

**Supporting Statement for the  
Application to Become a Savings and Loan Holding Company or to  
Acquire a Savings Association or Savings and Loan Holding Company  
(FR LL-10(e); OMB No. 7100-0336)**

**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, with revision, the Application to Become a Savings and Loan Holding Company or to Acquire a Savings Association or Savings and Loan Holding Company (FR LL-10(e); OMB No. 7100-0336). This collection of information must be filed in connection with certain proposals involving the formation, acquisition, or merger of a savings and loan holding company (SLHC); the acquisition by an SLHC of a savings association or its assets; and the acquisition of control of a savings association by certain individuals associated with a SLHC. The Board requires the submission of this filing from an applicant for regulatory and supervisory purposes and to allow the Board to fulfill its statutory obligations to review these transactions under section 10(e) of the Home Owners' Loan Act (HOLA) (12 U.S.C. 1461 *et seq.*) and the Board's Regulation LL - Savings and Loan Holding Companies (12 CFR 238.11).

The Board proposes to revise the FR LL-10(e) by (1) adding a two-page standardized application and certification form; (2) adding instructions for what information a filer must include in a reorganization pursuant to section 238.12(a)(2) of Regulation LL; (3) modifying the instructions to provide that applicants are not required to identify risk-weighted assets or provide risk-weighted capital ratios with regard to a holding company or subsidiary or target savings associations that have elected to utilize the Community Bank Leverage Ratio (CBLR) framework; and (4) clarifying that the FR LL-10(e) form must be used for applications filed with the Federal Reserve pursuant to section 283.11(f) of Regulation LL.

The current estimated total annual burden for the FR LL-10(e) is 900 hours and would increase to 915 hours. The increase is due to the addition of the estimated burden associated with the requirement for applicants to publish a notice in a newspaper. This requirement is currently approved by the Board but was not included in prior burden estimates. The FR LL-10(e) instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/reportforms/default.aspx>.

**Background and Justification**

Section 10(e) of HOLA, as implemented in Regulation LL, provides that certain transactions involving the formation, acquisition, or merger of an SLHC or the acquisition of a savings association require prior written approval from the Board.<sup>1</sup> These transactions consist of the formation of an SLHC, an acquisition that causes a savings association to become a subsidiary of an SLHC, the acquisition of control of all or substantially all of the assets of a

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<sup>1</sup> Certain transactions are exempt from this requirement pursuant to HOLA or 12 CFR 238.12. A reorganization of a holding company pursuant to 12 CFR 238.12(a)(2) does not require prior approval from the Board but does require an informational filing.

savings association or an SLHC, the merger of SLHCs, and the acquisition of control of a savings association or SLHC by certain individuals.<sup>2</sup>

The information required for the FR LL-10(e) allows the Board to fulfill its responsibilities under HOLA and Regulation LL to evaluate the subject transactions. The completed FR LL-10(e) is the primary source of comprehensive data on, among other things, the structure of the proposal, the pro forma financial condition of the applicant and of its subsidiary(ies), the competitive position of the applicant and entities being acquired, and the convenience and needs of communities to be served.<sup>3</sup> The information helps the Federal Reserve to determine whether a proposed transaction is financially sound, competitively acceptable, and consistent with convenience and needs considerations.

This information is not available from other sources.

### **Description of Information Collection**

#### Reporting

The FR LL-10(e) is event generated. As noted, the form collects information concerning certain proposed SLHC formations, acquisitions, and mergers. Specifically, the form collects financial and managerial information and information about the proposed transaction, the competitive effects of the proposal, and the impact of the transaction on the convenience and needs of the communities to be served. The application must be submitted to the appropriate Federal Reserve Bank by an existing or proposed SLHC or by certain individuals. Applicants are urged to submit the FR LL-10(e) electronically, but other modes of submission are available.

#### Disclosure

Applicants that file the FR LL-10(e) are required to publish a notice in a newspaper of general circulation in the community(ies) in which the head office(s) of the applicant; its largest subsidiary savings association, if any; and each savings association to be directly or indirectly acquired are located.<sup>4</sup> Notices generally state the name and address of the applicant and all SLHCs and savings associations that it proposes to acquire, and must invite the public to submit written comments to the appropriate Federal Reserve Bank. The newspaper notice must be published no more than fifteen calendar days before and no later than seven calendar days after the date that the application is filed with the appropriate Federal Reserve Bank.

#### Respondent Panel

The FR LL-10(e) panel comprises entities seeking prior approval to become or acquire an SLHC or merge SLHCs; SLHCs seeking to acquire a savings association or all or substantially all of the assets of a savings association or SLHC; and directors or officers of a SLHC, or any individual who owns, controls, or holds the power to vote (or holds proxies representing) more

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<sup>2</sup> 12 CFR 238.11.

<sup>3</sup> See 12 U.S.C. § 1467a(e)(2).

<sup>4</sup> Publication is not required for a reorganization pursuant to 12 CFR 238.12(a)(2).

than 25 percent of the voting shares of an SLHC seeking control of any savings association that is not a subsidiary of such SLHC.

## **Proposed Revisions to the FR LL-10(e)**

### Standardized Form

The Board proposes to revise the FR LL-10(e) by adding a two-page standardized application and certification form. The application and certification form record identification and contact information for the applicant, whether the applicant is requesting confidential treatment for materials submitted, and a certification by a representative of the applicant that, among other things, the information provided in the application is accurate to the best of the signatory's knowledge and belief. Adding a certification page would be consistent with other similar Board application forms.

### Filing Requirements for Informational Filings

The Board is also revising the FR LL-10(e) to include instructions on what information a filer must include in a notice regarding the reorganization of a newly-formed holding company pursuant to 12 CFR 238.12(a)(2). Under HOLA and Regulation LL, such a reorganization does not require prior approval from the Board. However, Regulation LL notes that an informational filing is required, and the revised instructions indicate that the filer must provide information regarding the Proposed Transaction and Financial and Managerial Information in such a situation.

### CBLR Framework

Recent legislative and regulatory changes implemented the CBLR framework in 2020, which, if utilized by a qualifying depository organizations, eliminates the requirement for the organization to track risk-weighted assets and report risk-based capital ratios.<sup>5</sup> In light of this change, the Board proposes to revise the FR LL-10(e) instructions to provide that applicants that have elected to utilize the CBLR framework would not be required to submit information related to risk-weighted assets or risk-based capital ratios. Similarly, if the savings association subsidiary of an applicant has elected to use the CBLR framework, the applicant would no longer be required to submit the FR LL-10(e) information related to the savings association's risk-weighted assets or risk-based capital ratios. The proposed revisions would simplify the reporting requirement with regard to those savings associations and SLHCs that have elected to utilize the CBLR framework.

### Filings Pursuant to Section 238.11(f) of Regulation LL and Other Clarifications

Pursuant to section 238.11(f) of Regulation LL, a director or officer of an SLHC, or any individual who owns, controls, or holds the power to vote (or holds proxies representing) more than 25 percent of the voting shares of such an SLHC, must receive the approval of the Board prior to acquiring control of any savings association that is not a subsidiary of such SLHC. The Board proposes to modify the FR LL-10(e) instructions to explicitly provide that the FR LL-10(e) must be submitted for such an application.

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<sup>5</sup> See Regulatory Capital Rule: Capital Simplification for Qualifying Community Banking Organizations, 84 Fed. Reg. 61776 (Nov. 13, 2019). See also 12 CFR 217.12.

The Board is also proposing minor change that would correct a cross-reference to the Board's rules regarding the availability of information and to clarify that the informational requirements of the FR LL-10(e) are mandatory for all filers.

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

The application is event generated.

### **Public Availability of Data**

No data collected by this information collection is published.

### **Legal Status**

The FR LL-10(e) is authorized by section 10(b)(2) of HOLA.<sup>6</sup> The FR LL-10(e) is required to obtain a benefit.

The information contained on the FR LL-10(e) is not considered confidential unless an applicant requests confidential treatment in accordance with the Board's Rules Regarding Availability of Information.<sup>7</sup> Requests for confidential treatment of information are reviewed on a case-by-case basis. Information provided on the FR LL-10(e) may be nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent, which is protected from disclosure pursuant to exemption 4 of the Freedom of Information Act ("FOIA").<sup>8</sup> Submissions of the FR LL-10(e) may also contain personnel and medical files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, which are protected under exemption 6 of the FOIA,<sup>9</sup> or information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions, which are protected under exemption 8 of the FOIA.<sup>10</sup>

### **Consultation Outside the Agency**

There has been no consultation outside the agency.

### **Public Comments**

On January 28, 2022, the Board published an initial notice in the *Federal Register* (87 FR 4593) requesting public comment for 60 days on the extension, with revision, of the FR LL-10(e). The comment period for this notice expires on March 29, 2022.

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<sup>6</sup> 12 U.S.C. § 1467a(b) (requiring SLHCs to register with the Board on such forms as it may prescribe and authorizing the Board to require reports from SLHCs containing such information concerning the operations of SLHCs and their subsidiaries as the Board may require).

<sup>7</sup> 12 CFR 261.17.

<sup>8</sup> 5 U.S.C. § 552(b)(4).

<sup>9</sup> 5 U.S.C. § 552(b)(6).

<sup>10</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 LL-10(e) is 915 hours, reflecting a 15-hour increase from the previous estimate of 900 hours. This increase is due to the addition of the estimated burden associated with the requirement for applicants to publish a notice in a newspaper that is currently approved by the Board but was not included in prior burden estimates. The Board does not expect that the addition of the standardized application and certification form will impact the burden of this collection. The revised burden estimates are based on the number of applications and notifications, including post-consummation notices, received in 2019 and 2020. These reporting requirements represent less than 1 percent of the Board's total paperwork burden.

FR LL-10(e)	Estimated number of respondents <sup>11</sup>	Annual frequency	Estimated average hours per response	Estimated annual burden hours
<b>Current Reporting</b>	15	1	60	900
	<i>Current Total</i>			
<b>Proposed Reporting Disclosure</b>	15	1	60	900
	15	1	15	15
	<i>Proposal Total</i>			
				<u>15</u>
	<i>Change</i>			

The estimated total annual cost to the public for this collection of information is \$54,122.<sup>12</sup>

## Sensitive Questions

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.

<sup>11</sup> Of these respondents, 8 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>12</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#>, <https://www.bls.gov/news.release/ocwage.t01.htm#>. Occupations are defined using the BLS Occupational Classification System, <http://www.bls.gov/soc/>.

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

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