

**Supporting Statement for the  
Interagency Notice of Change in 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 (Board), under authority delegated from the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the Interagency Notice of Change in 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). Each of these forms is used by the Board to collect information in connection with certain filings by bank holding companies (BHCs), savings and loan holding companies (SLHCs), state member banks (SMBs), and associated individuals prior to proposed changes in the ownership or management of BHCs, SLHCs, and SMBs.<sup>1</sup>

The information collected by these forms assists the Board in fulfilling its statutory responsibilities as a supervisor. The information collected in the Interagency Notice of Change in Control (FR 2081a) is provided by persons seeking to acquire or retain control of a BHC, SLHC, or SMB pursuant to the Change in Bank Control Act (CBC Act) (12 U.S.C. § 1817(j)). The Interagency Notice of Change in Director or Senior Executive Officer (FR 2081b) is submitted under certain circumstances, pursuant to section 914 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), by a BHC, SLHC, or SMB making changes to its board of directors or senior executive officers, or by the individual involved. The Interagency Biographical and Financial Report (FR 2081c) is a companion reporting form to the FR 2081a, FR 2081b, and other reporting forms, and is used to gather required information about the individuals involved in various applications and notices.

The Board proposes to revise the FR 2081c by correcting an inadvertent and unintentional numbering error from the previous clearance to ensure that all respondents will be required to provide their telephone number and email address. No changes are being proposed for the FR 2081a or FR 2081b.

The estimated total annual burden for the FR 2081a,b,c is 9,495 hours, and would remain the same with the proposed changes. The forms and instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/reportforms/default.aspx>.

## **Background and Justification**

Under the CBC Act, a person (which may be an individual, a group of individuals, or a company) must seek the prior approval of the appropriate federal banking agency before acquiring control of an insured depository institution or its parent holding company(ies). One of

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<sup>1</sup> These forms were promulgated jointly by the Board, the Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) (collectively, the "agencies") have separately cleared this collection of information with respect to the financial institutions that they regulate.

the major objectives of the CBC 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. The Board uses the information from the FR 2081a and FR 2081c to evaluate the qualifications of specific individuals organizing, acquiring control, or managing an SMB, BHC, or SLHC to ensure that a proposed transaction is permissible under law and regulation and is consistent with safe and sound banking practices.

Under section 914 of FIRREA (12 U.S.C. 1831i), when an insured depository institution, BHC, or SLHC meeting certain financial or supervisory criteria intends to add an individual to its board of directors or employ an individual as a senior executive officer, the prior consent of one of the agencies is required. The purpose of section 914 is to give the 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. The FR 2081b is used by either an institution or an individual to file prior notice with the Board with respect to a proposed position at an SMB, BHC, or SLHC.

The information requested in the FR 2081a, FR 2081b, and FR 2081c is not available from any other source and is necessary for the Board to fulfill its supervisory responsibilities.

## **Description of the Information Collection**

### *FR 2081a*

The FR 2081a must be submitted in connection with the acquisition of or, in certain circumstances, the retention, of control of an SMB, SLHC, or BHC (or group of BHCs or SLHCs) by an individual or a group of individuals or a company or group of companies that would not be BHCs or SLHCs after consummation of the proposed transaction. The notice must be submitted to the appropriate Reserve Bank. The notice must include a description of the proposed transaction, the purchase price and funding source, the personal and financial information of the proposed acquirer(s), and any proposed new management.

A FR 2081a filer must publish an announcement soliciting public comment on the proposed acquisition in a newspaper of general circulation in the community in which the head office of the depository institution or holding company is located. In the case of a BHC or SLHC, an announcement also must be published in each community in which the head office of a bank or savings association subsidiary of the holding company is located. A copy of the affidavit(s) of publication should be submitted to the appropriate Reserve Bank. The publication must (1) state the name and address of each person identified as an acquirer in the notice; (2) state the name of the bank or holding company to be acquired and each of its subsidiary banks; and (3) include a statement that interested persons may submit comments on the proposed transaction to the Board or the appropriate Reserve Bank. The newspaper notice must be published no more than 15 calendar days before and no later than 10 calendar days after the date that the application is filed with the appropriate Reserve Bank.

## *FR 2081b*

The FR 2081b is used, under certain circumstances, to notify the appropriate Reserve Bank of a proposed change to an institution's board of directors or senior executive officers. The notice must be filed if the institution is not in compliance with all minimum capital requirements, is in troubled condition, or is otherwise required by the Board to provide such notice. The reporting form may be filed by the relevant SMB, SLHC, or BHC, or by the affected individual. The notice must include (1) details of the proposed transaction; (2) steps taken by the insured depository institution or holding company to investigate and satisfy itself as to the competence, experience, character, and integrity of the subject individual; (3) if the notice represents a proposal to serve as a senior executive officer of an insured depository institution or holding company, a description of the duties and responsibilities of the subject position and proposed terms of employment; and (4) if it is an after-the-fact notice, an identification of the exception to the prior notice requirement upon which the notificant relies or a discussion of the reasons that prior notice was not given and what steps have been taken to avoid future violations.

The FR 2081c is used by certain shareholders, directors, and executive officers in connection with the FR 2081a, FR 2081b, and other filings, such as Bank Merger Act applications (FR 2070; OMB No. 7100-0171) and applications for BHC and SLHC formations, acquisitions, and mergers. Information requested on this reporting form is subject to verification and must be complete. As with all the notices and reporting forms, requests for clarification or supplementation of the original filing may be necessary. The FR 2081c requests the following information: (1) certain biographical information, such as personal information, employment records, education and professional credentials, and business and banking affiliations; (2) certain legal and related information; and (3) a financial report on the notificant, including a balance sheet, a cash flow statement, and various supporting schedules.

### **Respondent Panel**

The FR 2081a,b,c respondent panel comprises SMBs, BHCs, SLHCs, and associated individuals.

### **Proposed Revision to the FR 2081c**

The Board proposes to revise the FR 2081c by correcting an inadvertent and unintentional numbering error from the previous clearance. As a result of this error, currently, a respondent is required to provide their telephone number and email address only if they are not a U.S. citizen or are a dual citizen. With the corrected numbering and delineation, the form will clearly require all respondents to provide their telephone number and email address. This revision would be effective immediately. No changes are being proposed for the FR 2081a or FR 2081b.

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

The FR 2081a is event-generated and must be filed either in hard copy or electronically via E-Apps with the appropriate Reserve Bank at least 60 days prior to a proposed change in control. The associated newspaper notice must be published no more than 15 calendar days

before and no later than 10 calendar days after the date that the application is filed with the appropriate Reserve Bank.

The FR 2081b is event-generated and must be filed either in hard copy or electronically via E-Apps with the appropriate Reserve Bank at least 30 days prior to an SMB, BHC, or SLHC, under certain circumstances, adding or replacing a member of its board of directors, employing a person as a senior executive officer of the institution, or changing the responsibilities of a senior executive officer so that the person would assume a different senior executive officer position.

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

### **Public Availability of Data**

With regard to change in control notices filed using the FR 2081a, the Board publishes certain information regarding the parties to and structure of the associated transaction in its H.2 release and in the *Federal Register*. No data collected through the FR 2081b or FR 2081c are proactively made available to the public by the Board. The Board may release non-confidential information included in an FR 2081a, b, or c notice upon request pursuant to the Freedom of Information Act.

### **Legal Status**

The FR 2081a and c information collections are authorized by section 7(j) of the Federal Deposit Insurance Act, which states that “[n]o person . . . shall acquire control of any insured depository institution . . . unless the appropriate Federal banking agency has been given sixty days’ prior written notice of such proposed acquisition” and requires the Federal Reserve to investigate the competence, experience, integrity, and financial ability of any such person.<sup>2</sup>

The FR 2081a and c information collections are authorized by section 914 of the Financial Institutions Reform, Recovery, and Enforcement Act, which provides that an insured depository institution or depository institution holding company shall notify the appropriate Federal banking agency of the proposed addition of any individual to the board of directors of the employment of any individual as a senior executive officer at least 30 days before such addition or employment becomes effective.<sup>3</sup>

In addition to being used in conjunction with the FR 2081a and FR2081b, the FR 2081c is also used in conjunction with the FR 2070 and the Application to Become a Bank Holding Company and/or Acquire an Additional Bank or Bank Holding Company (FR Y-3; OMB No. 7100-0121). When used in conjunction with the FR 2070, the FR 2081c is authorized by section

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<sup>2</sup> 12 U.S.C. § 1817(j). The Board also has the authority to require reports from bank holding companies (12 U.S.C. § 1844(c)), savings and loan holding companies (12 U.S.C. §§ 1467a(b) and (g)), and state member banks (12 U.S.C. §§ 248(a) and 324).

<sup>3</sup> 12 U.S.C. § 1831i.

18(c) of the Federal Deposit Insurance Act, which requires that a state member bank, when it is the acquiring, assuming, or resulting bank, obtain prior approval from the Board before merging or consolidating with another insured depository institution, or assuming liability to pay any deposits made in any other depository institution, and requires the Board to consider the managerial resources and future prospects of the existing and proposed institutions.<sup>4</sup> When used in conjunction with the FR Y-3, the FR 2081c is authorized by section 3(a) of the Bank Holding Company Act of 1956, which requires Board approval for formations, acquisitions, and mergers of bank holding companies, and requires the Board to consider the competence, experience, and integrity of the officers, directors, and principal shareholders of the company.<sup>5</sup>

The obligation to file these event-generated reports is mandatory. Individual respondents may request that information submitted to the Board through the FR 2081a, FR 2081b, or FR 2081c be kept confidential. If a respondent requests confidential treatment, the Board will determine whether the information is entitled to confidential treatment on a case-by-case basis. To the extent a respondent submits nonpublic commercial or financial information in connection with the FR 2081a, FR 2081b, or FR 2081c, 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).<sup>6</sup> 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.<sup>7</sup> 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 respondent may request confidential treatment pursuant to exemption 8 of the FOIA.<sup>8</sup> 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.

### **Consultation Outside the Agency**

An interagency working group responsible for reviewing this collection – comprised of representatives from the Board, OCC, and FDIC – collaborated on confirming that no substantive changes were needed to these forms for this clearance cycle.

### **Public Comments**

On December 23, 2020, the Board published an initial notice in the *Federal Register* (85 FR 83952) requesting public comment for 60 days on the extension, with revision, of the FR 2081abc. The comment period for this notice expires on February 22, 2021.

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<sup>4</sup> 12 U.S.C. § 1828(c).

<sup>5</sup> 12 U.S.C. 1842.

<sup>6</sup> 5 U.S.C. § 552(b)(4)

<sup>7</sup> 5 U.S.C. § 552(b)(6)

<sup>8</sup> 5 U.S.C. § 552(b)(8).

## Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 2081a,b,c is 9,495 hours, and would stay the same with the proposed revision. The burden estimate for the FR 2081a includes the burden associated with the required newspaper publication. On average, between three and four individuals listed on an FR 2081a or FR 2081b filing must also submit a companion FR 2081c report. The burden associated with filing the FR 2081c as a supplement is included with those information collections. The annual reporting burden estimate is based on the average number and type of applications received from 2017 to 2019. These reporting and disclosure requirements represent less than one percent of the Board's total paperwork burden.

<b>FR 2081</b>	<i>Number of respondents<sup>9</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<b>Reporting</b>				
FR 2081a	162	1	29.5	4,779
FR 2081b	119	1	2.0	238
FR 2081c	959	1	4.5	4,316
<b>Disclosure</b>				
FR 2081a	162	1	1.0	162
	<i>Total</i>			<u>9,495</u>

The estimated total annual cost to the public for these collections of information is \$548,336<sup>10</sup>.

## Sensitive Questions

The FR 2081c collects Social Security Number and citizenship information. The solicitation and collection of this information is authorized by the statutes that require an appropriate federal banking agency to generally determine the competence, experience, integrity, or financial ability of individuals proposing to serve a federally regulated financial institution in

<sup>9</sup> Of the respondents required to comply with this information collection, 217 respondents are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), [www.sba.gov/contracting/getting-started-contractor/make-sure-you-meet-sba-size-standards/table-small-business-size-standards](http://www.sba.gov/contracting/getting-started-contractor/make-sure-you-meet-sba-size-standards/table-small-business-size-standards). Of the 217 respondents, 125 are FR 2081a filers, and 92 are FR 2081b filers. In 1996, a task force of representatives from the agencies was formed to review the FR 2081 reporting process. This process resulted in reduced burden for the various affected filers, including small entities.

<sup>10</sup> Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$20, 45% Financial Managers at \$71, 15% Lawyers at \$70, and 10% Chief Executives at \$93). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages May 2019, published March 31, 2020, [www.bls.gov/news.release/ocwage.t01.htm](http://www.bls.gov/news.release/ocwage.t01.htm). Occupations are defined using the BLS Occupational Classification System, [www.bls.gov/soc/](http://www.bls.gov/soc/).

an official capacity (that is, as a director, officer, employee, or principal shareholder). These statutes include: 12 U.S.C. 27 (national bank charters); 12 U.S.C. 1464 (federal savings bank charters); 12 U.S.C. 1815 (federal deposit insurance); 12 U.S.C. 1817(j) (changes in control of insured depository institutions); and 12 U.S.C. 1831(i) (agency disapproval of directors and senior executive officers of insured depository institutions or depository institution holding companies).

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

The estimated cost to the Federal Reserve System for collecting and processing these information collections is negligible.