

**Supporting Statement for the  
Notice of Change in Bank Control,  
Interagency Notice of Change in Director or Senior Executive Officer, and  
Interagency Biographical and Financial Report  
(FR 2081a,b,c; OMB No. 7100-0134)**

**Summary**

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, without revision, the mandatory Interagency Notice of Change in Bank Control, the Interagency Notice of Change in Director or Senior Executive Officer, and the Interagency Biographical and Financial Report, (FR 2081a,b,c; OMB No. 7100-0134). These event-generated notifications are submitted by bank holding companies, state member banks, and individuals prior to changes in ownership or management of these institutions.

The information collected on the subject forms assist the Federal Reserve Board, the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Office of Thrift Supervision (OTS) in fulfilling their statutory responsibilities. These regulatory agencies use the information to evaluate a depository institution's controlling ownership interests and its senior officers and directors. The information collected in the Interagency Notice of Change in Bank Control (FR 2081a) is supplied by persons proposing to make significant investments in bank holding companies or depository institutions. The information collected in the Interagency Notice of Change in Director or Senior Executive Officer (FR 2081b) is required under Section 914 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The notice is completed, under certain circumstances, by a bank holding company or depository institution making changes in its board of directors or senior executive officers. The Interagency Biographical and Financial Report (FR 2081c) is not a stand-alone report; it is used as a companion report with other reports to gather required information about the individuals involved in certain types of applications and notifications.

Although the regulatory agencies are not proposing any revisions, they plan to provide clarifying language to questions on the Interagency Biographical and Financial Report (FR 2081c). The current FR 2081 reporting forms and instructions are attached.

**Background and Justification**

The Notice of Change in Bank Control originated in 1979 as a result of the enactment of the Change in Bank Control Act of 1978 (12 U.S.C. 1817(j)). One objective of the Act is to prevent serious adverse effects resulting from unsuitable ownership of, inadequate financial support for, and unsuitable management of insured depository institutions or their parent holding companies.

In 1987 the notice requirements were revised in response to certain provisions of the Anti-Drug Abuse Act of 1986 that amended the Change in Bank Control Act. Information regarding publication requirements and certain required financial information were added at that

time. In 1991 the notice requirements were again revised to reflect an amendment to Regulation Y which, in part, implements the Change in Bank Control Act.

Under Section 914 of FIRREA, an insured depository institution that meets certain criteria is required to give prior notification to the appropriate regulatory agency of the proposed addition of any individual to the board of directors or the employment of any individual as a senior executive officer. The objective of Section 914 is to give the regulatory agencies an opportunity to object if the competence, experience, character, or integrity of the individual who seeks to be employed or otherwise associated with the institution is not in the best interests of the depositors of the institution or the public.

In 1996 a task force of representatives from the regulatory agencies was formed to review the FR 2081 reporting process. The filing requirements were adapted and reformatted to consist of three separately titled notices: the Interagency Notice of Change in Bank Control (FR 2081a), the Interagency Notice of Change in Director or Senior Executive Officer (FR 2081b), and the Interagency Biographical and Financial Report (FR 2081c). The changes that were made to the instructions and reporting forms resulted in reduced burden for the Notificants in the interagency prior notice process.

The information requested in the FR 2081a, FR 2081b, and FR 2081c is not available from any other source and is necessary for the Federal Reserve to fulfill its responsibilities under the Change in Bank Control Act of 1978 and FIRREA.

### **Description of Information Collection**

The FR 2081a provides notification of intent to acquire shares of an insured depository institution or its parent holding company(ies). The notice is event-generated and filed with the appropriate regulatory agency. The notice requires personal and financial information about the acquirers, the purchase price for the proposed transaction, and the terms and condition of the acquisition.<sup>1</sup>

The FR 2081b is used by an insured depository institution or its parent holding company(ies) to notify the appropriate regulatory agency of a proposed change in the board of directors or senior executive officer of such institution or holding company(ies). A notice of change is required if the depository institution is viewed to be in troubled condition by its primary federal regulatory agency. The requirement is applicable to a depository institution or its holding company that is not in compliance with all minimum capital requirements.

The FR 2081c must be submitted by certain key shareholders in connection with various applications filed with the Federal Reserve System. Information requested on this report is

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<sup>1</sup> In considering a notice filed under the Change in Bank Control Act of 1978, the Federal Reserve must evaluate the following factors: the financial condition of the acquiring parties and of the holding company or bank to be acquired; the competence, experience, and integrity of the acquiring parties and of any proposed new management of the holding company or bank to be acquired; and the effect of the transaction on competition. The notices require a detailed description of the proposal, as well as financial, employment and biographical data concerning the acquiring parties.

subject to verification and must be complete. If the report is not complete, additional information may be requested or the filing returned.

### **Time Schedule for Information Collection**

The FR 2081a is event-generated and must be filed at least sixty days prior to the proposed change in control. The statute provides that action on the notice must be taken within sixty days after the receipt of a complete notice by the Federal Reserve System, unless the time period is extended. The 1986 amendments to the Change in Bank Control Act permit the Federal Reserve to extend the processing period of a notice for two additional periods of forty-five days for certain enumerated reasons (for example, submission of incomplete or inaccurate information by the acquiring person) after an initial one-time thirty-day extension.

The FR 2081b must be filed at least thirty days prior to certain insured depository financial institutions adding a member to the board of directors or employing an individual as a senior executive officer. A proposed director or senior executive officer may begin service thirty days after a complete notice has been reviewed by the Federal Reserve Bank unless the Federal Reserve Board or the Federal Reserve Bank issues a notice of disapproval of the proposed addition or employment before the end of the thirty-day period. The time period may be extended at the request of the Notificant.

The FR 2081c is used by individuals in conjunction with other notices or applications, and is submitted to the appropriate regulatory agency according to the deadlines associated with those other notices or applications. The report is not a stand-alone report.

### **Legal Status**

The Board's Legal Division has determined that 12 U.S.C. 1817(j) and 12 U.S.C. 1831(q) authorize the Board to require this information collection.

The Federal Reserve treats notices as public documents. Respondents may request that parts of their notices be kept confidential, but in such cases the burden is on the respondent to justify the exemption by demonstrating that disclosure would cause "substantial competitive harm" or result in "an unwarranted invasion of personal privacy" or would otherwise qualify for an exemption under the Freedom of Information Act pursuant to exemption (b)(4) or (b)(6), 5 U.S.C. 552 (b)(4), (b)(6). The confidentiality status of the information submitted will be judged on a case-by-case basis.

Although notices of change in control are most often submitted by natural persons, the Federal Reserve files these notices under the name of the bank or holding company to be acquired; none of the information will be stored in such a way that it could be retrieved by reference to the name of the individual Notificant or some number, symbol, or other identifying particular assigned to the individual. Using this approach, the collection and storage of notices of change in control will not generate a "system of records" within the meaning of the Privacy Act (5 U.S.C. 552a (e)(3)). Consequently, most of the issues that usually arise under the Privacy Act will not arise in connection with the filing of notices of change in control. Because

information is being collected from individuals, the Federal Reserve is required to make certain disclosures to the Notificant (5 U.S.C. 552a(e)(3)). The notice that the Federal Reserve provides on the current and proposed FR 2081 meets the requirements of the Privacy Act.

### Consultation Outside the Agency

Representatives from the OCC, FDIC and OTS have been consulted concerning the proposed clarifications being made to the FR 2081c form for this review period.

### Estimate of Respondent Burden

The Federal Reserve estimates the burden for the FR 2081a to be 3,900 hours annually, and the FR2081b to be 130 hours annually. Each represents less than 1 percent of total Federal Reserve System burden for all reports. The estimated response time is thirty hours for the FR2081a and two hours for the FR2081b. On average, 130 people file an FR 2081a form each year to acquire control of a bank or bank holding company, and 65 depository institutions or holding companies notify their regulators of a change in their boards of directors or senior executive officers on the FR 2081b.

The FR 2081c is not a stand-alone report; it is used as a companion report not only for the change in control notifications but also with other reports, such as bank holding company formation applications and membership applications. The burden associated with filing the FR 2081c as a supplement to the FR 2081a and FR 2081b is included in the table below. The burden associated with filing the FR 2081c as a supplement to other applications or notifications is included with those information collections. The estimated response time for the FR2081c is four hours.

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	<i>Estimated number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
FR 2081a Change in control	130	1	30	3,900
FR 2081b Change in officers or directors	65	1	2	130
FR 2081c Biographical and financial	1,105	1	4	<u>4,420</u>
Total				8,450

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Based on an hourly cost of \$20, the total annual cost to the public is estimated to be \$169,000.

**Sensitive Questions**

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

**Estimate of Cost to the Federal Reserve System**

There are no data processing costs associated with the report; the forms are not automated and the responses are not stored electronically. Because the forms are distributed to respondents only upon request, the costs involved in their printing and mailing are minimal.