Supporting Statement for the
Notice of Proposed Declaration of Dividend
(FR 1583; OMB No. 7100-0339)

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, with revision, the mandatory reporting requirements associated with the Notice of Proposed Declaration of Dividend (FR 1583; OMB No. 7100-0339). The FR 1583 is used to collect information on all dividends declared by a subsidiary savings association of a savings and loan holding company (SLHC).

The Board is proposing numerous revisions to the FR 1583, which was originally established by the former Office of Thrift Supervision (OTS) when it supervised SLHCs. Supervisory functions of the OTS relating to SLHCs were transferred to the Board in 2011.¹ As described in more detail below, the proposed changes would modify the FR 1583 to make it consistent with the format of other Board forms and to incorporate references to the Board’s regulations.

The estimated total annual burden for the FR 1583 is 67 hours, and the proposed revisions will result in no change in the net burden. The form and instructions are available on the Board’s public website.²

Background and Justification

Section 10(f) of the Home Owners’ Loan Act (HOLA) (12 U.S.C. 1467a(f)) and section 238.103 of the Board’s Regulation LL (12 CFR 238.103) provide that every savings association that is a subsidiary of an SLHC is required to file a notice with the Board at least 30 days before the proposed declaration of a dividend by its board of directors. The notice requirement helps the Board determine whether a proposed dividend raises safety or soundness concerns, would result in the savings association being undercapitalized, or would be inconsistent with any statute, regulation, enforcement action, or regulatory agreement, formal or informal. This information is not available from other sources.

Description of Information Collection

Savings association subsidiaries of SLHCs must provide prior notice of a dividend by filing form FR 1583 with the appropriate Reserve Bank. The FR 1583 requires information regarding the date of the filing and the nature and amount of the proposed dividend, as well as

¹ Title III of the Dodd–Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203; 12 U.S.C. Subchapter III) abolished the OTS and transferred the functions of the OTS to several other banking agencies, effective July 21, 2011. In particular, all functions of the OTS relating to supervision of SLHCs (including rulemaking and creation of relevant forms) were transferred to the Board.

the names and signatures of the executive officer and secretary of the savings association that is
providing the notice. The FR 1583 notice may include a schedule proposing dividends over a
period specified by the notificant, not to exceed 12 months.

Proposed Revisions to the FR 1583

The Board proposes several revisions to make the FR 1583 consistent with the format of
other Board forms and to reflect the Board’s regulations. Specifically, the Board is proposing the
following revisions:

1. Adding an item requiring the filer to identify the “Nature of the Dividend.” Board
   regulations permit a dividend to consist of the distribution of cash or other
   property, or any transaction that is substantively a dividend, as provided by the
   Board (12 CFR 238.102(d)). The Reserve Bank must know the nature of the
   dividend to review the notice for consistency with the Board’s regulations.
2. Adding an item requesting date of filing. This information is customarily
   requested in Board reporting forms so that the timing of filings can be tracked.
3. Deleting an item asking the filer to select whether the institution qualifies or does
   not qualify for expedited treatment. The Board’s regulations do not provide for
   expedited treatment of notices of proposed declarations of dividends.
4. Deleting an item asking the filer to select whether the submission is a notice or
   application. The Board’s regulations provide that a filer provide notice, rather
   than an application, to the appropriate Reserve Bank (12 CFR 238.103).
5. Deleting an item allowing institutions to attach additional information required
   pursuant to the OTS’ regulations (12 CFR 563.143). The Board does not have
   analogous regulations.
6. Adding the option to submit the FR 1583 electronically by Portable Document
   Format. Use of electronic submissions will reduce burden on both the filer and the
   Board.
7. Adding two items for the printed name of the firm Executive Officer and
   Secretary who sign the FR 1583. This change will help Federal Reserve staff
   identify the individuals associated with the filing.

Respondent Panel

The FR 1583 panel comprises savings association subsidiaries of SLHCs.

Time Schedule for Information Collection

The information required by the FR 1583 collection is event-generated (before a
proposed declaration of a dividend by a savings association subsidiary of an SLHC).
Legal Status

The FR 1583 is mandatory and is authorized by Section 10(f) of the Home Owners’ Loan Act (HOLA) (12 U.S.C. 1467a(f)). The Board also has the authority to require reports from savings and loan holding companies under Section 10(a) and (b) of HOLA (12 U.S.C. 1467a(b) and (g)). Section 10(f) of HOLA provides that every subsidiary savings association of an SLHC shall give the Board at least 30 days’ advance notice of the proposed declaration by its directors of any stock dividend.

Individual respondents may request that information submitted on the FR 1583 be kept confidential on a case-by-case basis. If a respondent requests confidential treatment, the Board will determine whether the information is entitled to confidential treatment on an ad hoc basis. Requests filed pursuant to the FR 1583 may include information related to the SLHC’s business operations, such as terms and sources of the funding for dividends and pro forma balance sheets. This information may be kept confidential under exemption 4 for the Freedom of Information Act, which protects privileged or confidential commercial or financial information (5 U.S.C. 552(b)(4)).

Consultation Outside the Agency

There has been no collaboration outside the agency.

Public Comments

On June 17, 2019, the Board published an initial notice in the Federal Register (84 FR 28049) requesting public comment for 60 days on the extension, with revision, of the FR 1583. The comment period for this notice will expire on August 16, 2019.

Estimate of Respondent Burden

The average annual reporting burden for FR 1583 is estimated to be 67 hours as shown in the following table. This reporting requirement represents less than 1 percent of total Federal Reserve System paperwork burden.

<table>
<thead>
<tr>
<th>Notice of Proposed Declaration of Dividend</th>
<th>Estimated number of respondents</th>
<th>Annual frequency</th>
<th>Estimated average hours per response</th>
<th>Estimated annual burden hours</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>122</td>
<td>2</td>
<td>0.275</td>
<td>67</td>
</tr>
</tbody>
</table>

3 On average, 68 of these respondents are considered small entities as defined by the Small Business Administration (i.e., entities with less than $550 million in total assets), www.sba.gov/contracting/getting-started-contractor/make-sure-you-meet-sba-size-standards/table-small-business-size-standards. There are no special accommodations provided to mitigate the burden on small entities.

4 This estimate is based on the average number of FR 1583 forms received annually, per respondent, for calendar years 2016 through 2018.
The estimated total annual cost to the public for this information collection is $3,859.5

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 these reports is negligible.

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5 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 $19, 45% Financial Managers at $71, 15% Lawyers at $69, and 10% Chief Executives at $96). 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 2018, published March 29, 2019, www.bls.gov/news.release/ocwage.t01.htm. Occupations are defined using the BLS Standard Occupational Classification System, www.bls.gov/soc/.