated authority the or the implementation of the following report:

1. *Report title:* Intermittent Survey of Businesses

Agency form number: FR 1374

OMB control number: 7100- to be assigned

Frequency: Biweekly and semiannually

Reporters: Purchasing managers, economists, or other knowledgeable individuals at business firms

Annual reporting hours: 125 hours

Estimated average hours per response: 15 minutes

Number of respondents: biweekly, 10; semiannually, 120

Small businesses are affected.

General description of report: This information collection is voluntary (12 U.S.C. §§225a, 263, and 15 U.S.C. §1691b) and is given confidential treatment (5 U.S.C. 552(b)(6)).

Abstract: The proposed survey would be used by the Federal Reserve to gather information that would be specifically tailored to the Federal Reserve's policy and operational responsibilities. It is necessary to conduct the survey biweekly to keep up with the rapidly changing developments in the economy and to provide timely information to staff and Board members. Usually, the surveys would be conducted by staff economists telephoning purchasing managers, economists, or other knowledgeable individuals at selected, relevant businesses. The content of the questions and the businesses contacted would vary depending on changing developments in the economy.

Proposal to approve under OMB delegated authority the extension for three years, with revision, of the following reports:

1. *Report title:* Notification of Foreign Branch Status

Agency form number: FR 2058

OMB control number: 7100-0069

Frequency: on occasion

Reporters: member banks, bank holding companies, Edge and agreement corporations

Annual reporting hours: 38 hours

Estimated average hours per response: 15 minutes

Number of respondents: 150

Small businesses are not affected.

General description of report: This information collection is mandatory (12 U.S.C. 321, 601, 602, 615, and 1844(c)) and is not given confidential treatment.

Abstract: Member banks, bank holding companies, and Edge and agreement corporations are required to notify the Federal Reserve System of the opening, closing, or relocation of an foreign branch. The notice requires information on the location and extent of service provided by the branch and is filed within thirty days of the change in status. The Federal Reserve System needs the information to fulfill supervisory responsibilities specified in Regulation K, including the supervision of foreign branches of U.S. banking organizations. The information is needed in order to evaluate the organization's international exposure and to update the Federal Reserve's structure files on U.S. banking organizations.

Regulation K, "International Banking Operations," sets forth the conditions under which a foreign branch may be established. According to the final rule on Regulation K, published in the *Federal Register* on October 26, 2001 (66 FR 54345), organizations

must give thirty days prior notice to the Board before the establishment of branches in the first two foreign countries. For subsequent branch establishments into additional foreign countries, organizations must give the Federal Reserve System twelve days prior written notice. The FR K-1, “International Applications and Prior Notifications Under Subparts A and C of Regulation K” (OMB No. 7100-0107) will be used for these notices. Organizations use the FR 2058 notification to notify the Federal Reserve when any of these branches has been opened, closed, or relocated.

Current Actions: The proposed revisions include adding the location of the reporting institution and the subsidiary and a few minor technical clarifications.

2. *Report title:* International Applications and Prior Notifications under Subparts A and C of Regulation K

Agency form number: FR K-1

OMB control number: 7100-0107

Frequency: on occasion

Reporters: state member banks, national banks, bank holding companies, Edge and agreement corporations, and certain foreign banking organizations

Annual reporting hours: 695 hours

Estimated average hours per response: Attachments A and B, 11.5 hours; Attachments C through G, 10 hours; Attachments H and I, 15.5 hours; Attachment J, 10 hours; Attachment K, 20 hours

Number of respondents: 39

Small businesses are not affected.

General description of report: This information collection is mandatory (12 U.S.C. 601-604(a), 611-631, 1843(c)(13), 1843(c)(14), and 1844(c)) and is not given confidential treatment. The applying organization has the opportunity to request confidentiality for information that it believes will qualify for a Freedom of Information Act exemption.

Abstract: The FR K-1 comprises a set of applications and notifications that govern the formation of Edge or agreement corporations and the international and foreign activities of U.S. banking organizations. The applications and notifications collect information on projected financial data, purpose, location, activities, and management. The Federal Reserve requires these applications for regulatory and supervisory purposes and to allow the Federal Reserve to fulfill its statutory obligations under the Federal Reserve Act and the Bank Holding Company Act of 1956.

Current Actions: The proposed changes incorporate revisions to Regulation K, published in the *Federal Register* on October 26, 2001, which became effective November 26, 2001 (66 FR 54345). Technical changes to each of the existing attachments are proposed to

conform with the new regulatory language. One new attachment is proposed for applications by U.S. banking organizations to invest in excess of 10 percent of capital and surplus in Edge corporations. This change is necessary as a result of The Economic Growth and Regulatory Paperwork Reduction Act of 1996. In addition, the Federal Reserve proposes to add certain new items, which are often requested after the application has been filed. Finally, several items that are no longer relevant would be deleted from the attachments.

3. *Report title:* Consolidated Financial Statements for Bank Holding Companies

Agency form number: FR Y-9C

OMB control number: 7100-0128

Frequency: Quarterly

Reporters: Bank holding companies

Annual reporting hours: 252,675 hours

Estimated average hours per response: 33.98 hours

Number of respondents: 1,859

Small businesses are affected.

General description of report: This information collection is mandatory (12 U.S.C. 1844(b) and (c)). Confidential treatment is not routinely given to the data in these reports. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form.

Abstract: The FR Y-9C consists of standardized consolidated financial statements similar to the Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031 & 041; OMB No.7100-0036). The FR Y-9C is filed quarterly by top-tier bank holding companies that have total assets of \$150 million or more and by lower-tier bank holding companies that have total consolidated assets of \$1 billion or more. In addition, multibank holding companies with total consolidated assets of less than \$150 million with debt outstanding to the general public or engaged in certain nonbank activities must file the FR Y-9C.

Current Actions: Many of the proposed reporting revisions are being requested to parallel revisions to the March 31, 2002, Call Reports. The Federal Reserve may modify the proposed revisions to the FR Y-9C consistent with any modified revisions to the Call Report ultimately adopted by the FFIEC.

Revisions to parallel proposed changes to the Call Report:

Schedule HI – Report of Income

Replace existing item 7.c, “Amortization expense of intangible assets (including goodwill),” with two items: item 7.c.(1), “Goodwill impairment losses,” and item 7.c.(2),

“Amortization expense and impairment losses for other intangible assets.” Along with appropriate revisions to the FR Y-9C instructions (e.g., goodwill should not be amortized), this change will conform the reporting of amortization expense and impairment losses for intangibles in the FR Y-9C to the provisions of Financial Accounting Standards Board (FASB) Statement No. 142, *Goodwill and Other Intangible Assets*. In July 2001, the FASB issued Statement No. 142, which, in general, is effective for fiscal years beginning after December 15, 2001. Under this standard, goodwill will no longer be amortized, but will be tested for impairment on an annual basis and between annual tests in certain circumstances. Other intangible assets will be tested for impairment in accordance with the standard and some of these intangibles must be amortized. Statement No. 142 also states that “goodwill impairment losses shall be presented as a separate line item in the income statement before the subtotal *income from continuing operations* (or similar caption) unless a goodwill impairment loss is associated with a discontinued operation.”

Bank holding companies must adopt Statement No. 142 for reporting purposes upon its effective date based on their fiscal year. At present, bank holding companies report the amortization expense of intangible assets, including goodwill amortization, in item 7.c of the income statement (Schedule HI).

Schedule HI-B, Part II – Changes in Allowance for Loan and Lease Losses

Move the disclosure now made in Notes to the Income Statement, item 1, directly into Schedule HI-B, part II, item 5, “Adjustments.” This item would be modified by creating item 5.a, “LESS: Write-downs arising from transfers of loans to the held-for-sale account,” and item 5.b, “Other adjustments.” On March 26, 2001, the agencies issued *Interagency Guidance on Certain Loans Held for Sale* to provide instruction about the appropriate accounting and reporting treatment for certain loans that are sold directly from the loan portfolio or transferred to a held-for-sale (HFS) account. While the interagency guidance applies to banks, savings associations, and federal credit unions, it is also to be followed by bank holding companies that file Generally Accepted Accounting Principles (GAAP) based regulatory reports as stated in the Federal Reserve’s SR Letter 01-12.

One element of the guidance reminds institutions to appropriately report reductions in the value of loans transferred to held-for-sale through a write-down of the recorded investment to fair value upon transfer. Currently this write-down is reported as a charge-off in part I of Schedule HI-B -- Charge-offs and Recoveries on Loans and Leases and Changes in Allowance for Loan and Lease Losses, and the corresponding reduction in the allowance is reported as an "Adjustment" to the allowance in item 5 of part II of this schedule. Write-downs included in part II, item 5, are also disclosed in Notes to the Income Statement and described as "Write-downs arising from transfers of loans to HFS." A preprinted caption to that effect was inserted in Notes to the Income Statement, item 1, in the June 30, 2001, FR Y-9C report. The proposed change would simplify the reporting of these write-downs.

Schedule HC – Consolidated Balance Sheet

Separate the reporting of federal funds sold from securities purchased under agreements to resell (current item 3) and federal funds purchased from securities sold under agreements to repurchase (current item 14). The revised balance sheet would have separate asset and liability items for federal funds transactions (items 3.a and 14.a) and for other securities resale/repurchase agreements (items 3.b. and 14.b). Federal funds transactions would include securities resale/repurchase agreements involving the receipt of immediately available funds that mature in one business day or roll over under a continuing contract.

Schedule HC-L –Derivatives and Off-Balance-Sheet Items

Add four new items to capture the gross positive and gross negative fair values of credit derivatives where the bank holding company or any of its consolidated subsidiaries is the guarantor (items 7.a.(1) and (2)) and where the bank holding company or any of its consolidated subsidiaries is the beneficiary (items 7.b.(1) and (2)).

Schedule HC-N -- Past Due and Nonaccrual Loans, Leases, and Other Assets

1. Revise Schedule HC-N to collect the amount of closed-end loans secured by first mortgages on 1-4 family residential properties (in domestic offices) that are past due 30 days or more or in nonaccrual status separately from past due and nonaccrual closed-end loans secured by junior liens on such properties (in domestic offices). A similar change would be made to the reporting of first and junior lien 1-4 family residential mortgages (in domestic offices) in Schedule HI-B, part I, Charge-offs and Recoveries on Loans and Leases. Currently, these two types of residential mortgage loans are combined for purposes of reporting past due and nonaccrual loan data as well as year-to-date charge-offs and recoveries. The revised reporting structure for residential mortgage loans in Schedule HC-N, item 1.c.(2), and Schedule HI-B, part I, item 1.c.(2), would then parallel the reporting for these types of loans (in domestic offices) in Schedule HC-C, Loans and Lease Financing Receivables, item 1.c.(2)(a) and (b).
2. Add new Memorandum item 5, “Loans and leases held for sale (included in Schedule HC-N, items 1 through 8, above),” to specifically break out such loans and leases that are past due 30 through 89 days and still accruing, past due 90 days or more and still accruing, or in nonaccrual status. Existing memorandum item 5 would be renumbered to memorandum item 6.

Schedule HC-R -- Regulatory Capital

Add a new subtotal within the computation of Tier 1 capital. In items 1 through 11 of Schedule HC-R, bank holding companies report their computation of Tier 1 capital. Items 8 and 9 are used to disclose any disallowed servicing assets and purchased credit card relationships and any disallowed deferred tax assets, respectively. These disallowed

amounts are calculated, in part, by reference to a subtotal of Tier 1 capital components. The instructions for Schedule HC-R explain how this subtotal should be derived by adding and subtracting, as appropriate, amounts reported in items 1 through 7 of Schedule HC-R, but the amount of the subtotal is not directly reported in the schedule itself. To help ensure that bank holding companies are using the proper subtotal when determining whether they have any disallowed amounts, existing items 8 and 9 will be renumbered as items 9.a and 9.b and item 8 will become the subtotal of items 1 through 7 (i.e., the sum of items 1 and 6, less items 2, 3, 4, 5, and 7).

Other Revisions Not Related to Call Report Changes:

The following proposed revisions are not directly related to the proposed Call Report changes for March 2002. Some of these changes are proposed to provide greater consistency with current Call Report items that are not part of the March 2002 revisions.

Schedule HI – Report of Income

1. Revise memoranda item 6, “Other noninterest income (itemize and describe the three largest amounts that exceed 1% of the sum of Schedule HI, items 1.h and 5.m)” and memoranda item 7, “Other noninterest expense (itemize and describe the three largest amounts that exceed 1% of the sum of Schedule HI, items 1.h and 5.m),” to add line item captions for several of the more commonly listed significant components for each item. Blank text fields like those presently contained in memoranda items 6 and 7 will be retained for noninterest income and expense items not specifically covered in the preprinted captions. In addition, memoranda items 6 and 7 would collect all amounts that exceed the 1 percent threshold, not just the three largest amounts. The new line item captions for the noninterest income categories would be: 6(a), “Income and fees from the printing and sale of checks,” 6(b), “Earnings on/increase in value of cash surrender value of life insurance,” 6(c), “Income and fees from automated teller machines (ATMs),” 6(d), “Rent and other income from other real estate owned,” and 6(e), “Safe deposit box rent.” The new line item captions for the noninterest expense categories would be: 7(a), “Data processing expenses,” 7(b), “Advertising and marketing expenses,” 7(c), “Directors’ fees,” 7(d), “Printing, stationery, and supplies,” 7(e), “Postage,” 7(f), “Legal fees and expenses,” and 7(g), “FDIC deposit insurance assessments.” These captions are consistent with categories used on the Call Report and were determined from analysis of predominantly listed items on the FR Y-9C.

Furthermore, the Federal Reserve proposes to eliminate the use of the three-digit text codes (TEXC) in memoranda items 6 and 7 that are used internally by the Federal Reserve System. With the addition of the proposed line item captions for other noninterest income and expense, the Federal Reserve would find the codes to be of limited use.

2. Eliminate the use of the three-digit text codes (TEXC) in Memoranda item 8, “Extraordinary items and other adjustments,” that are used internally by the Federal

Reserve System. In addition, the preprinted caption item in 8.a.(1) would be changed to “Effect of adopting FAS 142, *Goodwill and Other Intangible Assets*.” The previous caption identifying the effect of adopting FAS 133, *Accounting for Derivative Instruments and Hedging Activities*, is no longer pertinent.¹

3. Modify the criteria for the reporting of Memoranda item 9, “Trading revenue (from cash instruments and derivative instruments)” to instruct that this item is to be completed by bank holding companies that reported average trading assets (Schedule HC-K, item 4.a) of \$2 million or more for any quarter of the preceding calendar year, rather than as of the March 31st report date of the current calendar year. Bank holding companies began reporting average trading assets as of the March 31, 2001, reporting date, so this information was not available for the preceding calendar year. This reporting threshold would now be consistent with the bank Call Report.
4. Breakout existing memorandum item 12(b), “Premiums,” into two separate items: Memorandum item 12(b)(1), “Premiums on insurance related to extension of credit,” and memorandum item 12(b)(2), “All other insurance premiums.” This breakout would provide an indication of the extent to which insurance underwriting activities are credit related.

Schedule HC-D—Trading Assets and Liabilities

Similar to the change proposed to Schedule HI, Memoranda item 9, “Trading revenue (from cash instruments and derivative instruments),” modify the criteria for the filing of Schedule HC-D to instruct that this schedule is to be completed by bank holding companies that reported average trading assets (Schedule HC-K, item 4.a) of \$2 million or more for any quarter of the preceding calendar year, rather than as of the March 31st report date of the current calendar year.

Schedule HC-I – Insurance-Related Activities

Several revisions are proposed for Schedule HC-I. The general instructions would be revised to require that this schedule be completed by all top-tier BHCs and not only by top-tier financial holding companies (FHCs) or top-tier BHCs that have an FHC designation at some level in its multi-tiered organization. The schedule would be retitled as “Insurance-Related Underwriting Activities (including reinsurance)” and appropriate adjustments would be made to the instructions. The new line items that are proposed for both Part I, Property and Casualty, and Part II, Life and Health, include the separate reporting of (1) total assets, (2) total equity, and (3) net income, for each of these two types of underwriting activities. In addition, Part II, Life and Health, would include a new item for the reporting of reinsurance recoverables. Finally, Part III, All Insurance-Related Activities, would be eliminated because of the revisions made to Parts I and II.

¹ This revision in the preprinted caption is consistent with the preprinted caption change proposed in the Call Report for March 2002.

Schedule HC-L –Derivatives and Off-Balance-Sheet Items

Revise item 9, “All other off-balance-sheet items (exclude derivatives) (itemize and describe each component of this item over 25% of Schedule HC, item 28, “Total equity capital”)” to add line item captions for some of the more commonly listed significant components for each item. Blank text fields like those presently contained in item 9 will be retained for other off-balance-sheet items not specifically covered in the new line item captions. The new line item captions would be: 9(a), “Securities borrowed,” 9(b), “Commitments to purchase when-issued securities,” and 9(c), “Commitments to sell when-issued securities.” These captions are consistent with categories used on the Call Report. Furthermore the Federal Reserve proposes to eliminate the use of the three-digit text codes (TEXC) in item 9 that are used internally by the Federal Reserve System.

Schedule HC-M – Memoranda

1. Revise the yes/no question asked in item 8 to ask if a business combination occurred during the calendar year that was accounted for by the purchase method of accounting.

The current question asked in item 8 is whether the bank holding company’s consolidated financial statements reflect any business combinations for which the *pooling-of-interest method of accounting* was used. On July 2001, the FASB issued Statement No. 141, *Business Combinations*. The Statement requires that all business combinations initiated after June 30, 2001, be accounted for using the purchase accounting method, thereby eliminating the use of the pooling-of-interest method.

2. Incorporate into Schedule HC-M two of the items currently reported on the FR Y-9CS, *Supplement to the Consolidated Financial Statements for Bank Holding Companies*. Only top-tier FHCs would continue to report these items. Top-tier FHCs would report in Memoranda items 20 and 21 the net assets of (1) Broker-Dealer subsidiaries engaged in underwriting or dealing securities pursuant to Section 4(k)(4)(E) of the Bank Holding Company Act as amended by the Gramm-Leach-Bliley Act of 1999 (GLB Act), and (2) Insurance underwriting subsidiaries. In addition, these two items would no longer be considered confidential. The Federal Reserve would continue tracking the growth in these activities by FHCs subsequent to the enactment of the GLB Act.

Schedule HC-R -- Regulatory Capital

Make a technical revision to memorandum item 3. The caption to memorandum item 3 would be revised to eliminate the term “perpetual” from the caption. The caption for memorandum item 3 would be “Preferred stock (including related surplus).” In addition, existing memorandum item 3(a)(3) would be renumbered as memorandum item 3(b) to distinguish between the reporting of perpetual preferred stock (in memorandum items 3(a)(1) and 3(a)(2)) and trust preferred securities that are reported in minority

interest on the balance sheet. The line item caption for memorandum item 3(b) would not change – only the line item number to provide clarity for the reporting of these types of securities.

Instructions

Instructional revisions and clarifications will be done in accordance with changes made to the Call Report instructions or will correspond to existing Call Report instructions. In addition, instructional revisions and clarifications will be made as necessary with respect to proposed revisions not directly related to the proposed Call Report changes for March 2002.

4. *Report title:* Parent Company Only Financial Statements for Large Bank Holding Companies

Agency form number: FR Y-9LP

OMB control number: 7100-0128

Frequency: Quarterly

Reporters: Bank holding companies

Annual reporting hours: 40,495 hours

Estimated average hours per response: 4.55 hours

Number of respondents: 2,225

Small businesses are affected.

General description of report: This information collection is mandatory (12 U.S.C. 1844(b) and (c)). Confidential treatment is not routinely given to the data in this report. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form.

Abstract: The FR Y-9LP includes standardized financial statements filed quarterly on a parent company only basis from each bank holding company that files the FR Y-9C. In addition, for tiered bank holding companies, a separate FR Y-9LP must be filed for each lower tier bank holding company.

Current actions: The Federal Reserve proposes the following revisions to the FR Y-9LP effective with the March 31, 2002, reporting date for the reporting of additional information about trust preferred securities.

Schedule PI-Parent Company Only Income Statement

Add memorandum item 4, “Interest expense paid to special-purpose subsidiaries that issued trust preferred securities.” In these types of transactions, a special-purpose subsidiary (typically, a trust) of the parent company issues preferred securities and lends the proceeds to the parent company in exchange for an intercompany note from the parent company. Because of the tremendous growth in the issuance of trust preferred securities by special purpose entities of bank holding companies as a funding source for bank holding companies, the Federal Reserve proposes to isolate the amount of interest expense that is being paid by the parent to the special-purpose subsidiaries that issue trust preferred securities.

Schedule PC-B – Memoranda

Add item 16, “Notes payable to special-purpose subsidiaries that issued trust preferred securities.” Currently, the amount of notes payable to special-purpose subsidiaries that issue trust preferred securities is included as part of the overall amount reported in Schedule PC, item 18(b), “Balances due to nonbank subsidiaries.” Because of the tremendous growth in the issuance of trust preferred securities by special purpose entities of bank holding companies as a funding source for bank holding companies, the Federal Reserve proposes to isolate the amount of the notes payable to these special-purpose subsidiaries that issue trust preferred securities as a separate item from the overall intercompany balances due to nonbank subsidiaries by parent bank holding companies.

Instructions

Instructional revisions and clarifications will be made as necessary in an attempt to achieve greater consistency in reporting by respondents.

5. *Report title:* Parent Company Only Financial Statements for Small Bank Holding Companies

Agency form number: FR Y-9SP

OMB control number: 7100-0128

Frequency: Semiannual

Reporters: Bank holding companies

Annual reporting hours: 28,273 hours

Estimated average hours per response: 3.89 hours

Number of respondents: 3,634

Small businesses are affected.

General description of report: This information collection is mandatory (12 U.S.C. 1844(b) and (c)). Confidential treatment is not routinely given to the data in this report. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form.

Abstract: The FR Y-9SP is a parent company only financial statement filed on a semiannual basis by one-bank holding companies with total consolidated assets of less than \$150 million, and multibank holding companies with total consolidated assets of less than \$150 million that meet certain other criteria. This report, an abbreviated version of the more extensive FR Y-9LP, is designed to obtain basic balance sheet and income statement information for the parent company, information on intangible assets, and information on intercompany transactions.

Current actions: The Federal Reserve proposes the following revisions to the FR Y-9SP effective with the June 30, 2002, reporting date in a manner consistent with the previously described changes to the FR Y-9C and FR Y-9LP.

Income statement

Add memorandum item 3, "Interest expense paid to special-purpose subsidiaries that issued trust preferred securities." Similar to larger bank holding companies, smaller bank holding companies are also utilizing these types of transactions (see the FR Y-9LP discussion). The Federal Reserve proposes to isolate amount of interest expense that is being paid by the parent to the special-purpose subsidiaries that issue trust preferred securities.

Balance Sheet

1. Revise memoranda item 11, "Other assets (itemize and describe amounts that exceed 25% of balance sheet, line item 7)" and memoranda item 12, "Other liabilities (itemize and describe amounts that exceed 25% of the balance sheet, line item 13)," to add line item captions for several of the more commonly listed significant components for each item. Blank text fields like those presently contained in memoranda items 11 and 12 will be retained for other asset and other liability items not specifically covered in the new line item captions. The new line item captions for the other asset categories would be: 11(a), "Accounts receivable," 11(b), "Income taxes receivable," 11(c) "Premises and fixed assets," 11(d), "Deferred tax assets," and 11(e), "Cash surrender value of life insurance policies." The new line item captions for the other liability categories would be: 12(a), "Accounts payable," 12(b), "Income taxes payable," 12(c) "Dividends payable," and 12(d), "Deferred tax liabilities."

Furthermore, the Federal Reserve proposes to eliminate the use of the three-digit text codes (TEXC) in memoranda items 11 and 12 that are used internally by the Federal

Reserve System. With the addition of these preprinted captions for other assets and other liabilities, the Federal Reserve would find the codes to be of limited use.

2. Add a new memorandum item 13, "Notes payable to special-purpose subsidiaries that issued trust preferred securities."² Currently, the amount of notes payable to special-purpose subsidiaries that issue trust preferred securities is included as part of the overall amount reported on the Balance Sheet, in item 14(b), "Balances due to nonbank subsidiaries and related institutions." Similar to larger bank holding companies, smaller bank holding companies are also utilizing these types of transactions (see the FR Y-9LP discussion). The Federal Reserve is interested in isolating the amount of intercompany notes payable by the parent to special-purpose subsidiaries that issue trust preferred securities.
3. Incorporate two of the items currently reported on the FR Y-9CS, *Supplement to the Consolidated Financial Statements for Bank Holding Companies*. Only top-tier FHCs would continue to report these items. Top-tier FHCs would report in memorandum items 21 and 22 the net assets of (1) Broker-Dealer subsidiaries engaged in underwriting or dealing securities pursuant to Section 4(k)(4)(E) of the Bank Holding Company Act as amended by the GLB Act, and (2) Insurance underwriting subsidiaries. In addition, these two items would no longer be considered confidential. The Federal Reserve would continue tracking the growth in these activities by FHCs subsequent to the enactment of the GLB Act.

Instructions

Instructional revisions and clarifications will be made as necessary in an attempt to achieve greater consistency in reporting by respondents.

6. *Report title:* Supplement to the Consolidated Financial Statements for Bank Holding Companies

Agency form number: FR Y-9CS

OMB control number: 7100-0128

Frequency: on occasion

Reporters: Bank holding companies

Annual reporting hours: 1,200 hours

Estimated average hours per response: 0.50 hour

² This item would be inserted with the group of items within the memoranda section applicable to all FR Y-9SP respondents. Existing memoranda items 13 through 16 would be renumbered, and items pertaining to the FR Y-12 implemented as of December 31, 2001, would be renumbered as items 18 through 20.

Number of respondents: 600

Small businesses are affected.

General description of report: This information collection is mandatory (12 U.S.C. 1844(b) and (c)). The Federal Reserve considers the information on the current version of the report form confidential pursuant to the Freedom of Information Act (5 U.S.C. 554(b)(4)), except for item 4.

Abstract: The FR Y-9CS is a free form supplement that may be utilized to collect any additional information deemed to be critical and needed in an expedited manner. It is intended to supplement the FR Y-9C and FR Y-9SP reports. Due to the enactment of the GLB Act in 1999, the current version of this supplement was implemented in 2000 to collect basic information about the new activities of FHCs.

Current actions: As of March 2002, the current version of this free form supplement will no longer be used and some of the items have been moved to other reporting forms. The disposition of each item on the current supplement is discussed in detail below. However, if other emerging issues arise that require its use, the Federal Reserve may use the FR Y-9CS to collect other supplementary information.

1. As mentioned above, net assets of broker-dealer subsidiaries engaged in underwriting or dealing securities pursuant to Section 4(k)(4)(E) of the Bank Holding Company Act as amended by the GLB Act (current item 1, Column B), and net assets of insurance underwriting subsidiaries (current item 2, Column B) would now be reported on the FR Y-9C and FR Y-9 SP. However, these two items would no longer be considered confidential. The remaining columns for gross assets (Column A), equity capital (Column C), and net income (Column D) would no longer be collected as separate items.
2. Investments held under merchant banking authority (current item 3) is now collected from institutions that meet the reporting criteria for the Consolidated Bank Holding Company Report of Equity Investments in Nonfinancial Companies (FR Y-12; OMB No. 7100-0300).
3. The information related to current item 4 on whether the FHC has any subsidiaries engaged in newly authorized insurance agency activities is collected on the Report of Changes in Organizational Structure (FR Y-10; OMB No. 7100-0297).

Board of Governors of the Federal Reserve System, December 17, 2001.

Jennifer J. Johnson,
Secretary of the Board.
[FR Doc. 01-00000 Filed 00-00-01; 8:45AM]
Billing Code 6210-01-P