

**Supporting Statement For The
Reporting Requirements of Certain Financial Institutions
(FR Y-9C, FR Y-9LP and FR Y-9SP; OMB No. 7100-0128)
FR Y-7N (OMB No. 7100-0125)
FR 2886b (OMB: No. 7100-0086)**

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 following mandatory reports, effective for reports submitted on or after October 1, 2017, beginning with the reports reflecting the September 30, 2017, report date.

- The Consolidated Financial Statements for Holding Companies (FR Y-9C) (OMB No. 7100-0128),
- The Parent Company Only Financial Statements for Large Holding Companies (FR Y-9LP) (OMB No. 7100-0128),
- The Parent Company Only Financial Statements for Small Holding Companies (FR Y-9SP) (OMB No. 7100-0128),
- The Financial Statements of U.S. Nonbank Subsidiaries Held by Foreign Banking Organizations (FR Y-7N) (OMB No. 7100-0125), and
- The Consolidated Report of Condition and Income for Edge and Agreement Corporations (FR 2886b) (OMB: No. 7100-0086).

The Board also proposes to extend, without revision, the other forms that make up the family of FR Y-9 and FR Y-7N reporting forms. These include:

1. The Financial Statements for Employee Stock Ownership Plan Holding Companies (FR Y-9ES)
2. The Supplement to the Consolidated Financial Statements for Holding Companies (FR Y-9CS).
3. The Abbreviated Financial Statements of U.S. Nonbank Subsidiaries Held by Foreign Banking Organizations (FR Y-7NS) and
4. The Capital and Asset Report for Foreign Banking Organizations (FR Y-7Q).

Pursuant to the Bank Holding Company Act of 1956, as amended (BHC Act), and the Home Owners' Loan Act (HOLA), the Federal Reserve requires bank holding companies (BHCs), savings and loan holding companies (SLHCs), securities holding companies (SHCs), and U.S. Intermediate Holding Companies (IHCs) (collectively "holding companies" (HCs)) to provide standardized financial statements to fulfill the Federal Reserve's statutory obligation to supervise these organizations. HCs file the FRY-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 FR Y-7N and FR Y-7NS collect financial information for non-functionally regulated U.S. nonbank subsidiaries held by foreign banking organizations (FBOs) other than through a

(BHC), (IHC), or U.S. bank. FBOs file the FR Y-7N quarterly or annually or the FR Y-7NS annually predominantly based on asset size thresholds. The FR Y-7Q collects consolidated regulatory capital information from all FBOs either quarterly or annually. The FR Y-7Q is filed quarterly by FBOs that have effectively elected to become U.S. FHCs and by FBOs that have total consolidated assets of \$50 billion or more, regardless of FHC status. All other FBOs file the FR Y-7Q annually.

The FR 2886b reporting form is filed quarterly and annually by banking Edge and agreement corporations¹ and investment (nonbanking) Edge and agreement corporations (collectively, “Edges or Edge corporations”). The mandatory FR 2886b comprises an income statement with two schedules reconciling changes in capital and reserve accounts and a balance sheet with 11 supporting schedules. Other than examination reports, it provides the only financial data available for these entities. The Federal Reserve is solely responsible for authorizing, supervising, and assigning ratings to Edges. The Federal Reserve uses the data collected on the FR 2886b to identify present and potential problems and monitor and develop a better understanding of activities within the industry.²

The Federal Reserve proposes a number of revisions to the FR Y-9C requirements, most of which are consistent with the changes to the Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031 & 041; OMB No. 7100-0036).³ The proposed revisions to the FR Y-9C include deletions of existing data items, a new reporting threshold, a revised reporting threshold for certain data items, two new control totals and one revised control total. The Federal Reserve proposes to revise the report form and instructions for the FR Y-9LP, the FR Y-7N, and the FR 2886b to eliminate the concept of extraordinary items to be consistent with Accounting Standards Update (ASU) 2015-01.⁴ The Federal Reserve also proposes to reclassify and clarify the reporting for certain tax benefits on the FR Y-9C, FR Y-9LP, FR Y-7N, and the FR 2886b in the reporting instructions and add one new data item to the FR Y-9SP report, *Discontinued Operations, Net of Applicable Income Taxes*” to better align the reporting with the FR Y-9 family of reports. Lastly, the Federal Reserve proposes to replace report form captions and instructions that reference “Loans net of unearned income” with “Loans held for investment” on all applicable reports.

¹ Regulation K defines an Edge corporation as being engaged in banking if it accepts deposits in the U.S. from nonaffiliated parties as an ordinary part of its business.

² Most Edges are wholly owned by U.S. banks or HCs and are consolidated into the financial statements of their parent organizations. However, nine banking Edges are either owned by foreign organizations (banking and nonbanking) or are standalone entities.

³ The reporting changes to the FFIEC 031 and FFIEC 041 are effective March 31, 2017. The final comment period for that collection ended 2/7/2017. See 82 Fed. Reg. 2444 (January 9, 2017). Certain data items deleted on the FFIEC 031 and FFIEC 041 do not correspond to any FR Y-9C data items. Also, certain data items were deleted from the FFIEC 041 report because the data is predominantly reported by banks with foreign offices (FFIEC 031), but remains on the FR Y-9C since no distinction is made for reporting of HCs with foreign offices versus those without foreign offices.

⁴ On September 8, 2016, the Federal Reserve published a *final* notice in the Federal Register (81 Fed. Reg. 62129) to revise the report form and instructions for certain line items on the FR Y-9C which included the elimination of extraordinary items.

A copy of the proposed reporting forms, marked to show the revisions, is provided in the attachment. The total current annual paperwork burden for the FR Y-9 family of reports is estimated to be 189,655 hours and is estimated to decrease by 2,666 hours for a proposed annual paperwork burden of 186,989 hours. This anticipated decrease results from the proposed changes to the FR Y-9C report. The current annual paperwork burden for all other reports in this proposal (FR Y-9LP, FR Y-9SP, FR Y-7N, and FR 2886b) is 62,331 hours, and is estimated not to change as a result of the proposal.

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 Board 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 between on-site inspections. Financial data from these reporting forms is 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 a HC's overall financial condition to ensure the safety and soundness of its operations.

Section 7 of the International Banking Act of 1978 (IBA), authorizes the Federal Reserve to examine U.S. branches, agencies, and subsidiary commercial lending companies of foreign banks and to assess the condition of the multi-state banking operations of foreign banks. In addition, Section 8(a) of the IBA states that foreign banks that engage in banking in the United States through a U.S. branch, agency or subsidiary commercial lending company and companies that control such foreign banks are subject to the provisions of the BHC Act, as amended. The Federal Reserve uses the data collected on the FR Y-7N, FR Y-7NS, and FR Y-7Q to assess an FBO's ability to be a continuing source of strength to its U.S. operations and to determine compliance with U.S. laws and regulations. This information is not available from other sources.

The Federal Reserve has the sole supervisory and regulatory authority over all Edges, under Sections 25 and 25A of the Federal Reserve Act, regardless of whether they are owned by U.S. banking organizations, foreign banks, or nonbank companies. Edge and agreement corporations have been operating since 1919, and during most of that time have been required to provide some type of financial information to the Federal Reserve.

The Federal Reserve uses FR 2886b data for several purposes. Information collected on the FR 2886b is used to help plan and target the scope of examinations of Edges and in the evaluation of applications. Data from the FR 2886b are also used to monitor aggregate institutional trends, such as growth in assets and the number of offices, changes in leverage, and the types and locations of customers and to monitor and identify present and potential problems with Edge Corporations.

As domestic deposit-taking institutions, banking Edges conduct activities that affect the nation's money supply even though they are treated as foreign offices for most reporting purposes. The Federal Reserve uses the FR 2886b data, in conjunction with data from the Call Report, in the construction of the monetary aggregates and aggregate statistics on bank credit, nondeposit funds, and assets and liabilities of commercial banks. In addition, the Federal Reserve uses the data in the construction of the flow of funds accounts and in the compilation of structure data on foreign bank activity.

Description of Information Collection

The FR Y-9C consists of standardized financial statements similar to the Call Reports filed by commercial banks. It collects consolidated data from HCs and is filed by top-tier HCs with total consolidated assets of \$1 billion or more.⁵

The FR Y-9LP includes standardized financial statements filed 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 \$1 billion. 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.

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 the report is 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.

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.

The FR Y-7N consists of an income statement and a balance sheet, schedules that collect information on changes in equity capital, changes in the allowance for loan and lease losses, off-balance-sheet data items, loans, and a memoranda section. All FBOs file the FR Y-7N quarterly for their significant nonbank subsidiaries. Subsidiaries are defined as significant if they have total assets of at least \$1 billion or off-balance-sheet activities (including commitments to purchase foreign currencies and U.S. dollar exchange, all other futures and forwards contracts, option contracts, and the notional value of interest rate swaps, exchange swaps and other swaps)

⁵ Under certain circumstances described in the General Instructions, HCs with assets under \$1 billion may be required to file the FR Y-9C.

of at least \$5 billion, as of the end of a quarter. FBOs commence quarterly reporting for these subsidiaries at the end of the quarter in which the subsidiaries meet the significance threshold. The FR Y-7N is filed annually, as of December 31, for each individual nonbank subsidiary that does not meet the criteria for filing quarterly and that has total assets of at least \$500 million, but less than \$1 billion.

The FR Y-7NS is an abbreviated reporting form that collects net income, total assets, equity capital, and total off-balance-sheet data items. The FR Y-7NS is filed annually, as of December 31 by top-tier FBOs for each individual nonbank subsidiary (that does not meet the filing criteria for filing the detailed report) with total assets of at least \$250 million, but less than \$500 million.

The FR Y-7Q collects consolidated capital and asset information from all FBOs either quarterly or annually. It is reported quarterly by each top-tier FBO with total consolidated assets of \$50 billion or more as of the report date, or if any FBO in the tiered structure effectively elected to be a FHCs, regardless of asset size. All other FBOs (those that have not elected to become FHCs) are required to report the FR Y-7Q annually.

The FR 2886b comprises a balance sheet, income statement, two schedules reconciling changes in capital and reserve accounts, and 11 supporting schedules. Banking Edges must file all supporting schedules; investment Edges file only four of the 11 supporting schedules.⁶

Proposed Revisions

The Federal Reserve proposes to implement a number of revisions to the FR Y-9C reporting requirements most of which are consistent with changes to the Call Report (which were effective March 31, 2017). Additionally, the Federal Reserve proposes to eliminate the concept of extraordinary items on various reports, add one new item to the FR Y-9SP report and revise the instructions to clarify reporting of certain tax benefits on various reports. The proposed changes include:

- Deleting of existing data items from Schedule HI-B, Part I Charge-Offs and Recoveries on Loans and Leases and Changes in Allowance for Loans and Lease Losses, of the FR Y-9C report that pertain to charge-offs and recoveries on loans to U.S banks and foreign banks;
- Deleting of existing data items from Schedule HC-M, Memoranda, and Schedule HC-N, Past Due and Nonaccrual Loans, and Leases and Other Assets of the FR Y-9C that pertain to loans covered by loss-sharing agreements with the FDIC;
- Increasing one reporting threshold and adding one new reporting threshold on the FR Y-9C for certain data items on Schedule HI, Consolidated Income Statement.
- Eliminating extraordinary items on the FR Y-9LP, FR Y-7N, and FR 2886;

⁶ The four supporting schedules that investment and agreement corporations must file are: Trading Assets and Liabilities; Derivatives and Off-Balance-Sheet Items; Claims on and Liabilities to Related Organizations; and Past Due and Nonaccrual Loans, Leases, and Other Assets.

- Revising data items for the reclassification of certain tax benefits on the FR Y-9C, FR Y-9LP, FR Y-7N, and FR 2886b;
- Adding one new data item to Schedule SI of the FR Y-9SP to collect information pertaining to discontinued operations;
- Revising one control total and adding two control totals on Schedule HC-C and HC-N of the FR Y-9C report; and
- Revising captions and instructions to replace “Loans net of unearned income” with “Loans held for investment” across applicable regulatory reports.

Discussion of Revisions

A. Deletions of Existing Data Items on the FR Y-9C

Based on the agencies’ five-year burden-reduction review of the Call Report and the Federal Reserve’s review of comparable information that HCs are required to report in the FR Y-9C, the Federal Reserve believes that the continued collection of the following items is no longer necessary or appropriate and proposes to eliminate them as of the September 30, 2017, report date.

- (1) Schedule HI-B, Part I data items 2(a) and 2(b) on charge-offs and recoveries on Loans and Leases and changes in allowance for loan and lease losses for loans to and acceptances of U.S. banks and other U.S. depository institutions and loans to foreign banks;⁷
- (2) Schedule HC-M, data item 6(a)(2) on loans to finance agricultural production and other loans to farmers covered by loss-sharing agreements with the FDIC;
- (3) Schedule HC-M, data item 6(a)(3) on commercial and industrial loans covered by loss-sharing agreements with the FDIC;
- (4) Schedule HC-M, data item 6(a)(4) (a) through (c) on loans to individuals for household, family and other personal expenditures (credit cards, automobile loans and other consumer loans) that are covered by loss-sharing agreements with the FDIC;
- (5) Schedule HC-N, data item 12(b) on loans to finance agricultural production and other loans to farmers covered by loss-sharing agreements with the FDIC and are 30 days or more past due or on nonaccrual;
- (6) Schedule HC-N, data item 12(c) on commercial and industrial loans that are covered by loss-sharing agreements with the FDIC and are 30 days or more past due or on nonaccrual; and
- (7) Schedule HC-N, data items 12(d)(1) through (3) on loans to individuals for household, family and other personal expenditures (credit cards, automobile loans and other consumer loans) that are covered by loss-sharing agreements with the FDIC and are 30 days or more past due or on nonaccrual.

⁷ Amounts reported in Schedule HI-B Part I, item 2(a) and 2(b) would be included in Schedule HI-B Part I item 8, all other loans.

B. New Reporting Threshold and Increase in Existing Reporting Threshold on the FR Y-9C

On Schedule HI of the FR Y-9C, HCs are currently required to report trading revenue from cash instruments and derivative instruments by various risk exposures (interest rate, foreign exchange, equity security and index, commodity and credit exposures) on memoranda data items 9(a) through 9(e) if their average trading assets reported on Schedule HC-K, Quarterly Averages, data item 4(a) exceeds \$2 million or more for any quarter of the preceding calendar year. Based on a preliminary evaluation of the existing reporting threshold, the Federal Reserve believes that the threshold that currently applies to this item may be increased to provide a reduction in reporting burden without a loss of data that would be necessary for supervisory or other public policy purposes. Accordingly, the Federal Reserve proposes to raise the threshold for Schedule HI, memoranda data items 9(a) through 9(e), from \$2 million to \$10 million, as of the September 30, 2017, report date.

On Schedule HI memoranda data items 10(a) and 10(b), HCs are required to report net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account for credit derivatives held for trading and credit derivatives held for purposes other than trading. The Federal Reserve proposes to implement a \$10 billion threshold for memoranda data items 10(a) and 10(b) to exempt HCs with total consolidated assets of less than \$10 billion from reporting on these line items, as of the September 30, 2017, report date. The Federal Reserve believes that the new threshold would provide a reduction in reporting burden without a loss of data necessary for supervisory or other public policy purposes.

C. New and Revised Data Items

1. Extraordinary Items

In January 2015, the Financial Accounting Standards Board issued ASU No. 2015-01, “Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items.” This ASU eliminated the concept of extraordinary items from U.S. generally accepted accounting principles. ASU 2015-01 became effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Thus, for example, entities with a calendar year fiscal year were required to apply the ASU for March 31, 2016, and any event or transaction that would have met the criteria for extraordinary classification before the adoption of the ASU were required to be reported as “noninterest income” or “noninterest expense” in the appropriate reporting forms and instructions on the FR Y-9LP, FR Y-7N, and FR 2886b. After the concept of extraordinary items is eliminated and such items would no longer be reportable on the income statement, only the results of discontinued operations would be reportable in these line items. Consistent with the elimination of the concept of extraordinary items in ASU 2015-01, the Federal Reserve proposes to revise the instructions and reporting form captions to remove the term “extraordinary items” as of the September 30, 2017, report date from the FR Y-9LP, FR Y-7N, and FR 2886b.

2. Reporting Certain Tax Benefits and Discontinued Operations

The Federal Reserve proposes to reclassify and clarify that reporting of certain tax benefits in the income statement of the FR Y-9C, FR Y-9LP, FR Y-7N and FR 2886b should be reported in income taxes related to continuing operations and not in discontinued operations. Additionally, the Federal Reserve proposes to add new data item “12” to Schedule SI of the FRY-9SP report “Discontinued Operations, Net of Applicable Income Taxes” to align with the other FR Y-9 family of reports, as of the September 30, 2017, report date.

3. Control Totals on HC-C and HC-N

As a result of comments received on the Call Report proposal and information received during the agencies outreach efforts, the Federal Reserve proposes to:

- 1) Add a control total to Schedule HC-C memoranda item 1 for total loans restructured that are in compliance with their modified terms;
- 2) Add a control total to Schedule HC-N memoranda item 1 for total loans restructured in troubled debt restructuring that are past due 30 days or more and in non-accrual status; and
- 3) Rename and reposition the existing control total on Schedule HC-N item 10, “Total” to new data item HC-N line item 9, “Total Loan and Leases” for consistency with the Call Report.

While these changes would add additional data items to these two schedules, these data items would be simple mathematical totals of existing data items and would not require the institution to obtain any additional data.

4. Loans net of Unearned income

Currently, “Loans net of unearned income” and “Loans held for investment” are being used interchangeably throughout certain regulatory reports although both descriptions are intended to have the same reported amounts. Consistent with the Call Report, the Federal Reserve proposes to revise the captions and instructions “Loans net of unearned income” and replace with “Loans held for investment” on all reports where applicable for clarity and internal consistency.

Frequency

The Federal Reserve recommends no changes to the reporting frequency for the FR Y-9C, FR Y-9LP, FR Y-9SP, FR Y-7N, and FR 2886b. 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 last calendar day 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 last calendar day 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)

FBOs are required to file the FR Y-7N and the FR Y-7NS reports 60 calendar days after the report date. All FBOs are required to file the FR Y-7Q within 90 calendar days after the report date. Meeting the thresholds for filing quarterly is self-determined by the respondent and ascertained as of the reporting date. No changes to these filing schedules are recommended. The data from these reports that are not given confidential treatment are available to the public, but are not published routinely.

Edge and agreement corporations with assets of more than \$50 million file the FR 2886b quarterly as of the last calendar day of March, June, September and December. Edges with assets of \$50 million or less file annually as of December 31st. Edges file the FR 2886b within 30 calendar days of the as-of date. If necessary, a respondent is permitted to take an additional 15 calendar days to submit its completed report without requesting an extension.

Data from the FR 2886b report are included in three Federal Reserve Board statistical releases: the weekly H.6 release, "Money Stock Measures," the weekly H.8 release, "Assets and Liabilities of Commercial Banks in the United States," and the quarterly Z.1 release, "Financial Accounts of the United States." These statistical releases are available on the Federal Reserve Board's public web site: <https://www.federalreserve.gov/econresdata/statisticsdata.htm>.

The Board follows the retention requirements for reports set forth on March 28, 2001, through agreement with the National Archives and Records Administration. Accordingly, Reserve Bank staff should retain all of the above report data for the current year plus the five prior years.

Legal Status

The Board's Legal Division previously 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)), section 10 of Home Owners' Loan Act (12 U.S.C. § 1467a(b)), 12 U.S.C. § 1850a(c)(1), section 165 of the Dodd-Frank Act (12 U.S.C. § 5365), and section 252.153(b)(2) of Regulation YY (12 CFR 252.153(b)(2)). These reports are mandatory. In general, the Board 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.

The Board's Legal Division has determined that the FR Y-7N, FR Y-7NS, and FR Y-7Q are authorized by section 5(c) of the Bank Holding Company Act (12 U.S.C. § 1844(c)) and sections 8(c) and 13 of the International Banking Act (12 U.S.C. §§ 3106(c) and 3108). Section

165 of the Dodd-Frank Act (12 U.S.C. § 5365) directs the Board to establish enhanced prudential standards for certain companies, including certain FBOs. The obligation of covered institutions to report this information is mandatory. Information disclosed in these reports is collected as part of the Board's supervisory process and may be accorded confidential treatment under exemption 8 of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(8)), but information that is required to be disclosed publicly is generally not considered confidential. However, individual respondents may request that certain data be protected pursuant to Exemptions 4 and 6 (5 U.S.C. § 552(b)(4) and (6)) of FOIA, where such data relates to trade secrets and financial information, or to personal information, respectively. The applicability of these exemptions would have to be determined on a case-by-case basis.

The Board's Legal Division has previously determined that Sections 25 and 25A of the Federal Reserve Act authorize the Federal Reserve to collect the FR 2886b (12 U.S.C. §§ 602 and 625). In addition, with respect to the contact information collected in the Patriot Act Contact Information section, the Board's regulations (12 CFR 211.5(m)) instruct Edges to comply with the information sharing regulations that the Department of the Treasury issued pursuant to Section 314(a) of the USA Patriot Act of 2001, Pub L 107-56, 115 Stat. 307 (31 U.S.C. § 5318(h)); and implemented at 31 CFR 1010.520(b).

For Edges engaged in banking, current Schedules RC-M (with the exception of item 3) and RC-V are held confidential pursuant to Section (b)(4) of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(4)). For investment Edges, only information collected on Schedule RC-M (with the exception of item 3) are given confidential treatment pursuant to Section (b)(4) of the Freedom of Information Act (5 U.S.C. § 552(b)(4)). In addition, it appears that the information provided in the Patriot Act Contact Information section may be withheld as confidential under FOIA to prevent unauthorized individuals from falsely posing as an institution's point-of-contact in order to gain access to the highly sensitive and confidential communications sent by e-mail between the Financial Crimes Enforcement Network or federal law enforcement officials and the Patriot Act point-of-contact. The identity and contact information of private individuals, which is collected and maintained for law enforcement purposes under the Patriot Act, appears exempt from disclosure pursuant to exemption 7(C) of FOIA (5 § USC 552(b)(7)).

Lastly, the Emergency Contact information section was afforded confidential treatment; however, no explanation was provided as to why such information should be considered exempt from disclosure under FOIA. Accordingly, the language indicating the Emergency Contact information will not be released to the public will be removed. The Board's Legal Division will be asked to review the current legal and confidentiality status of this report.

Consultation Outside the Agency

On July 18, 2017, the Board published a notice in the Federal Register (82 FR 32812) requesting public comment for 60 days on the proposal to extend with revision the FR Y-9C, FR Y-9LP, FR Y-7N, and FR 2886b; and to extend without revision the FR Y-9ES, FR Y-9CS, FR Y-7NS, and FR Y-7Q. The comment period expires on September 18, 2017.

There has been consultation with the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency regarding the FR Y-9C proposed changes.

Estimates of Respondent Burden

The current annual reporting burden for the FR Y-9 family of reports is estimated to be 189,655 hours and would decrease to 186,989 hours as shown in the following table. The average estimated hours per response for non-advanced approaches FR Y-9C filers would decrease from 50.17 hours to 49.14 hours, a decrease of 1.03 hours associated with the proposed revisions to the FR Y-9C requirements. The average estimated hours per response for advanced approaches FR Y-9C filers would decrease from 51.42 hours to 50.39 hours, a decrease of 1.03 hours associated with the proposed revisions to the FR Y-9C requirements. The revised annual burden for the FR Y-9 family of reports would represent less than 3 percent of total Federal Reserve System paperwork burden.

	<i>Number of respondents⁸</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 HCs	629	4	50.17	126,228
FR Y-9C – AA HCs	18	4	51.42	3,702
FR Y-9LP	778	4	5.27	16,400
FR Y-9SP	3,964	2	5.40	42,811
FR Y-9ES	83	1	0.50	42
FR Y-9CS	236	4	0.50	<u>472</u>
				189,655
<i>Proposed</i>				
FR Y-9C – non AA HCs	629	4	49.14	123,636
FR Y-9C – AA HCs	18	4	50.39	3,628
FR Y-9LP	778	4	5.27	16,400
FR Y-9SP	3,964	2	5.40	42,811
FR Y-9ES	83	1	0.50	42
FR Y-9CS	236	4	0.50	<u>472</u>
<i>Total</i>				186,989
				<u>-2,666</u>

⁸ Of these respondents, 4,097 are considered a small entity (6 FR Y-9C, 533 FR Y-9LP, 3475 FR Y-9SP, and 83 FR Y-9ES) as defined by the Small Business Administration (i.e., entities with \$550 million or less in total assets). www.sba.gov/content/small-business-size-standards. Respondent count is as of 12/31/2016 for the FR Y-9C, LP and SP. The FR 9ES is an estimate based on current NIC structure. The FR Y-9ES is based on the last use of the report.

With the proposed revisions the total cost to the public is estimated to decrease from the current level of \$10,412,060 to \$10,265,696 for the revised HC reports.⁹

The current annual burden for the FR Y-7N/S/Q reports are 3,431 hours. The proposed changes would not result in a change to the current reporting burden estimates for these reports due to the limited number of institutions impacted and negligible burden associated with the changes.

	<i>Number of respondents¹⁰</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<u>Current</u>				
FR Y-7N (quarterly)	50	4	6.8	1,360
FR Y-7N (annual)	46	1	6.8	313
FR Y-7NS (quarterly)	66	1	1	66
FR Y-7Q (quarterly)	137	4	3	1,644
FR Y-7Q (annual)	32	1	1.5	48
Total	331			3,431

The total cost to the public is estimated to be \$188,362.¹¹

⁹ 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 \$18, 45% Financial Managers at \$67, 15% Lawyers at \$67, and 10% Chief Executives at \$93). 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 2016, published March 31, 2017 <http://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.

¹⁰ Of the respondents required to comply with this information collection, 4 FR Y-7N (quarterly), 46 FR Y-7N (annual), 66 FR Y-7NS, and 0 FR Y-7Q respondents are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets). Respondent count is as of December 31, 2016 for the FR Y-7Q (quarterly), the FR Y-7N (annual) and the FR Y-7NS. Respondent count for the FR Y-7N (quarterly) is as of September 2016 and December 2015 for the FR Y-7Q (annual).

¹¹ 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 \$18, 45% Financial Managers at \$67, 15% Lawyers at \$67, and 10% Chief Executives at \$93). Hourly rates for each occupational group are the

As shown in the following table, the current annual burden for the FR 2886b is estimated to be 1,447 hours. The proposed changes would not result in a change to the current reporting burden estimates for these reports due to the limited number of institutions impacted and negligible burden associated with the changes. The estimated reporting burden is lower for investment Edges, which file only 4 supporting schedules, than for banking Edges, which file all 11 supporting schedules. These reporting requirements represent less than 1 percent of the total Federal Reserve System paperwork burden.

	<i>Number of respondent</i> ¹²	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated Annual burden</i>
<i>Current</i>				
Banking:				
Edge and agreement corporations (quarterly)	7	4	15.15	424
Edge and agreement corporations (annual)	1	1	15.15	15
Investment:				
Edge and agreement corporations (quarterly)	24	4	9.60	922
Edge and agreement corporations (annual)	9	1	9.60	<u>86</u>
<i>Total</i>	41			1,447

The total cost to the public is estimated be \$79,440.¹³

(rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages May 2016, published March 31, 2017 <http://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.

¹² Of the respondents required to comply with this information collection, 19 are considered to be small entities as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets). Respondent count is as of 12/31/2015. www.sba.gov/content/table-small-business-size-standards.

¹³ 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 \$18, 45% Financial Managers at \$67, 15% Lawyers at \$67, and 10% Chief Executives at \$93). 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 2016, published March 31, 2017 <http://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.

Sensitive Questions

These collections of information contain 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 Y-9 series is \$2,868,100. The estimated cost for collecting and processing the FR Y-7N/NS/Q is \$177,600. The estimated cost to the Federal Reserve System for collecting and processing the FR 2886b is \$204,300.