

**Supporting Statement for the
Consolidated Financial Statements for Holding Companies
(FR Y-9C; OMB No. 7100-0128)**

Summary

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the mandatory Consolidated Financial Statements for Holding Companies (FR Y-9C; OMB No. 7100-0128) effective in March 2014.

The family of FR Y-9 reporting forms also contains four other mandatory reports, which the Federal Reserve proposes to extend without revision:

1. The Parent Company Only Financial Statements for Large Holding Companies (FR Y-9LP)
2. The Parent Company Only Financial Statements for Small Holding Companies (FR Y-9SP)
3. The Financial Statements for Employee Stock Ownership Plan Holding Companies (FR Y-9ES)
4. The Supplement to the Consolidated Financial Statements for Holding Companies (FR Y-9CS)

Pursuant to the Bank Holding Company Act of 1956, as amended, and the Home Owners' Loan Act (HOLA), the Federal Reserve requires bank holding companies (BHCs), savings and loan holding companies, and securities holding companies (collectively "holding companies" (HCs)) to provide standardized financial statements to fulfill the Federal Reserve's statutory obligation to supervise these organizations. HCs file the FR Y-9C and FR Y-9LP quarterly, the FR Y-9SP semiannually, the FR Y-9ES annually, and the FR Y-9CS on a schedule that is determined when this supplement is used.

The Federal Reserve proposes to discontinue the "Voluntary Advance Collection of Summary FR Y-9C Data from the Largest Bank Holding Companies (BHCs)" that was implemented in April 2004. This program sought to gather, in an expedited manner and on a voluntary basis, certain FR Y-9C data items from these BHCs.

In 2004, the estimated annual burden hours for the FR Y-9C was not adjusted for the Voluntary Advance Collection of Summary FR Y-9C data because the burden hours for this collection was estimated to have a negligible effect on the estimated overall average hours per response for the FR Y-9C report. Currently, the total annual paperwork burden in filing the FR Y-9 family of reports is estimated to be 450,376 hours.

Background and Justification

The FR Y-9C, FR Y-9LP, and FR Y-9SP serve as standardized financial statements for the consolidated HC and its parent; the FR Y-9ES is a financial statement for HCs that are Employee Stock Ownership Plans (ESOPs). The Federal Reserve also has the authority to use the FR Y-9CS (a free-form supplement) to collect additional information deemed to be (1) critical and (2) needed in an expedited manner.

The FR Y-9 family of reporting forms continues to be the primary source of financial data on HCs that examiners rely on in the intervals between on-site inspections and off-site assessments through the Small Bank Holding Company Supervision Program. Financial data from these reporting forms are used to detect emerging financial problems, to review performance and conduct pre-inspection analysis, to monitor and evaluate capital adequacy, to evaluate HC mergers and acquisitions, and to analyze an HC's overall financial condition to ensure the safety and soundness of its operations.

Description of Information Collection

Current Reports

The FR Y-9C consists of standardized financial statements similar to the *Call Report* filed by commercial banks. It collects consolidated data from HCs, and is filed by top-tier HCs with total consolidated assets of \$500 million or more.¹

The FR Y-9LP includes standardized financial statements filed quarterly on a parent company-only basis from each HC that files the FR Y-9C. In addition, for tiered HCs, a separate FR Y-9LP must be filed for each lower-tier HC.

The FR Y-9SP is a parent company-only financial statement filed by smaller HCs. Respondents include HCs with total consolidated assets of less than \$500 million. This form is a simplified or abbreviated version of the FR Y-9LP. This report is designed to obtain basic balance sheet and income data for the parent company, data on intangible assets, and data on intercompany transactions. In addition, for tiered HCs, a separate FR Y-9SP must be filed for each lower-tier HC.

The FR Y-9CS is a supplemental report that the Federal Reserve may utilize to collect additional data deemed to be critical and needed in an expedited manner from HCs. The data are used to assess and monitor emerging issues related to HCs and are intended to supplement the other FR Y-9 reports, which are used to monitor HCs between on-site inspections. The data items included on the FR Y-9CS may change as needed.

¹ Under certain circumstances described in the General Instructions, HCs with assets under \$500 million may be required to file the FR Y-9C.

The FR Y-9ES collects financial data from ESOPs that are also HCs on their benefit plan activities; it consists of four schedules: a Statement of Changes in Net Assets Available for Benefits, a Statement of Net Assets Available for Benefits, Memoranda, and Notes to the Financial Statements.

Proposed FR Y-9C Revision

In April 2004, the Federal Reserve implemented the “Voluntary Advance Collection of Summary FR Y-9C Data from the Largest BHCs”—whereby the Federal Reserve collected key FR Y-9C summary information from the largest publicly held institutions (mainly the 50 largest BHCs) in an expedited manner.

Through this program, a BHC submits a limited set of electronically transmitted data (via email) in advance of the regular FR Y-9C filing deadline on a voluntary, as-needed basis. Generally incorporated in BHCs’ management information systems, the data provided are preliminary, estimated, or the best available information at the time of collection. Moreover, the information collection is treated as confidential and used only within the Federal Reserve System. The average paperwork burden for each respondent is an estimated 30 minutes.

Data requests vary across firms and from period to period, based on whether the financial items are absent from the latest quarterly press release or, if reported, found to be inconsistent with corresponding FR Y-9C data items. The amount of information collected from each BHC in any quarter is determined by the nature of specific items, their relevance to the BHC’s operations, and the basis of presentation used in the BHC’s press release relative to the FR Y-9C report.

The Federal Reserve relies primarily on financial data disclosed in press releases for the preparation of a preliminary report on the quarterly performance of the 50 largest BHCs (before the FR Y-9C data had been filed by the institutions and reviewed for accuracy). However, for analytical purposes the Federal Reserve needs certain financial information to allow for a proper comparison and aggregation of published results.

Data obtained through the advance FR Y-9C collection program meet this need and supplement the press release disclosures. Thus, the program ensures complete standardized and up-to-date data on which to base a timely analysis of the financial condition and performance of the BHCs in the most recent quarter. The availability of the latest information further equips the Federal Reserve with a tool to discern and monitor emerging trends and issues (such as credit quality) within the banking industry.

The Federal Reserve proposes to discontinue the Voluntary Advance Collection of Summary FR Y-9C Data from the Largest BHCs. This recommendation is based on the following information:

- Since the start of the Advance Collection process in 2004, the FR Y-9C processing time period has shortened by 15 days allowing access to the officially submitted data in a more timely fashion.

- The companies (i.e., the 50 largest BHCs) participating in the process have increased the quality and quantity of data available in their press release information.
- There would be resource savings at the companies and the Federal Reserve as a result of discontinuing the “Voluntary Advance Collection” process.

Frequency

There are no changes to the reporting frequency of the FR Y-9 family of reports. The current reporting frequencies provide adequate timely data to meet the analytical and supervisory needs of the Federal Reserve.

Time Schedule for Data Collection

The FR Y-9C and FR Y-9LP are filed quarterly as of the end of March, June, September, and December. The filing deadline for the FR Y-9C is 40 calendar days after the March 31, June 30, and September 30 as-of dates and 45 calendar days after the December 31 as-of date. The filing deadline for the FR Y-9LP is 45 calendar days after the quarter-end as-of date. The FR Y-9SP is filed semiannually as of the end of June and December. The filing deadline for the FR Y-9SP is 45 calendar days after the as-of date. The annual FR Y-9ES is collected as of December 31 and the filing deadline is July 31, unless an extension is granted for filing by October 15.

The data from the FR Y-9 family of reports that are not given confidential treatment are available to the public on the FFIEC website (www.ffiec.gov/nicpubweb/nicweb/nichome.aspx) and through the National Technical Information Service.

Legal Status

The Board’s Legal Division has determined that the FR Y-9 family of reports is authorized by Section 5(c) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)). In addition, 12 U.S.C. §§ 1467a(b)(2)(A) and 1850a(c)(1)(A) authorize the Board to require that savings and loan holding companies and supervised securities holding companies also file the FR Y-9 series of reports with the Federal Reserve. Overall, the Federal Reserve does not consider the financial data in these reports to be confidential. However, a respondent may request confidential treatment pursuant to sections (b)(4), (b)(6), and (b)(8) of the Freedom of Information Act (5 U.S.C. §§ 552(b)(4), (b)(6), and (b)(8)). The applicability of these exemptions would need to be reviewed on a case by case basis.

Consultation Outside the Agency

On January 28, 2014, the Federal Reserve published a notice in the *Federal Register* (79 FR 4468) requesting public comment for 60 days on the extension, with revision, of the FR Y-9C. The comment period for this notice expired on March 31, 2014. The Federal Reserve did not receive any comments. On April 15, 2014, the Federal Reserve published a final notice in the *Federal Register* (79 FR 21243) implementing the revision as proposed.

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimates of Respondent Burden

The current annual reporting burden for the FR Y-9 family of reports is estimated to be 450,376 hours. The advance collection of selected FR Y-9C data affected less than 50 respondents. For this subset, the advance collection was estimated to impose approximately 30 minutes annual reporting burden per respondent. However, based on the total number of respondents this did not increase appreciably the average hours per response and the estimated average hours per response for the FR Y-9C was not originally adjusted. Therefore, no adjustment is made to the current estimated average hours per response.

	<i>Number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<i>Current</i>				
FR Y-9C – non AA BHCs	1,128	4	48.84	220,366
FR Y-9C – AA BHCs	12	4	50.09	2,404
FR Y-9LP	1,388	4	5.25	29,148
FR Y-9SP – BHCs	3,797	2	5.40	41,008
FR Y-9SP – SLHCs	297	2	14.20	8,435
One-time implementation				
FR Y-9SP – SLHCs	297	1	500	148,500
FR Y-9ES	86	1	0.50	43
FR Y-9CS	236	4	0.50	<u>472</u>
				450,376

The total cost to the public is estimated to remain at its current level of \$22,924,138 for the revised HC reports.²

² Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Office & Administrative Support at \$18, 45% Financial Managers at \$61, 15% Lawyers at \$63, and 10% Chief Executives at \$86). Hourly rate for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2013, www.bls.gov/news.release/ocwage.nr0.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/

Estimate of Cost to the Federal Reserve System

The cost to the Federal Reserve System for collecting and processing these reports is estimated to be \$1,982,100.