

**Supporting Statement for the  
Reporting Requirements Associated with Regulation XX  
(FR XX; OMB No. 7100-0363)**

**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 Reporting Requirements Associated with Regulation XX (FR XX; OMB No. 7100-0363). The Board's Regulation XX - Concentration Limit (12 CFR Part 251) implements section 14 of the Bank Holding Company Act of 1956 (BHC Act),<sup>1</sup> which establishes a financial sector concentration limit that generally prohibits a financial company from merging or consolidating with, or otherwise acquiring, another company if the resulting company's liabilities upon consummation would exceed 10 percent of the aggregate liabilities of all financial companies (a covered acquisition). Under section 14 of the BHC Act and Regulation XX, a financial company means (1) an insured depository institution, (2) a bank holding company, (3) a savings and loan holding company, (4) any other company that controls an insured depository institution, (5) a nonbank financial company designated by the Financial Stability Oversight Council (Council) for supervision by the Board, or (6) a foreign bank or company that is treated as a bank holding company for purposes of the BHC Act. Regulation XX includes certain reporting requirements that apply to financial companies (sections 251.3(e), 251.4(b), and 251.4(c)). In addition, section 251.6 of Regulation XX requires financial companies that do not report consolidated financial information to the Board or other appropriate Federal banking agency to report information on their total liabilities; the Board has implemented this requirement through the Financial Company (as defined) Report of Consolidated Liabilities (FR XX-1).

The estimated total annual burden for the FR XX is 97 hours. There are no formal reporting forms for the reporting requirements set forth in Regulation XX. The FR XX-1 form and instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/ReportingForms/>.

**Background and Justification**

Section 14 of the BHC Act establishes a financial sector concentration limit that generally prevents a financial company from engaging in a covered acquisition. However, section 14 provides that the Board may permit, through prior approval, a covered acquisition involving an acquisition (1) of a bank in default or in danger of default, (2) with respect to which assistance is provided by the Federal Deposit Insurance Corporation under 12 U.S.C. § 1823(c), or (3) that would result only in a de minimis increase in the liabilities of the acquirer. To implement section 14 of the BHC Act, the Board promulgated Regulation XX, which sets forth the requirements for a request for prior Board approval of a covered acquisition and establishes reporting requirements for financial companies that do not otherwise report consolidated financial information to the Board or other appropriate Federal banking agency, and created the FR XX-1. This information is not available from other sources.

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<sup>1</sup> 12 U.S.C. § 1852.

## Description of Information Collection

The reporting requirements in sections 251.3(e), 251.4(b), and 251.4(c) of Regulation XX apply to financial companies. The reporting requirements in section 251.6 of Regulation XX, implemented through the FR XX-1 report, apply to financial companies that do not otherwise report consolidated financial information to the Board or other appropriate Federal banking agency. The Board understands that respondents use information technology to comply with these provisions, including storing records and submitting the FR XX-1 electronically.<sup>2</sup>

Section 251.3(e) of Regulation XX provides that if a company does not calculate its total consolidated assets or liabilities under U.S. generally accepted accounting principles (GAAP) for any regulatory purpose (including compliance with applicable securities laws), the company may submit a request to the Board that the company use an accounting standard or method of estimation other than GAAP to calculate its liabilities for purposes of section 14 of the BHC Act and Regulation XX. Absent this approval by the Board, a financial company must use GAAP to calculate its compliance.

Section 251.4(b) of Regulation XX provides that a financial company may request prior written consent from the Board to conduct a covered acquisition. Only certain acquisitions are eligible for prior consent from the Board.<sup>3</sup> The request for prior written consent must contain a description of the covered acquisition, the projected increase in the company's liabilities resulting from the acquisition, the projected aggregate increase in the company's liabilities from acquisitions during the twelve months preceding the projected date of the acquisition (if the request is made pursuant to section 251.4(a)(3)), and any additional information requested by the Board.

Section 251.4(c) of Regulation XX grants prior written consent for a financial company to engage in a covered acquisition if the covered acquisition would result in an increase in the liabilities of the financial company that does not exceed \$100 million, when aggregated with all other covered acquisitions by the financial company made pursuant to section 251.4(c) during the twelve months preceding the date of the acquisition. A financial company that relies on this provision must provide, within 10 days after consummating the covered acquisition, a notice to the Board that describes the covered acquisition, the increase in the company's liabilities resulting from the acquisition, and the aggregate increase in the company's liabilities from covered acquisitions during the twelve months preceding the date of the acquisition.

Section 251.6 of Regulation XX requires financial companies that do not report consolidated financial information to the Board or other appropriate Federal banking agency to report information on their total liabilities. These institutions include savings and loan holding companies where the top-tier holding company is an insurance company that only prepares financial statements in accordance with Statutory Accounting Principles, holding companies of industrial loan companies, limited-purpose credit card banks, and limited-purpose trust banks.

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<sup>2</sup> See <https://www.frb services.org/central-bank/reporting-central/>. A financial company that is required to file this form with the Federal Reserve System should contact their district Federal Reserve Bank if the firm believes it may not be able to submit the form electronically.

<sup>3</sup> See 12 CFR 251.4(a).

This reporting requirement is implemented through the FR XX-1 reporting form.<sup>4</sup> The form requires respondents to report the financial company's total consolidated liabilities, and the instructions to the form list each type of liability that respondents must include in this total. Respondents must report their liabilities on a consolidated basis under GAAP, unless the Board permits the company to report its estimated total consolidated liabilities using an accounting standard or method of estimation other than GAAP pursuant to section 251.3(e) of Regulation XX.

### **Respondent Panel**

The panel for the reporting requirements in sections 251.3(e), 251.4(b), and 251.4(c) comprises financial companies, as defined above. The panel for the reporting requirements in section 251.6 comprises financial companies that do not otherwise report consolidated financial information to the Board or other appropriate Federal banking agency.

### **Frequency and Time Schedule**

The FR XX in sections 251.3(e), 251.4(b), and 251.4(c) of Regulation XX are event-generated, and the FR XX-1 report is submitted annually. The reporting requirements in sections 251.3(e), 251.4(b), and 251.4(c) are event-generated. A financial company that relies on prior written consent pursuant to section 251.4(c) must provide a notice to the Board within 10 days after consummating the covered acquisition. Since the Board is required to report a final calculation based on data collected as of the end of each calendar year, the reporting requirements in section 251.6 (FR XX-1 reporting form) is completed by respondent financial companies annually as of December 31. The report is due by March 31 of the following year.

### **Public Availability of Data**

Each submitted FR XX-1 and each request or post-notice made pursuant to Regulation XX generally is available to the public upon request on an individual basis.

### **Legal Status**

The FR XX and the FR XX-1 are authorized by section 14 of the BHC Act, which expressly authorizes the Board to “issue regulations implementing this section” and “issue interpretations or guidance regarding the application of this section to an individual financial company or to financial companies in general” (12 U.S.C. § 1852(d)). 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)), state member banks (12 U.S.C. §§

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<sup>4</sup> Specifically, the FR XX-1 must be filed by a financial company that is (1) a top-tier company that controls an insured depository institution, as defined in section 3(c)(2) of the Federal Deposit Insurance Act, but does not file the Consolidated Financial Statements for Holding Companies (FR Y-9C; OMB No. 7100-0128), Parent Company Only Financial Statements for Small Holding Companies (FR Y-9SP), Parent Company Only Financial Statements for Large Holding Companies (FR Y-9LP), Capital and Asset Report for Foreign Banking Organizations (FR Y-7Q; OMB No. 7100-0125), or consolidated total liabilities on the Quarterly Savings and Loan Holding Company Report (FR 2320; OMB No. 7100-0345) or (2) a nonbank financial company supervised by the Board that does not file the Consolidated Financial Statements for Holding Companies (FR Y-9C).

248(a) and 324), and state-licensed branches and agencies of foreign banks, other than insured branches (12 U.S.C. § 3105(c)(2)). The obligation to respond is mandatory.

Individual respondents may request that information submitted to the Board through the FR XX or FR XX-1 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 XX or FR XX-1, 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) (5 U.S.C. § 552(b)(4)). The entity should separately designate such information as “confidential commercial information” or “confidential financial information,” as appropriate, and the Board will treat such designated information as confidential to the extent permitted by law, including the FOIA.

### Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

### Public Comments

On July 19, 2023, the Board published an initial notice in the *Federal Register* (88 FR 46162) requesting public comment for 60 days on the extension, without revision, of the FR XX. The comment period for this notice expires on September 18, 2023.

### Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR XX is 97 hours. The number of FR XX-1 respondents is based on the number of respondents that submitted data for the December 31, 2021, as of date. These reporting requirements represent less than 1 percent of the Board’s total paperwork burden.

FR XX	<i>Estimated number of respondents<sup>5</sup></i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<b>Reporting</b>				
Section 251.3(e)	1	1	5	5
Section 251.4(b)	1	1	10	10
Section 251.4(c)	1	1	10	10
Section 251.6 (FR XX-1)	35	1	2.05	<u>72</u>
<i>Total</i>				<u>97</u>

<sup>5</sup> Of these respondents, 13 FR XX-1 filers are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$850 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.

The estimated total annual cost to the public for the FR XX is \$6,426.<sup>6</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 collecting and processing the FR XX-1 is \$28,800 per year.

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<sup>6</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 \$22, 45% Financial Managers at \$80, 15% Lawyers at \$79, and 10% Chief Executives at \$118). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages*, May 2022, published April 25, 2023, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.