

**Supporting Statement for the  
Investment in Bank Premises Notification  
(FR 4014; OMB No. 7100-0139)**

**Summary**

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), proposes to extend for three years, without revision, the Investment in Bank Premises Notification (FR 4014; OMB No. 7100-0139).<sup>1</sup> The Federal Reserve Act (FRA) requires a state member bank to seek prior approval of the Board before making an investment in bank premises or the securities of a corporation holding its bank premises in certain circumstances. The Board has implemented this requirement in its Regulation H - Membership of State Banking Institutions in the Federal Reserve System (12 CFR part 208), which requires a state member bank seeking to make such an investment to provide prior notice to the appropriate Federal Reserve Bank. The Federal Reserve uses the information provided in the notice to determine whether to object to the proposed investment.

The estimated total annual burden for the FR 4014 is 4 hours.

**Background and Justification**

Under section 208.21(a) of Regulation H, which implements section 24A of the FRA, a state member bank is required under certain circumstances to provide notice to the Federal Reserve prior to investing in bank premises or in the stock, bonds, debentures, or other such obligations of any corporation holding the premises of such bank, or making loans to or upon the security of any such corporation (collectively, a “bank premises investment”). Under section 24A of the FRA and section 208.21 of Regulation H, a state member bank that is not well capitalized or would not be so on a pro forma basis or that does not have a composite CAMELS rating<sup>2</sup> of 1 or 2 under the Uniform Financial Institutions Rating System must provide notice prior to making a bank premises investment when the bank’s pro forma aggregate of all such investments, together with any indebtedness of affiliates (aggregate investment level), would exceed 100 percent of the bank’s capital stock and surplus, as defined in sections 208.21(a)(2) and (3) of Regulation H. A state member bank that is well capitalized, would remain so on a pro forma basis, and has a composite CAMELS rating of 1 or 2 must provide notice prior to making a bank premises investment when its aggregate investment level would exceed 150 percent of the bank’s capital stock and surplus. The Federal Reserve System uses the information in the notice to determine if the proposal is financially sound and consistent with prudent banking practices.

This information is not available from other sources.

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<sup>1</sup> There is no formal reporting form for this collection of information (the FR 4014 designation is for internal purposes only).

<sup>2</sup> The CAMELS name is an acronym for the six types of risk components assessed in a rating that summarizes a financial institution's financial condition and performance: (C) capital adequacy risk, (A) asset quality risk, (M) management risk, (E) earnings risk, (L) liquidity risk, and (S) sensitivity to market risk.

## **Description of Information Collection**

There is no prescribed form for an investment in bank premises notice. Any required notice must be sent by letter to the Reserve Bank that has direct supervisory responsibility for the state member bank submitting the notice. The notice must be submitted at least 15 days prior to the subject investment and must identify the relevant filing requirement, state the facts involved in the proposed investment, and describe the reasons why the Federal Reserve should not object to the notice.

### **Respondent Panel**

The FR 4014 panel comprises state member banks.

## **Time Schedule for Information Collection**

This information collection is event-generated. A notice required by section 208.21 of Regulation H must be filed at least 15 days prior to a proposed investment in bank premises.

## **Public Availability of Data**

No data collected by this information collection is published.

## **Legal Status**

The FR 4014 is authorized by section 24A(a) of the FRA, which requires that state member banks obtain Board approval prior to investing in bank premises that exceed statutory thresholds.<sup>3</sup> The FR 4014 is additionally authorized by section 11 of the FRA, which authorizes the Board to require such statements and reports of state member banks as the Board may deem necessary.<sup>4</sup> The FR 4014 is required to obtain a benefit.

The information contained on the FR 4014 is not considered confidential unless an applicant requests confidential treatment in accordance with the Board's Rules Regarding Availability of Information.<sup>5</sup> Requests for confidential treatment of information are reviewed on a case-by-case basis. Information provided on the FR 4014 may be exempt from disclosure pursuant to exemption 4 of the Freedom of Information Act (FOIA) if it is nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent.<sup>6</sup>

## **Consultation Outside the Agency**

There has been no consultation outside the Federal Reserve System.

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<sup>3</sup> 12 U.S.C. § 371d(a).

<sup>4</sup> 12 U.S.C. § 248(a)(1).

<sup>5</sup> 12 CFR 261.17.

<sup>6</sup> 5 U.S.C. § 552(b)(4).

## Public Comments

On February 18, 2022, the Board published an initial notice in the *Federal Register* (87 FR 9348) requesting public comment for 60 days on the extension, without revision, of the FR 4014. The comment period for this notice will expire on April 19, 2022.

## Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 4014 is 4 hours, based on an estimated average response time of 30 minutes. Because this information collection is event generated, it is not possible to predict exactly how many notices would be filed in a particular year. The average annual number of notices received in 2019 to 2020 was 8, and the Board does not anticipate a material change in the number of notices received per year. This reporting requirement represents less than 1 percent of the Board's total paperwork burden.

<b>FR 4014</b>	<i>Estimated number of respondents</i> <sup>7</sup>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Investment in bank premises notification	8	1	0.5	4

The estimated total annual cost to the public for this collection of information is \$237.<sup>8</sup>

## 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

The estimated cost to the Federal Reserve System for this information collection is negligible.

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<sup>7</sup> Of these respondents, 3 are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support--table-size-standards>. There are no special accommodations given to mitigate the burden on small institutions.

<sup>8</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 \$73, 15% Lawyers at \$72, and 10% Chief Executives at \$95). 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 2020*, published March 31, 2021, <https://www.bls.gov/news.release/ocwage.t01.htm#>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.