

**Supporting Statement for the
Holding Company Report of Insured Depository Institutions’
Section 23A Transactions with Affiliates
(FR Y-8; OMB No. 7100-0126)**

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 Holding Company Report of Insured Depository Institutions’ Section 23A Transactions with Affiliates (FR Y-8; OMB No. 7100-0126). This reporting form collects information on covered transactions between an insured depository institution and its affiliates that are subject to the quantitative limits and other requirements of section 23A of the Federal Reserve Act (12 U.S.C. 371c) and the Board’s Regulation W - Transactions Between Member Banks and Their Affiliates (12 CFR Part 223). The FR Y-8 is filed quarterly by all U.S. top-tier bank holding companies (BHCs), intermediate holding companies (IHCs), and savings and loan holding companies (SLHCs), and by foreign banking organizations (FBOs) that directly own or control a U.S. subsidiary insured depository institution (collectively, “holding companies”). If an FBO indirectly controls a U.S. insured depository institution through a domestic U.S. holding company, the domestic U.S. holding company must file the FR Y-8. A respondent must file a separate FR Y-8 report for each U.S. insured depository institution it controls. If an insured depository institution does not conduct any section 23A covered transactions with an affiliate in a particular quarter, its parent holding company is not required to submit an FR Y-8 report for that quarter with respect to that subsidiary.

The estimated total annual burden for the FR Y-8 is 21,590 hours. The form and instructions are available on the Board’s public website at <https://www.federalreserve.gov/apps/reportforms/default.aspx>.

Background and Justification

Section 23A of the Federal Reserve Act is a statutory provision designed to protect a depository institution from suffering losses in transactions with affiliates. Section 23A, which is implemented by Regulation W, also limits the ability of a depository institution to transfer to its affiliates the subsidy arising from the institution’s access to the federal safety net.

The FR Y-8 report collects information from holding companies in order to monitor covered transactions between a subsidiary depository institution and its parent holding company or other affiliates. The data collected by the FR Y-8 is used to monitor bank exposures to affiliates and to assess insured depository institutions’ compliance with section 23A of the Federal Reserve Act and the Board’s Regulation W.

This information collected by the FR Y-8 is not available from other sources.

Description of Information Collection

The FR Y-8 is filed by holding companies for each insured depository institution they control that has any section 23A transactions with affiliates in a given quarter. This report collects data on covered transactions for each of their insured depository institutions. The data to be reported vary based on the activities and subsidiaries of the insured depository institution. There are four data items for insured depository institutions that have covered transactions with affiliates other than financial subsidiaries. There are ten data items on covered transactions between insured depository institutions and their financial subsidiaries. There is also a data item on the maximum aggregate amount of all covered transactions for any single day during the calendar quarter. Lastly, there are three data items concerning derivative transactions with affiliates.

The FR Y-8 is submitted to the Federal Reserve Bank where a holding company submits its Consolidated Financial Statements for Holding Companies (FR Y-9C), Parent Company Only Financial Statements for Small Holding Companies (FR Y-9SP), or Annual Report of Foreign Banking Organizations (FR Y-7). Respondents must submit the FR Y-8 electronically. Holding companies must maintain in their files a physical copy of the manually signed FR Y-8 submission for a period of three years following submission. A signature is not submitted as part of the electronic submission.

Respondent Panel

The FR Y-8 panel comprises all top tier U.S. BHCs, IHCs, and SLHCs. In addition, all foreign banking organizations that directly own a U.S. subsidiary bank also must file this report.

Time Schedule for Information Collection

The FR Y-8 is submitted quarterly as of the last day of March, June, September, and December. It is submitted within 30 calendar days after the as-of date. A 15-day extension of time to submit the FR Y-8 may be granted to respondents that own banks with more than one foreign office. A holding company is not required to submit an FR Y-8 report in a given quarter with respect to a depository institution subsidiary that did not conduct any section 23A covered transactions with an affiliate in that quarter.

Public Availability of Data

No data collected by this information collection is published.

Legal Status

Section 5(c) of the Bank Holding Company Act authorizes the Board to require BHCs and IHCs to file the FR Y-8.¹ Section 10(b)(2) of the Home Owners' Loan Act authorizes the Board to require SLHCs to file the FR Y-8.² Section 8(a) of the International Banking Act authorizes the Board to require FBOs that directly own or control a U.S. subsidiary insured

¹ 12 U.S.C. § 1844(c).

² 12 U.S.C. § 1467a(b)(2).

depository institution to file the FR Y-8.³ Information provided on the Form Y-8 may be kept confidential under exemption 4 of the Freedom of Information Act (FOIA) as confidential commercial or financial information that is both customarily and actually treated as private.⁴ Information collected on the FR Y-8 may also be considered confidential under FOIA exemption 8 if it is obtained as part of an examination or supervision of a financial institution.⁵

The FR Y-8 report is mandatory for respondents that control an IDI that has engaged in covered transactions with an affiliate during the reporting period.

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On October 18, 2021, the Board published an initial notice in the *Federal Register* (86 FR 57675) requesting public comment for 60 days on the extension, without revision, of the FR Y-8. The comment period for this notice expires on December 17, 2021.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR Y-8 is 21,590 hours. The estimated number of respondents is based on the number of FR Y-8 reporting forms filed as of December 31, 2020. The average hours per response is estimated to be 7.3 hours to prepare and file the FR Y-8 and 0.5 hours to maintain a physical copy of the manually signed FR Y-8 for a period of three years following submission. This reporting requirement represents less than 1 percent of the Board's total paperwork burden.

FR Y-8	<i>Estimated number of respondents⁶</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Reporting	692	4	7.3	20,206
Recordkeeping	692	4	0.5	<u>1,384</u>
<i>Total</i>				21,590

³ 12 U.S.C. § 3106(a).

⁴ 5 U.S.C. § 552(b)(4).

⁵ 5 U.S.C. § 552(b)(8).

⁶ Of these respondents, 318 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.

The estimated total annual cost to the public for this collection of information is \$1,277,049.⁷

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 this report is \$178,400.

⁷ 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/>.