

**Supporting Statement for the  
Notice of Mutual Holding Company Reorganization (FR MM-10(o)-1),  
Application for Approval of a Stock Issuance by a Subsidiary Holding Company of a  
Mutual Holding Company (FR MM-10(o)-2),  
Application for Conversion of a Mutual Holding Company to Stock Form (FR MM-Form  
AC), Proxy Statement (FR MM-Form PS), Offering Circular (FR MM-Form OC), and  
Order Form (FR MM-Form OF) (OMB No. 7100-0340)**

## **Summary**

The Board of Governors of the Federal Reserve System (Board), under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the Notice of Mutual Holding Company Reorganization (FR MM-10(o)-1), Application for Approval of a Stock Issuance by a Subsidiary Holding Company of a Mutual Holding Company (FR MM-10(o)-2), Application for Conversion of a Mutual Holding Company to Stock Form (FR MM-Form AC), Proxy Statement (FR MM-Form PS), Offering Circular (FR MM-Form OC), and Order Form (FR MM-Form OF) (OMB No. 7100-0340) (collectively, the “MHC Forms”).<sup>1</sup>

The MHC Forms consist of information that must be filed in connection with certain proposals involving savings and loan holding companies that are organized in mutual form (MHCs), including the reorganization of a savings association into MHC form, stock issuances of holding company subsidiaries of MHCs, and conversions of MHCs to stock form. The Board requires the submission of these filings to allow the Board to fulfill its obligations to review such transactions under section 10(o) of the Home Owners’ Loan Act of 1933, as amended (HOLA) (12 U.S.C. § 1467a(o)), and the Board’s Regulation MM (12 CFR Part 239). The Board uses the information submitted by an applicant or notificant to evaluate these transactions with respect to the relevant statutory and regulatory factors.

The Board proposes numerous revisions to the MHC Forms, which were originally drafted by the Office of Thrift Supervision (OTS) when it supervised MHCs. Since supervisory

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<sup>1</sup> The Board is changing the internal Agency Tracking Number previously assigned to all of these forms for the purpose of consistency, and is changing the title of certain of these forms for clarity. The Board is changing the internal Agency Tracking Number of the Notice of Mutual Holding Company Reorganization from “Form 1522” to “FR MM-10(o)-1.” The Board is changing the title of the “Application for Approval of a Minority Stock Issuance by a Savings Association Subsidiary of a Mutual Holding Company” to “Application for Approval of a Stock Issuance by a Subsidiary Holding Company of a Mutual Holding Company,” and is changing the internal Agency Tracking number for that form from “Form 1523” to “FR MM-10(o)-2.” The Board is changing the title of the “Application for Conversion” to “Application for Conversion of a Mutual Holding Company to Stock Form” and is changing the internal Agency Tracking number for that form from “Form 1680” to “FR MM-Form AC.” The Board is changing the internal Agency Tracking number of the Proxy Statement from “Form 1681” to “FR MM-Form PS.” The Board is changing the internal Agency Tracking Number of the Offering Circular from “Form 1682” to “FR MM-Form OC.” The Board is changing the internal Agency Tracking Number of the Order Form from “Form 1683” to “FR MM-Form OF.”

The Application for Conversion (Form 1680), Proxy Statement (Form 1681), Offering Circular (Form 1682), and Order Form (Form 1683) currently form a family of information collections under OMB No. 7100-0335. This proposal would add these forms to the family of information collections under OMB No. 7100-0340.

functions of the OTS relating to savings and loan holding companies and MHCs were transferred to the Board, many of the proposed changes would modify the MHC Forms to make the forms consistent with the format of other Board forms. Additionally, the proposal includes revisions meant to (1) reduce the amount and types of data requested, (2) incorporate information on the Board's policies and procedures for processing applications, (3) improve the clarity of the information requests, (4) reflect the impact of new laws, regulations, capital requirements, and accounting rules, (5) delete unnecessary information requests, and (6) improve or update grammar, comprehension, citations, and mailing addresses. The revisions are also intended to ensure that initial filings include the information the Federal Reserve System (Federal Reserve) requires to evaluate a transaction and thereby reduce the need for subsequent information requests.

The current annual burden for these filings is estimated to be 2,749 hours and would decrease to 491 hours. This change in estimated burden is explained in the Estimate of Respondent Burden section, below. The form and instructions are available on the Board's public website at <http://www.federalreserve.gov/apps/reportforms/default.aspx>

## **Background and Justification**

An MHC is a corporate form that involves ownership by its depositor-members (and borrowers, in some situations) in the same manner that depositors and borrowers own a mutual savings association. A member of an MHC is any person who holds a deposit account at, or in some instances, has obtained a loan from, a savings association subsidiary of the MHC that was in mutual form prior to the association's reorganization into, or acquisition by, the MHC. The Board's Regulation MM, which implements section 10(o) of HOLA, provides that certain transactions involving an MHC require prior written approval of the Board.<sup>2</sup> These transactions include the reorganization of a mutual savings association into a federally chartered MHC, the issuance of stock by a subsidiary holding company of a mutual holding company to any person other than its mutual holding company parent, and the conversion of an MHC from mutual to stock form.

The information requested by the MHC Forms is necessary for the Board to fulfill its responsibilities under HOLA and Regulation MM to evaluate the subject transactions. The completed filings provide data on, among other things, the structure of the proposed transaction; the reorganization plan, the plan of conversion, or stock issuance plan (as applicable); the business plan; the pro forma financial condition of the applicant or notificant; and the effect of the proposed transaction on the organization's ability to satisfy the convenience and needs of the communities it serves. This information is generally not readily available from any other source and is critical to the Federal Reserve's ability to determine whether a proposed transaction is consistent with the relevant statutory and regulatory factors. This information is not available from other sources.

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<sup>2</sup> In addition to Regulation MM, the Board's Regulation LL (12 CFR Part 238) applies to MHCs that are savings and loan holding companies. Many filings with the Federal Reserve pertaining to MHCs must also comply with section 238.14 of Regulation LL.

## Description of Information Collection

### *FR MM-10(o)-1*

A mutual savings association that wishes to reorganize as a federally chartered MHC under HOLA must submit a notice (FR MM-10(o)-1) to the Federal Reserve pursuant to section 239.3 of Regulation MM. The notice must include a copy of the savings association's reorganization plan. The reorganization plan must contain a complete description of all significant terms of the proposed reorganization; attach and incorporate any stock issuance plan proposed in connection with the reorganization plan; and comply with all of the other informational requirements specified in 12 CFR 239.6. In addition to the reorganization plan, a notice of reorganization must include, among other things, the information requested in the General Instructions to FR MM-10(o)-1, including proxy soliciting materials to be circulated to members of the reorganizing association; a business plan; evidence of the newspaper publication regarding the proposed transaction; financial, managerial and capital information; and information regarding the competitive effects of the proposed transaction. A copy of the reorganization plan must also be sent to members of the reorganizing association and any acquiree association (as defined in 12 CFR 239.2(a)).<sup>3</sup> A notificant savings association may amend its filing or file additional information with respect to the filing upon its own initiative.<sup>4</sup>

A notificant that files the FR MM-10(o)-1 is required to publish a notice in a newspaper of general circulation in the community(ies) in which the head offices of the notificant are located.<sup>5</sup> The newspaper notice must state the name and address of the notificant and it must invite the public to submit written comments to the appropriate Reserve Bank. The newspaper notice must be published no more than fifteen calendar days before and no later than seven calendar days after the date that the reorganization notice is filed with the appropriate Reserve Bank.

A reorganization notice shall be deemed approved if the Board fails to act on the notice within the time period specified in section 238.14(g)(3) of the Board's Regulation LL.<sup>6</sup> In such a case, if the savings association chooses to go forward with the reorganization, it must submit certain information described in section 239.4(d)(4)(i)-(iv) of Regulation MM.

### *FR MM-10(o)-2*

The FR MM-10(o)-2 is used by a subsidiary holding company of an MHC that wishes to issue stock to any person other than its MHC parent pursuant to section 239.24 of Regulation MM. Applications regarding stock issuances by subsidiary holding companies provide the Federal Reserve with information to determine, among other things, whether the applicant would use the proceeds of the stock issuance appropriately and whether the proposed transaction would provide the organization with sufficient capital, meet the convenience and

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<sup>3</sup> 12 CFR 239.3(a)(3).

<sup>4</sup> 12 CFR 239.10(d).

<sup>5</sup> 12 CFR 239.3(a)(2) (citing to section 238.14 of the Board's Regulation LL, which includes a newspaper publication requirement).

<sup>6</sup> 12 CFR 239.4(d).

needs of the organization's communities, and ensure the rights of its members. An applicant must provide a stock issuance plan containing the information required by section 239.25 of Regulation MM, as well as the information requested in the General Instructions to FR MM-10(o)-2, including financial and capital information, the aggregate amount of outstanding common stock of the subsidiary holding company owned or controlled by persons other than the MHC parent, and the proposed price or price range of the stock to be issued.

A subsidiary holding company of an MHC may not issue stock to any person other than its MHC parent unless the members of the MHC approve the stock issuance at a members' meeting, among other requirements.<sup>7</sup> The MHC must notify members of the meeting in the manner prescribed by section 239.56(c) of Regulation MM and may also notify eligible account holders or supplemental eligible account holders who are not voting members of the proposed transaction. Following the members' meeting, the MHC must submit to the appropriate Reserve Bank information required by section 239.56(d)(1) of Regulation MM. Following completion of the stock offering, the MHC must submit to the appropriate Reserve Bank an opinion of counsel that the MHC conducted the members' meeting in compliance with all applicable state or federal laws and regulations.

An applicant may amend its filing or file additional information with respect to the filing upon its own initiative.<sup>8</sup> To amend an application for a stock issuance, the applicant must file with the Board an amendment with an appropriate facing sheet; number each amendment consecutively; respond to all issues raised by the Board; and demonstrate that the amendment conforms to all applicable regulations.<sup>9</sup>

#### *FR MM-Form AC*

The FR MM-Form AC is used by an MHC applying to convert from a mutual to a stock form of ownership pursuant to subpart E of Regulation MM. Applicants must generally comply with all of the requirements of subpart E of Regulation MM and must provide all information requested in the General Instructions to FR MM-Form AC. Each application must include, among other things, a formal plan of conversion that meets the requirements of section 239.54 of Regulation MM; appraisal (valuation) materials that meet the requirements of section 239.55(g)(2) of Regulation MM; proxy solicitation materials to be circulated to members of the MHC for approval of the plan of conversion; an offering circular; a business plan; and financial, managerial and capital information.

An applicant that files the FR MM-Form AC is required to publish a notice in a newspaper of general circulation in the community(ies) in which the head offices of the applicant are located. The notice must state the name and address of the applicant, and it must invite the public to submit written comments to the appropriate Reserve Bank. The newspaper

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<sup>7</sup> See 12 CFR 239.24(d) (stating that the procedural and substantive requirements of subpart E of Regulation MM shall apply to all mutual holding company stock issuances and subsidiary holding company stock issuances under section 239.25, unless clearly inapplicable, as determined by the Board). Specifically, section 239.56 of subpart E of Regulation MM includes certain disclosure and reporting provisions described above.

<sup>8</sup> 12 CFR 239.10(d).

<sup>9</sup> 12 CFR 239.55(e).

notice must be published no more than fifteen calendar days before and no later than seven calendar days after the date that the application is filed with the appropriate Reserve Bank.

An applicant may amend its filing or file additional information with respect to the filing upon its own initiative.<sup>10</sup> To amend an application for conversion, the applicant must file with the Board an amendment with an appropriate facing sheet; number each amendment consecutively; respond to all issues raised by the Board; and demonstrate that the amendment conforms to all applicable regulations.<sup>11</sup>

Pursuant to section 239.56 of Regulation MM, an MHC may not convert to stock form unless, after receiving Board approval of its plan of conversion, the MHC submits the plan of conversion to its members for approval and the members approve the plan of conversion at a meeting of its members by a majority of the total outstanding votes. The MHC must notify members of the meeting in the manner prescribed by section 239.56(c) of Regulation MM and may also notify eligible account holders or supplemental eligible account holders who are not voting members of the proposed conversion. Following the members' meeting, the MHC must submit to the appropriate Reserve Bank information required by section 239.56(d)(1) of Regulation MM. Following completion of the conversion, the MHC must submit to the appropriate Reserve Bank an opinion of counsel that the MHC has complied with all laws applicable to the conversion.<sup>12</sup>

An MHC converting to stock form generally must complete all sales of the stock within 45 calendar days after the last day of the subscription period. An MHC may submit a request to the Board, in writing, for an extension of any offering period.<sup>13</sup> If the extension is granted, the MHC must provide a post-effective amendment to the offering circular to each person who subscribed for or ordered stock. The amendment must indicate that the Board extended the offering period and that each person who subscribed for or ordered stock may increase, decrease, or rescind their subscription or order within the time remaining in the extension period.

In order to engage in a voluntary supervisory conversion, an MHC must comply with the requirements of section 239.65 of Regulation MM, including the submission of an application to the Board that includes the information listed in section 239.65(g) of Regulation MM.

#### *FR MM-Form PS*

The FR MM-Form PS, otherwise known as the proxy statement, is used to provide members of the applicant mutual savings association or mutual holding company with information necessary to vote on a reorganization of the applicant to mutual holding company form, conversion to stock form, or other transactions. Information required by Regulation MM and FR MM-Form PS includes, among other things, the notice of the members' meeting; description of the voting rights of the mutual members; the vote required for approval of each

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<sup>10</sup> 12 CFR 239.10(d).

<sup>11</sup> 12 CFR 239.55(e).

<sup>12</sup> 12 CFR 239.56(d)(2).

<sup>13</sup> 12 CFR 239.60(b).

matter presented for a vote; and business, financial, and managerial information of the organization. The FR MM-Form PS must be disclosed to all members prior to a member vote,<sup>14</sup> and must be submitted to the appropriate Reserve Bank in connection with a notice to reorganize into mutual form or an application to convert from MHC to stock form.<sup>15</sup> Subpart E of Regulation MM also contains certain additional procedural and informational requirements for proxy statements. Proxies requesting accountholder approval of an MHC reorganization or non-conforming minority stock issuance must also comply with the informational requirements of sections 239.10(a)(2) and 239.10(a)(3) of Regulation MM, respectively, as well as any other applicable federal and state laws and regulations.

#### *FR MM-Form OC*

An MHC that files an application in connection with a stock issuance conducted as part of any transaction or proposal pursuant to HOLA and Regulation MM must file FR MM-Form OC with the appropriate Reserve Bank. An offering circular must accompany FR MM-Form OC and such offering circular must be prepared in accordance with applicable rules and regulations promulgated by the U.S. Securities and Exchange Commission (SEC).

An applicant MHC may distribute a preliminary offering circular at the same time as or after the MHC mails the proxy statement to its members, and must distribute the offering circular in accordance with all applicable securities laws and the requirements of subpart E of Regulation MM. If a material event or change of circumstances concerning the proposed transaction occurs, including approval of an extension of time to sell shares by the Board pursuant to section 239.60 of Regulation MM, an MHC must file a post-effective amendment to its offering circular with the Board. Additionally, after the SEC declares the post-effective amendment effective, the MHC must deliver the amendment to each person who subscribed for or ordered shares in the share offering. The post-effective amendment must indicate that each such person may increase, decrease, or rescind their subscription or order.

#### *FR MM-Form OF*

An MHC that applies for Board approval of certain transactions or proposals pursuant to HOLA and Regulation MM, including conversions from mutual to stock form, must distribute an order form to all eligible account holders, supplemental eligible account holders, and other voting members to enable them to subscribe for the shares they are permitted under the proposed transaction. The MHC may either send the order forms with the offering circular or after it distributes the offering circular. Order forms must accompany FR MM-Form OF and must contain information that is consistent with information contained in documents that are otherwise required to be provided to the Board pursuant to Regulation MM (e.g., business plan, stock issuance plan, plan of conversion, reorganization plan, proxy solicitation materials). If applicable, order forms provided to the Board should be in the same format as any order forms that the applicant has provided to the SEC.

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<sup>14</sup> 12 CFR 239.56(c).

<sup>15</sup> 12 CFR 239.10(a)(1)(notice to reorganize into mutual form); 12 CFR 239.55(b)(1)(iii) (application to convert from MHC to stock form).

## **Proposed Revisions**

The Board proposes to make numerous revisions to the MHC Forms, which were created by the OTS and carried over by the board when supervisory authority over savings and loan holding companies and MHCs was transferred to the Board in 2011. The proposed changes would make the MHC Forms consistent with the format of other Board forms, such as the Application to Become a Bank Holding Company and/or Acquire an Additional Bank or Bank Holding Company (FR Y-3; OMB No. 7100-0121) and the proposed Application to Become a Savings and Loan Holding Company or to Acquire a Savings Association or Savings and Loan Holding Company (FR LL-10(e); OMB No. 7100-0336); reduce the amount and types of data requested; incorporate information on the Board's policies and procedures for processing applications; improve the clarity of the information requests; reflect the impact of new laws, regulations, capital requirements, and accounting rules; and delete unnecessary information requests.

The proposed changes are outlined below and are grouped into the following categories:

- A. Additional requested items relating to information that is needed to evaluate the proposed transaction and was not previously requested in the MHC Forms.
- B. Changes to certain requested items to reflect the Board's format for requesting this information.
- C. Deletion of requested items that the Board is able to obtain elsewhere or are not necessary in evaluating the proposed transaction.

Additionally, for all of the MHC Forms, the following changes would be made:

- Changes to the format of the forms to align with the format of other Board application forms (in particular, the FR Y-3). (As a result, references to the OTS and its practices and procedures have been replaced with references to the Board and Federal Reserve practices and procedures.)
- Other minor changes for improved grammar, comprehension, accurate citations, and mailing addresses, which include:
  - Renaming the MHC Forms to reflect the Board's practice of naming Board reporting forms after relevant regulations and statutes;
  - Replacing references to the OTS and its regulations with references to the Board and Regulation MM;
  - Adding information regarding the Board's public website to the forms; and
  - Adding information regarding the Federal Reserve E-Apps electronic filing system to the forms.

## **FR MM-10(o)-1 – Notice of Mutual Holding Company Reorganization**

### **A. Additional Requested Items**

The proposed FR MM-10(o)-1 would request additional information that is not included in Form 1522. This includes information on:

- The meeting of members to approve the proposed reorganization, including the date of the vote and the results; and
- Whether the proposed reorganization would involve the formation of a federally chartered stock holding company controlled by a mutual holding company that owns the stock of a savings association whose depositors have membership rights in the parent mutual holding company.

### **B. Changes to Certain Information**

Many questions in the Form 1522 would be revised in the proposed FR MM-10(o)-1 to match the Board's format in the FR Y-3 for requesting information. These revisions include:

- The requirement to submit the Form 1523 (proposed FR MM-10(o)-2) in connection with an issuance of stock has been moved to the General Instructions and reworded;
- The requirement for a notificant to provide a list of all regulatory approvals and filings required for the proposed reorganization, and the expected timing of required approvals by other regulatory authorities remains, but a notificant is no longer required to provide copies of other applications or notices filed by the reorganizing association or acquiree association with any other governmental agency in connection with the proposed reorganization;
- The financial information requested has been updated to reflect current regulatory requirements;
- A requirement for a table detailing estimated expenses of the proposed reorganization was replaced with a requirement that the notificant provide a detailed list of expenses associated with the proposed reorganization;
- A requirement to confirm that procedures are in place to ensure that expenses are properly allocated has replaced a requirement to describe such procedures; and
- Modifications to the requirements related to the provision of certain documents, including the reorganization plan and the charters and bylaws.

### **C. Deletion of certain requested items currently included in the Form 1522, including:**

- Detailed information regarding management (Item 5 of Form 1522);
- A business plan for any acquiree association (Item 6 of Form 1522);
- Information related to a related acquisition (Item 12 of Form 1522);
- Copies of certain documents (Exhibit 2 of Form 1522), including proposed stock certificates and proposed order forms, any contracts described in the proxy statement of either the reorganizing association or any acquiree association, contracts and



- agreements with paid solicitors, documents referred to in response to Item 13 (Indemnification) of Form 1522, and trustee agreements or indentures;
- Opinions of counsel regarding the legal sufficiency of proposed certificates, order forms, the reorganization agreement, the proposed bylaws of the resulting association or acquiree association if such entity will be state chartered (Exhibit 4 of Form 1522);
- A certification regarding the proposed charter and bylaws of the mutual holding company (Exhibit 4 of Form 1522);
- Detailed information regarding the convenience and needs of the community (Item 11 of Form 1522);<sup>16</sup> and
- Written consents of third parties (Exhibit 6 of Form 1522).

**FR MM-10(o)-2 – Application for Approval of a Stock Issuance by a Subsidiary Holding Company of a Mutual Holding Company**

**A. Additional Requested Items**

The proposed FR MM-10(o)-2 would request additional information that is not included in Form 1523. This includes information on:

- The meeting of members to approve the proposed reorganization, including the date of the vote and the results;
- Whether a reasonable amount of shares or proceeds of the stock issuance would be contributed to a charitable organization that complies with 12 CFR 239.64;
- Whether the stock issuance plan complies with 12 CFR 239.24, 239.25, and 239.59;
- Any proposed deviations from regulatory requirements regarding stock issuance plans, if applicable, and why such deviations are appropriate under the circumstances;
- A detailed list of expenses associated with the proposed stock issuance;
- The effect of the proposed transaction on the convenience and needs of the community;
- A copy of the MHC's business plan, if any changes would result from the stock issuance; and
- Copies of proxy solicitation materials.

**B. Changes to Certain Information**

Many questions in the Form 1523 would be revised and clarified in the proposed FR MM-10(o)-2 to match the Board's format in the FR Y-3 for requesting information. these revisions include:

- The financial information requested has been updated to reflect current regulatory requirements;

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<sup>16</sup> Notwithstanding the deletion of this item from Form 1522, the business plan(s) that must be provided as exhibits to FR MM-10(o)-1 must explain the extent to which the proposed reorganization would affect the convenience and needs of the communities to be served by the reorganizing association and the resulting association.

- An applicant must provide a copy of the offering circular, and the option for the applicant to state the reasons why the offering circular needs not be filed and declared effective has been removed;
- Valuation materials are now referred to as appraisal materials in conformance with 12 CFR 239.55(g)(2); and
- An applicant is still required to state how it proposes to utilize the proceeds of the stock issuance, but if the proceeds are to be distributed to Applicant's mutual holding company, it is no longer necessary to state the amount of the proposed distribution and compute the maximum amount of capital that may be distributed.

C. Deletion of requested items currently included in the Form 1523, including:

- Tables describing compliance with OTS regulatory thresholds and the related regulatory compliance tables (Tables 1 and 2 of Form 1523);
- Copies of certain documents, including: contracts and agreements with paid solicitors, any agreements for the making of markets or the listing on exchanges of the stock of the Applicant, and contracts not made in the ordinary course of business which are material to the Applicant (Exhibit 2 of Form 1523); and
- Written consents of third parties (Exhibit 4 of Form 1523).

**FR MM-Form AC – Application for Conversion of a Mutual Holding Company to Stock Form**

A. Additional Requested Items

The proposed FR MM-Form AC would request additional information that is not included in Form 1680, including:

- Information concerning the meeting of members to approve the proposed plan of conversion, including the date of the vote, the results, and related opinions of counsel;
- Confirmation that the proposed conversion complies with 12 CFR part 239; and
- Detailed information regarding any changes in management or other principal relationships related to the proposed conversion.

B. Changes to Certain Information

Many questions in the Form 1680 would be revised and clarified in the FR MM-Form AC to match the Board's format in the FR Y-3 for requesting information, including:

- The signatures required to file the FR MM-Form AC are different from those required to file the Form 1680;
- The financial section was changed to more closely conform to the financial sections of the FR Y-3 and FR LL-10(e);
- Items pertaining to proxy statements and forms of proxy have been combined and additional disclosures required;

- The request to furnish the offering circular is now separate from the request for proxy statements;
- Informational requirements pertaining to a charitable contribution has been amended to reflect the requirements in 12 CFR 239.64;
- Valuation materials are now referred to as appraisal materials in conformance with 12 CFR 239.55(g)(2);
- A table detailing estimated expenses incident to the proposed conversion was eliminated, but a detailed list of expenses associated with the proposed conversion is required;
- A business plan needs only to be furnished, as opposed to providing additional information regarding how the capital that will be acquired in the proposed conversion will be used; and
- Opinions of counsel no longer need to discuss the legal sufficiency of bylaws or include a certification or statement that the proposed charter and bylaws conform to OTS regulations.

C. Deletion of requested items currently included in the Form 1680. This includes information regarding:

- Consents of persons about to become directors (paragraph 6 of the General Instructions to Form 1680);
- Consents of experts (paragraph 7 of the General Instructions to Form 1680);
- A statement regarding whether charter and bylaws will be amended (Item 10 of Form 1680); and
- Copies of certain documents (Exhibit 2 of Form 1680), including: contracts described in response to Item 6 of Form 1681 and contracts and agreements with paid solicitors described in response to Exhibit 7 of Form 1681.

## **FR MM-Form PS – Proxy Statement**

A. Additional Requested Items

The proposed FR MM-Form PS would request additional information that is not included in Form 1681, including:

- Confirmation that financial data is provided on a consolidated and parent-only basis; and
- Certain information with respect to the sale of unsubscribed shares to the public.

B. Changes to Certain Information

Form 1681 would be revised, as part of the proposed FR MM-Form PS, to include a statement that Items 8 through 15 apply only in the case where the applicant seeks to convert from a mutual holding company to stock form.

C. Deletion of requested items currently included in Form 1681, including:

- Information concerning paid solicitors or engaged employees and contracts or other financial arrangements;
- Description of the approximate number of votes to which each class of stock is entitled;
- Identification of the chartering authority and any material conversions;
- Certain information with respect to mortgage loans and the scale of certain historical lending activities;
- Certain instructions requiring a level of detail not required for analysis of the proposal;
- Explanation of planned activities in the secondary mortgage market;
- Certain details regarding the applicant's general policies on lending activities;
- Certain details regarding the applicant's funding and deposit accounts;
- Description of the Federal Home Loan Bank System and any membership of the applicant in the system;
- Indication whether bank employees are represented by a union;
- Statement that the FDIC will not ensure the stock to be issued;
- Consent of experts and reports; and
- Requirements for certain attachments, such as the plan of conversion, to the proxy statement (Item 16 of Form 1681).

### **FR MM-Form OC – Offering Circular**

The proposed FR MM-Form OC, formerly the Form 1682, would be revised to include a certification that the documentation prepared in connection with this form has been prepared in accordance with applicable rules and regulations promulgated by the SEC. Submitting any offering circulars prepared in accordance with applicable SEC rules and regulations satisfies any request for information under FR MM-Form OC by the Federal Reserve.

### **FR MM-Form OF – Order Form**

The proposed FR MM-Form OF, formerly Form 1683, would be revised to include a certification that the order form prepared in connection with this form contains information that is consistent with information contained in documents that are otherwise required to be provided to the Board pursuant to Regulation MM (e.g., business plan, stock issuance plan, plan of conversion, reorganization plan, proxy soliciting materials). FR MM-Form OF has also been revised to state that, if applicable, orders forms provided to the Board should be in the same format as any order forms that the applicant has provided to the SEC.

### **Time Schedule for Information Collection**

The MHC Forms are event generated. All timeframes are generally dependent upon when the notificant or applicant chooses to enter into a transaction, and are set forth in Regulation MM.

## **Legal Status**

The MHC Forms are authorized pursuant to section 10(o) of the Home Owners' Loan Act of 1933, as amended. (12 U.S.C. 1467a(o)). That section requires the Board to review transactions involving the reorganization of a savings association into MHC form, stock issuances of holding company subsidiaries of MHCs, and conversions of MHCs to stock form. 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)). The MHC Forms are mandatory.

Individual respondents may request that certain information submitted on the MHC Forms 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 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 consultation outside the agency.

## **Public Comments**

On August 12, 2019, the Board published an initial notice in the *Federal Register* (84 FR 39841) requesting public comment for 60 days on the extension, with revision, of the MHC Forms. The comment period for this notice expires on October 11, 2019.

## **Estimate of Respondent Burden**

The estimated annual reporting burden for these applications is 2,749 hours and would decrease to 491 hours. The estimated number of respondents is based on the average number of applications and notices received in 2016 and 2017. The average estimated hours per response for the FR MM-10(o)-1 (formerly the Form 1522) would decrease from 400 hours to 60 hours, the FR MM-10(o)-2 (formerly the Form 1523) would decrease from 350 hours to 30 hours, the FR MM-Form AC (formerly the Form 1680) would decrease from 299 hours to 60 hours, the FR MM-Form PS (formerly the Form 1681) would remain unchanged at 50 hours, the FR MM-Form OC (formerly the Form 1682) would decrease from 150 hours to 50 hours, and the FR MM-Form OF (formerly the Form 1683) would remain unchanged at 1 hour.

The decrease in the estimated time burden per response is partially attributable to a significant reduction in the information collected due to the proposed revisions to the MHC Forms, as noted above. However, the majority of this decrease is due to the staff's use for the first time of the Board's methodology for calculating the burden associated with the MHC Forms. The previous burden estimate was based on the calculation methodology used by the

OTS to estimate the time burden associated with filing the MHC Forms. When the Board adopted the forms from the OTS, the Board used the estimates of the OTS to calculate burden. The Board has continued to use these estimates until now. In connection with the instant proposal, staff has estimated the time burden per response using the same methodology that it uses for other applications and notices that have similar requirements. Staff does not have access to the methodology that the OTS used to calculate the estimated burden associated with filing the MHC Forms, so it is not possible to state how the methodologies differ, or the reasons that the estimate using the Board's methodology differs so significantly from that of the OTS. The reporting requirements for the MHC Forms represent less than 1 percent of total Federal Reserve paperwork burden.

	<i>Number of respondents</i> 17	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<i>Current</i>				
Form 1522	4	1	400	1,600
Form 1523	1	1	350	350
Form 1680	2	1	299	598
Form 1681	1	1	50	50
Form 1682	1	1	150	150
Form 1683	1	1	1	<u>1</u>
<i>Total</i>				2,749
<i>Proposed</i>				
FR MM-10(o)-1	4	1	60	240
FR MM-10(o)-2	1	1	30	30
FR MM-Form AC	2	1	60	120
FR MM-Form PS	1	1	50	50
FR MM-Form OC	1	1	50	50
FR MM-Form OF	1	1	1	<u>1</u>
<i>Total</i>				491
<i>Change</i>				(2,258)

The total annual cost to the public is estimated to be \$158,342 for these notices and applications and would decrease to \$28,282 with the proposed revisions.<sup>18</sup>

<sup>17</sup> Of these respondents, none 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/document/support--table-size-standards](http://www.sba.gov/document/support--table-size-standards)).

<sup>18</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 \$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](http://www.bls.gov/news.release/ocwage.t01.htm). Occupations are defined using the BLS Occupational Classification System, [www.bls.gov/soc/](http://www.bls.gov/soc/)

**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**

The estimated cost to the Federal Reserve is negligible.