

Board of Governors of the Federal Reserve System



Instructions for Preparation of **Annual Report of Bank Holding Companies**

Reporting Form FR Y-6

Reissued September 1998

Instructions for Preparation of the Annual Report of Bank Holding Companies— (FR Y-6)

General Instructions

Who Must Report

The FR Y-6 is to be filed by all bank holding companies.¹

Multi-tiered bank holding companies composed of bank holding companies that are direct or indirect subsidiaries of another bank holding company can satisfy the reporting requirements of the FR Y-6 by submitting the required information as part of the FR Y-6 submission of the top-tier bank holding company. In submitting the report, each bank holding company within a tiered bank holding company organization must respond individually to Report Items 3 and 4. Subsidiary bank holding companies are not required to complete Report Item 2 as the separate submission of this information would duplicate the information required of the top-tiered bank holding company.

Frequency of Reporting

The FR Y-6 is required to be submitted as of the end of the bank holding company's fiscal year.

Submission Date

The FR Y-6 should be filed no later than 90 calendar days after the end of the bank holding company's fiscal

year. The report is due by the end of the reporting day on the submission date (i.e., 5:00 P.M. at each of the Reserve Banks). The filing of a completed report will be considered timely, regardless of when the reports are received by the appropriate Federal Reserve Bank, if these reports are mailed first class and postmarked no later than the third calendar day preceding the submission deadline. In the absence of a postmark, a company whose completed FR Y-6 is received late may be called upon to provide proof of timely mailing. A "Certificate of Mailing" (U.S. Postal Service form 3817) may be used to provide such proof. If an overnight delivery service is used, entry of the completed original reports into the delivery system on the day before the submission deadline will constitute timely submission. In addition, the hand delivery of the completed original reports on or before the submission deadline to the location to which the reports would otherwise be mailed is an acceptable alternative to mailing such reports. Companies that are unable to obtain the required officers' signatures on their completed original reports in sufficient time to file these reports so that they are received by the submission deadline may contact the Federal Reserve Bank to which they mail their original reports to arrange for the timely submission of their report data and the subsequent filing of their signed reports.

If the submission deadline falls on a weekend or holiday, the report must be received by 5:00 P.M. on the first business day after the Saturday, Sunday, or holiday. Any report received after 5:00 P.M. on the first business day after the Saturday, Sunday, or holiday deadline will be considered late unless it has been postmarked three calendar days prior to the original Saturday, Sunday, or holiday submission deadline (original deadline), or the institution has a record of sending the report by overnight service one day prior to the original deadline.

1. Bank holding companies that are "qualified foreign banking organizations" as defined by section 211.23(b) of Regulation K (12 C.F.R. 211.23(b)) are not required to file this form. These bank holding companies are organized under the laws of a foreign country and are principally engaged in the business of banking outside the United States. Their reporting requirements are contained in the FR Y-7, Annual Report of Foreign Banking Organizations.

General and Report Item Instructions

Where to Submit the Reports

Submit to the appropriate Federal Reserve District Bank the original report and the number of copies specified by that District Bank. The appropriate Reserve Bank is the Reserve Bank of the Federal Reserve District in which the bank holding company's banking operations are principally conducted, as measured by total domestic deposits in its subsidiary banks. Bank holding companies that are subsidiaries of another bank holding company and that choose to file a separate FR Y-6 from the FR Y-6 filed by the top-tier bank holding company should submit their FR Y-6 to the same Federal Reserve Bank as the top-tier bank holding company.

All reports shall be made out clearly and legibly submitted in typewritten form in ink. Reports completed in pencil will not be accepted.

Confidentiality

The information submitted by bank holding companies in the FR Y-6 is available to the public upon request.

If any bank holding company is of the opinion that disclosure of certain commercial or financial information contained in the report would likely result in substantial harm to its competitive position or to the competitive position of its subsidiaries, or that disclosure of submitted information is of a personal nature that would result in a clearly unwarranted invasion of personal privacy, that bank holding company may request confidential treatment for the report.

This request for confidential treatment must be submitted in writing concurrently with the submission of the FR Y-6. In the request, the bank holding company must provide for each response submitted with a request for confidential treatment, a detailed discussion that justifies confidential treatment of that item. The bank holding company's reasons for requesting confidentiality should clearly demonstrate the specific nature of the harm that would result from public release of the specific data; simply stating that in general the release of the data would result in competitive harm or that it is personal in nature is not sufficient.

Bank holding companies that have requested confidential treatment for specific responses to the FR Y-6 must submit the report in two sections. Bank holding

companies must separate the data for which confidential treatment is requested from the data for which confidential treatment is not requested. The section containing the information for which confidential treatment is requested must be bound separately from other information submitted on the FR Y-6 and must be labeled "Confidential." In completing the public section of the FR Y-6, bank holding companies must respond to each report item. For items submitted separately with a request for confidential treatment, the bank holding company must state in the public submission that this information has been submitted separately in the confidential section.

Information, for which confidential treatment is requested, may be released subsequently by the Federal Reserve System if the Board of Governors determines that the disclosure of such information is in the public interest.

Audit Requirements

Bank holding companies do not have to *submit* audited financial statements as part of the requirements of the FR Y-6. However, the Federal Reserve requires that top-tier bank holding companies with total consolidated assets of \$500 million or more as of the end of the bank holding company's fiscal year must have an annual audit of its consolidated financial statements (balance sheets, statements of income, changes in equity capital, and cash flows, with accompanying footnote disclosure) by an independent public accountant. In addition, the Federal Reserve may request audited consolidated financial statements from any bank holding company with total consolidated assets of less than \$500 million if deemed warranted for supervisory purposes.

Each top-tier bank holding company with total consolidated assets of \$500 million or more shall engage an independent public accountant to audit and report on its annual financial statements in accordance with generally accepted auditing standards. The scope of the audit engagement shall be sufficient to permit such accountant to determine and report whether the financial statements are presented fairly and in accordance with generally accepted accounting principles.

While the Federal Reserve will not require the *submission* of audited financial statements with the FR Y-6 from top-tier bank holding companies with total consolidated assets of \$500 million or more, the Federal Reserve may request such financial statements if deemed necessary.

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Therefore those bank holding companies who must comply with this audit requirement must have their audited financial statements on file and readily available for their District Federal Reserve Bank.

Additional Information

The Federal Reserve System reserves the right to require the filing of additional statements and information if the information submitted in the FR Y-6 report is not sufficient to appraise the financial soundness of the bank holding company or to determine its compliance with applicable laws and regulations.

What Must Be Submitted

Bank holding companies must submit responses to the following report items. If certain report items are not applicable to the reporting bank holding company, a response of "None" must be reported for those report items:

Report Item 1a: Form 10-K filed with the Securities and Exchange Commission

Bank holding companies that are registered with the Securities and Exchange Commission must submit with each required copy of the FR Y-6 a copy of the most recent Form 10-K filed with the Securities and Exchange Commission.

Report Item 1b: Annual reports to shareholders

Bank holding companies that prepare an annual report for their shareholders and are not registered with the Securities and Exchange Commission must submit a copy of the annual report with each required copy of the FR Y-6. If the annual report is not available by the submission date, the bank holding company must inform its District Federal Reserve Bank that it will forward its annual report to the District Federal Reserve Bank as soon as practicable.

An annual report is to be submitted to the Federal Reserve only if such a report is created for shareholders. Bank holding companies do not need to create an annual report if such report is not normally created for shareholders.

Bank holding companies may be required to submit, at the discretion of their District Federal Reserve Bank, free-form comparative financial statements, footnotes

and any other information that is deemed necessary by their District Federal Reserve Bank to fulfill its supervisory responsibilities. The Federal Reserve may request that such financial statements and footnotes be audited by an independent public accountant.

Report Item 2: Organization Chart

Submit an organization chart showing:

- (1) the bank holding company's direct holdings of domestic companies (acquired pursuant to Regulation Y) in which it directly controls greater than 5 percent of the shares of any class of voting securities of such companies and the bank holding company's direct holdings of foreign companies (acquired pursuant to Regulation K) in which it directly controls greater than 5 percent of the voting shares of such companies. This includes all direct relationships with all direct holder subsidiaries, for each reportable entity within the organization.
- (2) the bank holding company's indirect holdings of companies, through domestic subsidiaries (acquired pursuant to Regulation Y), in which it indirectly controls greater than 5 percent of the shares of any class of voting securities of such companies and the bank holding company's indirect holdings of companies, through foreign subsidiaries (acquired pursuant to Regulation K), in which it indirectly controls greater than 5 percent of the voting shares of such companies. As defined in Regulation Y, a subsidiary is any company in which the bank holding company, directly or indirectly, owns, controls, or holds with power to vote 25 percent or more of the shares of any class of voting securities, or "otherwise controls" the company. Bank holding companies can refer to Regulation Y (12 CFR 225) for additional information. As defined in Regulation K (12 CFR 211), a subsidiary is an organization in which more than 50 percent of the voting shares are held directly or indirectly, or which is otherwise controlled or capable of being controlled by the bank holding company; and
- (3) foreign companies (acquired pursuant to Regulation K) that are reportable on the Report of Changes in Foreign Investments Pursuant to Regulation K (FR 2064) even though 5 percent or less of the voting shares may be owned.

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The organization chart need not be elaborate, but the chart should disclose full legal names, location (i.e., city, state or country), intercompany ownership and control relationships, and the percentage of ownership by the bank holding company as is reportable on the Bank Holding Company Report of Changes in Investments and Activities (FR Y-6A) (i.e., percent of voting control, non-voting equity, proportionate interest or other form of control) or the FR 2064 with the exception of companies that should be listed in the supplement as defined below. The organization chart may be in diagram form. All companies reported on the FR Y-6A and the FR 2064 should be included in the organization chart. Discrepancies between the organization chart and the information provided on the FR Y-6A and FR 2064 may result in your company being required to submit amended organization charts and/or additional FR Y-6A and FR 2064 reports. In addition, for purposes of this report only, report inactive companies including all companies that have always been inactive. Inactive companies should be marked accordingly, and the location should be included.

In addition, list separately as a supplement to the organization chart the following companies:

- (a) A list of all companies in which in excess of 5 percent of the shares of any class of voting securities are controlled as a result of debts previously contracted. Include but distinguish between companies that were acquired as a result of debts previously contracted and companies that are engaged in holding and liquidating assets acquired as a result of debts previously contracted. List the percent of ownership or control and the direct holder;
- (b) A list of all companies that are held in a fiduciary capacity, directly or indirectly, by the bank holding company when the ownership, control, or beneficial interest of such companies exceeds 5 percent of the shares of any class of voting securities (list the percent of ownership or control and the direct holder) and the shares are held for the benefit of the bank holding company, its shareholders, or its employees.
- (c) A list of all banks or bank holding companies held, directly or indirectly, by a subsidiary bank or other subsidiary company in a fiduciary capacity when ownership or control exceeds 5 percent of the shares of any class of voting securities (list the percent of ownership or control and the direct holder) and the

subsidiary bank or other subsidiary company has the sole discretionary power to vote the shares.

- (d) A list of the bank holding company's investments in shares of any class of non-voting equity which are greater than or equal to 25 percent of the non-voting equity of any bank or bank holding company that is not otherwise controlled. List the percent of non-voting equity held and the direct holder.

Report Item 3: Shareholders

- (1) List each shareholder, of record, that directly or indirectly owns, controls, or holds with power to vote 5 percent or more of any class of voting securities of the bank holding company. In addition, list each person or entity that holds options, warrants or other securities or rights that can be converted into or exercised for voting securities, which, in their aggregate, and including voting securities currently held, would equal or exceed 5 percent of any such class of voting securities. For example, an individual or entity that currently holds 2 percent of a class of voting securities and options that would represent an additional 3 percent of such class of voting securities if exercised should be included in this report item. When the shares of the bank holding company are held by a nominee or in street names, list beneficial owners to the extent information is available. For bank holding companies that are partnerships, list each partner who has a 5 percent or more ownership interest. For each individual or entity listed, provide the following:
 - (a) Name and address (city and state/country);
 - (b) Country of citizenship (if an individual) or country of incorporation (if a company);
 - (c) Number of shares and percentage of each class of voting securities owned, controlled, or held with power to vote (listing separately options, warrants or other securities or rights), or in the case of a partnership, the proportionate interest.
- (2) List any shareholder not listed in section 3(1) above that owned or controlled five percent or more of any class of voting securities in the bank holding company during the fiscal year for which the report is being filed. In addition, list each person or entity that held options, warrants or other securities or rights that could have been converted into or

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exercised for voting securities, which, in their aggregate, and including voting securities held, would have equalled or exceeded 5 percent of any such class of voting securities. For each shareholder list the following:

- (a) Name and address (city and state/country);
- (b) Country of citizenship (if an individual) or country of incorporation (if a company); and
- (c) Number of shares and percentage of each class of voting securities owned, controlled, or held with power to vote (listing separately options, warrants or other securities or rights), or in the case of a partnership, the proportionate interest.

For trusts that meet the definition of a company contained in Regulation Y (12 CFR 225.2(d)), including employee benefit plans (i.e., ESOPs, profit sharing trusts, etc.) that are bank holding companies, report each trustee or designated individual that has the power to vote those shares held in the employee benefit plan. In addition, describe the provision in the trust for voting the shares controlled by the plan.

Report Item 4: Directors and Officers

List each principal shareholder, director, trustee, partner, executive officer, or person exercising similar functions, regardless of title or compensation, of the bank holding company, showing the following:

- (1) Name and address (city and state/country);
- (2) Principal occupation, if other than with the holding company organization;
- (3) Title or position with:
 - (a) the banking holding company; and

- (b) all direct and indirect subsidiaries of the bank holding company;
- (c) any other company in which the person is a director, trustee, partner, or executive officer;

- (4) Percentage of each class of voting securities owned, controlled, or held with power to vote in:

- (a) the bank holding company;
- (b) direct and indirect subsidiaries of the bank holding company; and
- (c) any other company, if 25 percent or more of its outstanding voting securities or proportionate interest in a partnership are held. (List the name of the company and the percentage of voting securities owned, controlled, or held with power to vote.)

For purposes of Report Item 4, the following definitions hold:

A “*principal shareholder*” generally means an individual or a company (other than an insured bank) that directly or indirectly, or acting through or in concert with one or more persons, owns, controls, or has the power to vote more than 10 percent of any class of voting securities of a member bank or company.

An “*executive officer*” of a company or bank generally means a person who participates or has authority to participate (other than in the capacity of a director) in major policy-making functions of the company or bank, whether or not: (1) the officer has an official title, (2) the title designates the officer an assistant, or (3) the officer is serving without salary or other compensation. Trustees and administrative committee members are considered executive officers of an employee benefit plan.

For complete definitions of the above terms, see Federal Reserve Regulation O (12 CFR 215).

Appendix A

FR Y-6 Example Format & Guidance*

* Under the Federal Reserve Board's Regulatory Reports Monitoring Program, required items for non-automated reports should be appropriately completed and contain all of the requested information. If a required item is not appropriately completed, containing all the requested information, the report will be considered to be false. The reporting bank holding company has discretion regarding the format of this report as long as each reporting item is included in the report. This example does not include every situation or relationship that is reportable in the FR Y-6 report. It is solely intended to provide bank holding companies assistance in completing the FR Y-6.

FR Y-6

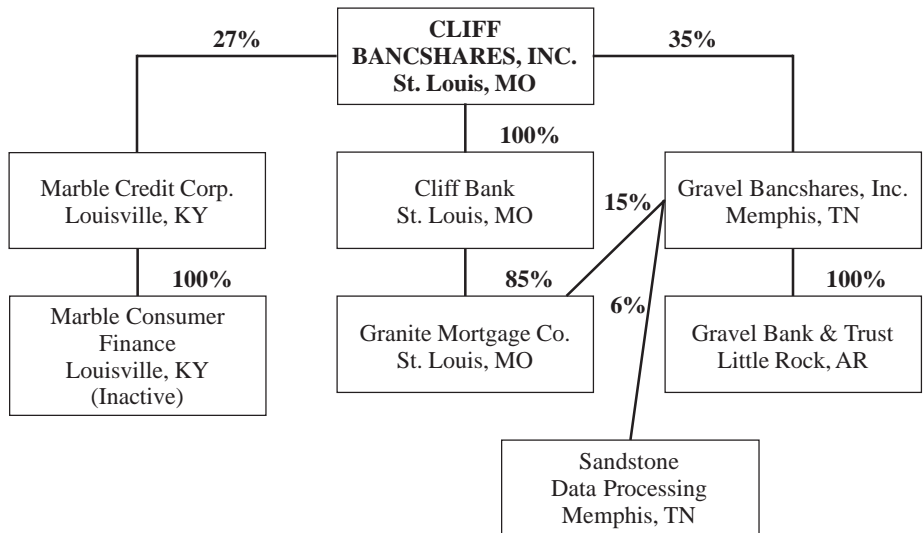
Example Format & Guidance

SAMPLE

- 1: Include the full legal name and the city and state (U.S. entities) or the city and country (non-U.S. entities) or the physical location of the principal office.
- 2: Include all entities of which more than 5% of any class of voting shares is owned or controlled and all entities regardless of the amount of voting shares owned, that are otherwise controlled by the top-tier BHC, directly or indirectly through subsidiaries.

Report Item

- 1: a. The BHC is not required to prepare form 10K with the SEC.
- 1: b. The BHC does prepare an annual report for its shareholders. Enclosed are two copies of the annual report.
- 2: Organizational Chart



Supplement to Organization Chart:

- | | |
|--|---|
| 2.a Limestone Leasing Company St. Louis, MO | — 6% equity position held by Cliff Bank, St. Louis, MO as a result of debts previously contracted |
| 2.b N/A (Not applicable) | |
| 2.c N/A (Not applicable) | |
| 2.d Shale Bank Memphis, TN | — 30% nonvoting equity held by Gravel Bancshares, Inc., Memphis, TN |

SAMPLE

Form FR Y-6
December 31, 1996

Report Item 3: Shareholders

(1)(a) (1)(b) (1)(c) (2)(a) (2)(b) (2)(c)

Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of 12-31-96

Shareholders not listed in (3)(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12-31-96

| (1)(a) Name & Address (City, State, Country) | (1)(b) Country of Citizenship or Incorporation | (1)(c) Number and Percentage of Each Class of Voting Securities | (2)(a) Name & Address (City, State, Country) | (2)(b) Country of Citizenship or Incorporation | (2)(c) Number and Percentage of Each Class of Voting Securities |
|---|--|--|--|--|--|
| James Doe Anywhere, MO | USA | 720 - 27% Common Stock 100 - Options on Common Stock | Jeannine Doe Anywhere, MO | USA | 160 - 6% Common Stock (repurchased) 160 - Options on Common Stock (expired) |
| Cindy Doe Anywhere, MO | USA | 666 - 25% Common Stock | ABC Company St. Louis, MO | USA | 100 - 50% Pre- ferred Stock (repurchased) |
| Gregory Doe Anywhere, MO | USA | 293 - 11% Common Stock | XYZ Company St. Louis, MO | USA | 100 - 50% Pre- ferred Stock (repurchased) |
| Taylor Family Trust John Taylor - Trustee St. Louis, MO | USA | 160 - 6% Common Stock | | | |
| Mary Doe Anywhere, MO | USA | 60 - 2% Common Stock 160 - Options on Common Stock | | | |

SAMPLE

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Report Item 4: Directors and Officers

(1) (2) (3)(a)(b)(c) and (4)(a)(b)(c)

| (1) Names & Address (City, State, Country) | (2) Principal Occupation if other than with Bank Holding Company | (3)(a) Title & Position with Bank Holding Company | (3)(b) Title & Position with Subsidiaries (include names of subsidiaries) | (3)(c) Title & Position with Other Businesses (include names of other businesses) | (4)(a) Percentage of Voting Shares in Bank Holding Company | (4)(b) Percentage of Voting Shares in Subsidiaries (include names of subsidiaries) | (4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held) |
|--|--|--|---|---|--|---|---|
| James Doe Anywhere, MO | N/A | Director & Chairman | Director & President (Cliff Bank) | N/A | 27% | None | N/A |
| Cindy Doe Anywhere, MO | N/A | Director & President | Director & Vice- President (Cliff Bank) | N/A | 25% | 5% (Cliff Bank) | N/A |
| Gregory Doe Anywhere, MO | N/A | N/A | N/A | N/A | 11%** | None | N/A |
| Mary Doe Anywhere, MO | Manufactur- ing Widget Corp. | Director | None | President - Widget Corp. Anywhere, MO | 2% | None | Widget Corp. (35%) |
| Jeannine Doe Anywhere, MO | College Administra- tor | Director & Sec./ Treasurer | None | President Anywhere College Anywhere, MO | None | 2% (Cliff Bank) | N/A |

** Note: Although Gregory Doe is not a director or officer of the bank holding company, information must be provided because he is considered a "principal shareholder" of the bank holding company. This definition can be found in the FR Y-6 instructions.