

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

*Regulatory Capital Treatment for Investments in Certain Unsecured Debt Instruments of
Global Systemically Important U.S. Bank Holding Companies, Certain Intermediate Holding
Companies, and Global Systemically Important Foreign Banking Organizations;
Total Loss-Absorbing Capacity Requirements
(Docket No. R-1655; RIN 7100-AF43)*

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), has extended for three years, with revision, the Financial Statements for Holding Companies (FR Y-9; OMB No. 7100-0128). This information collection comprises the following five reports:

- Consolidated Financial Statements for Holding Companies (FR Y-9C),
- Parent Company Only Financial Statements for Large Holding Companies (FR Y-9LP),
- Parent Company Only Financial Statements for Small Holding Companies (FR Y-9SP),
- Financial Statements for Employee Stock Ownership Plan Holding Companies (FR Y-9ES), and
- Supplement to the Consolidated Financial Statements for Holding Companies (FR Y-9CS).

The Board requires bank holding companies (BHCs), most savings and loan holding companies (SLHCs), any securities holding companies, and U.S. intermediate holding companies (IHCs) (collectively, HCs) to provide standardized financial statements through one or more of the FR Y-9 reports.¹ The information collected on the FR Y-9 reports is necessary for the Board to identify emerging financial risks and monitor the safety and soundness of HC operations.

The Board, Federal Deposit Insurance Corporation (FDIC), and Office of the Comptroller of the Currency (OCC) (collectively, the agencies) adopted a final rule² that applies to advanced approaches banking organizations with the aim of reducing both interconnectedness within the financial system and systemic risks. The final rule requires deduction from a banking organization's regulatory capital for certain investments in unsecured debt instruments issued by foreign or U.S. global systemically important banking organizations (GSIBs) for the purposes of meeting minimum total loss-absorbing capacity (TLAC) requirements and, where applicable, long-term debt requirements, or for investments in unsecured debt instruments issued by GSIBs that are pari passu or subordinated to such debt instruments. The final rule is effective on April 1, 2021.

¹ An SLHC must file one or more of the FR Y-9 family of reports unless it is (1) a grandfathered unitary SLHC with primarily commercial assets and thrifts that make up less than 5 percent of its consolidated assets or (2) a SLHC that primarily holds insurance-related assets and does not otherwise submit financial reports with the U.S. Securities and Exchange Commission (SEC) pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934.

² 86 FR 708 (January 6, 2021).

To implement the reporting requirements of the final rule, the Board revised the FR Y-9C, Schedule HC-R, to add new regulatory capital line items and to amend instructions for existing regulatory capital items, as described in detail under the “Revisions to the FR Y-9C” section below. The revisions are effective with the June 30, 2021, report date. No changes were made to the FR Y-9LP, FR Y-9SP, FR Y-9ES, or FR Y-9CS.

The current estimated total annual burden for the FR Y-9 is 119,725 hours, and would increase to 119,763. The revisions resulted in an increase of 38 hours. The draft FR Y-9C form and instructions are available on the Board’s public website at <https://www.federalreserve.gov/apps/reportforms/review.aspx>.

Background and Justification

The FR Y-9 reports are the Board’s primary source of financial data on HCs. Federal Reserve System examiners rely on the FR Y-9 reports to supervise financial institutions between on-site inspections. The Board uses the collected data to detect emerging financial problems, conduct pre-inspection analysis, monitor and evaluate capital adequacy, evaluate mergers and acquisitions, and analyze a HC’s overall financial condition to monitor the safety and soundness of its operations. The information collected by the FR Y-9 report is not available from other sources.

Description of Information Collection

The FR Y-9C consists of standardized financial statements similar to the Call Reports filed by commercial banks. The FR Y-9C collects consolidated data from HCs and is filed quarterly by top-tier HCs with total consolidated assets of \$3 billion or more.³

The FR Y-9LP, which collects parent company only financial data, must be submitted by each HC that files the FR Y-9C, as well as by each of its subsidiary HCs.⁴ The report consists of standardized financial statements.

The FR Y-9SP is a parent company only financial statement filed semiannually by HCs with total consolidated assets of less than \$3 billion. In a banking organization with total consolidated assets of less than \$3 billion that has tiered HCs, each HC in the organization must submit, or have the top-tier HC submit on its behalf, a separate FR Y-9SP. This report collects basic balance sheet and income data for the parent company, as well as data on its intangible assets and intercompany transactions.

The FR Y-9ES is filed annually by each employee stock ownership plan (ESOP) that is also an HC. The report collects financial data on the ESOP’s benefit plan activities. The FR Y-9ES 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.

³ Under certain circumstances described in the FR Y-9C’s General Instructions, HCs with assets under \$3 billion may be required to file the FR Y-9C.

⁴ A top-tier HC may submit a separate FR Y-9LP on behalf of each of its lower-tier HCs.

The instructions to each of the FR Y-9C, FR Y-9LP, FR Y-9SP, and FR Y-9ES state that respondent HCs should retain workpapers and other records used in the preparation of the reports.

The FR Y-9CS is a voluntary, free-form supplemental report that the Board may utilize to collect critical additional data from HCs deemed to be needed in an expedited manner. The FR Y-9CS data collections are used to assess and monitor emerging issues related to HCs, and the report is intended to supplement the other FR Y-9 reports. The data requested by the FR Y-9CS would depend on the Board's data needs in a given situation. For example, changes made by the Financial Accounting Standards Board may introduce into U.S. generally accepted accounting principles new data items that are not currently collected by the other FR Y-9 reports. The Board could use the FR Y-9CS report to collect these data until the items are implemented into the other FR Y-9 reports.⁵

Respondent Panel

The FR Y-9 reports panel is comprised of HCs. Specifically, the FR Y-9C panel consists of top-tier HCs with total consolidated assets of \$3 billion or more; the FR Y-9LP panel consists of each HC that files the FR Y-9C, as well as each of its subsidiary HCs; the FR Y-9SP panel consists of HCs with total consolidated assets of less than \$3 billion; the FR Y-9ES panel consists of each ESOP that is also an HC; and the FR Y-9CS panel consists of any HC the Board selects.

Revisions to the FR Y-9C

The agencies adopted a final rule that applies to advanced approaches banking organizations with the aim of reducing both interconnectedness within the financial system and systemic risks. The final rule requires deduction from a banking organization's regulatory capital for certain investments in unsecured debt instruments issued by foreign or U.S. GSIBs for the purposes of meeting minimum TLAC requirements and, where applicable, long-term debt requirements, or for investments in unsecured debt instruments issued by GSIBs that are *pari passu* or subordinated to such debt instruments. The final rule is effective on April 1, 2021.

To implement the reporting requirements of the final rule, the Board revised the FR Y-9C, Schedule HC-R, Part I, Regulatory Capital Components and Ratios, to amend instructions for line items 11, 17, 24, and 43 to effectuate the deductions from regulatory capital for advanced approaches holding companies related to investments in covered debt instruments and excluded covered debt instruments. Further, the Board revised the FR Y-9C, Schedule HC-R, Part II, Risk-Weighted Assets, to amend instructions for line items 2(a), 2(b), 7, and 8 to incorporate investments in covered debt instruments and excluded debt instruments, as applicable, by advanced approaches holding companies in their calculation of risk-weighted assets.

⁵ The FR Y-9CS was most recently used by the Board on June 30, 2008. In that collection, data were requested from banking organizations implementing an Advanced Measurement Approach to calculate operational risk capital under the Basel II Risk-Based Capital Framework. The report was used to conduct a voluntary Loss Data Collection Exercise relating to operational risk.

In addition, the Board revised the FR Y-9C, Schedule HC-R, Part I, Regulatory Capital Components and Ratios, to create new line items and instructions to allow the BHCs of U.S. GSIBs and the IHCs of foreign GSIBs to publicly report their long-term debt (LTD) and TLAC in accordance, respectively, with 12 CFR Part 252, subpart G and 12 CFR Part 252, subpart P. Specifically, new line items are created to report, as applicable, BHCs of U.S. GSIBs' and IHCs of foreign GSIBs':

- (1) outstanding eligible LTD (item 50),
- (2) TLAC (item 51),
- (3) LTD standardized risk-weighted asset ratio (item 52, column A),
- (4) TLAC standardized risk-weighted asset ratio (item 52, column B),
- (5) LTD advanced approaches risk-weighted asset ratio (item 53, column A),
- (6) TLAC advanced approaches risk-weighted asset ratio (item 53, column B),
- (7) IHCs of foreign GSIBs only: LTD leverage ratio (item 54, column A),
- (8) IHCs of foreign GSIBs only: TLAC leverage ratio (item 54, column B),
- (9) LTD supplementary leverage ratio (item 55, column A),
- (10) TLAC supplementary leverage ratio (item 55, column B),
- (11) institution-specific TLAC risk-weighted asset buffer necessary to avoid limitations on distributions and discretionary bonus payments (item 57(a)), and
- (12) TLAC leverage buffer necessary to avoid limitations on distributions and discretionary bonus payments (item 57(b)).

Existing line items 50(a), 50(b), 51, 52, and 53 are re-numbered to 56(a), 56(b), 58, 59, and 60, respectively, and instructions' references updated, to account for the proposed inclusion of the new data collection items described above. Finally, the instructions for renumbered line item 59, Distributions and discretionary bonus payments during the quarter, were amended for the BHCs of U.S. GSIBs and the IHCs of foreign GSIBs to reflect maximum payout amounts that take into account a firm's TLAC risk-weighted and leverage buffers reported in line items 57(a) and 57(b), respectively. The revisions are effective with the June 30, 2021, report date. No changes were made to the FR Y-9LP, FR Y-9SP, FR Y-9ES, or FR Y-9CS.

Time Schedule for Information 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, and the filing deadline 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 of the following year, unless an extension to file by October 15 is granted. Respondents will be notified of the filing deadline for the FR Y-9CS if it is utilized by the Board.

Public Availability of Data

Data from the FR Y-9 reports that are not granted confidential treatment are publicly available on the FFIEC website: <https://www.ffiec.gov/NPW>.

Legal Status

The Board has the authority to impose the reporting and recordkeeping requirements associated with the FR Y-9 family of reports on bank holding companies pursuant to section 5 of the Bank Holding Company Act of 1956 (BHC Act) (12 U.S.C. § 1844); on savings and loan holding companies pursuant to section 10(b)(2) and (3) of the Home Owners' Loan Act (12 U.S.C. § 1467a(b)(2) and (3)), as amended by sections 369(8) and 604(h)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act); on U.S. intermediate holding companies pursuant to section 5 of the BHC Act (12 U.S.C. § 1844), as well as pursuant to sections 102(a)(1) and 165 of the Dodd-Frank Act (12 U.S.C. §§ 511(a)(1) and 5365);⁶ and on securities holding companies pursuant to section 618 of the Dodd-Frank Act (12 U.S.C. § 1850a(c)(1)(A)). Except for the FR Y-9CS report, which is expected to be collected on a voluntary basis, the obligation to submit the remaining reports in the FR Y-9 series of reports and to comply with the recordkeeping requirements set forth in the respective instructions to each of the other reports, is mandatory.

With respect to the FR Y-9C report, Schedule HI's data item 7(g) "FDIC deposit insurance assessments," Schedule HC-P's data item 7(a) "Representation and warranty reserves for 1-4 family residential mortgage loans sold to U.S. government agencies and government sponsored agencies," and Schedule HC-P's data item 7(b) "Representation and warranty reserves for 1-4 family residential mortgage loans sold to other parties" are considered confidential commercial and financial information. Such treatment is appropriate under exemption 4 of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(4)) because these data items reflect commercial and financial information that is both customarily and actually treated as private by the submitter, and which the Board has previously assured submitters will be treated as confidential. It also appears that disclosing these data items may reveal confidential examination and supervisory information, and in such instances, this information would also be withheld pursuant to exemption 8 of the FOIA (5 U.S.C. § 552(b)(8)), which protects information related to the supervision or examination of a regulated financial institution.

In addition, for both the FR Y-9C report, Schedule HC's memorandum item 2.b. and the FR Y-9SP report, Schedule SC's memorandum item 2.b., the name and email address of the external auditing firm's engagement partner, is considered confidential commercial information and protected by exemption 4 of the FOIA (5 U.S.C. § 552(b)(4)) if the identity of the engagement partner is treated as private information by HCs. The Board has assured respondents

⁶ Section 165(b)(2) of Title I of the Dodd-Frank Act (12 U.S.C. § 5365(b)(2)), refers to "foreign-based bank holding company." Section 102(a)(1) of the Dodd-Frank Act (12 U.S.C. § 5311(a)(1)), defines "bank holding company" for purposes of Title I of the Dodd-Frank Act to include foreign banking organizations that are treated as bank holding companies under section 8(a) of the International Banking Act of 1978 (12 U.S.C. § 3106(a)). The Board has required, pursuant to section 165(b)(1)(B)(iv) of the Dodd-Frank Act (12 U.S.C. § 5365(b)(1)(B)(iv)), certain foreign banking organizations subject to section 165 of the Dodd-Frank Act to form U.S. intermediate holding companies. Accordingly, the parent foreign-based organization of a U.S. intermediate holding company is treated as a bank holding company for purposes of the BHC Act and section 165 of the Dodd-Frank Act. Because section 5(c) of the BHC Act authorizes the Board to require reports from subsidiaries of bank holding companies, section 5(c) provides additional authority to require U.S. intermediate holding companies to report the information contained in the FR Y-9 series of reports.

that this information will be treated as confidential since the collection of this data item was proposed in 2004.

Additionally, items on the FR Y-9C, Schedule HC-C for loans modified under section 4013, data items Memorandum items 16.a, “Number of Section 4013 loans outstanding” and Memorandum items 16.b, “Outstanding balance of Section 4013 loans” are considered confidential. While the Board generally makes institution-level FR Y-9C report data publicly available, the Board is collecting section 4013 loan information as part of condition reports for the impacted HCs and the Board considers disclosure of these items at the HC level would not be in the public interest.⁷ Such information is permitted to be collected on a confidential basis, consistent with 5 U.S.C. § 552(b)(8). Exemption 8 of FOIA specifically exempts from disclosure information “contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions.” In addition, holding companies may be reluctant to offer modifications under section 4013 if information on these modifications made by each holding company is publicly available, as analysts, investors, and other users of public FR Y-9C report information may penalize an institution for using the relief provided by the CARES Act. The Board may disclose section 4013 loan data on an aggregated basis, consistent with confidentiality or as otherwise required by law.

Aside from the data items described above, the remaining data items on the FR Y-9C report and the FR Y-9SP report are generally not accorded confidential treatment. The data items collected on FR Y-9LP, FR Y-9ES, and FR Y-9CS⁸ reports are also generally not accorded confidential treatment. As provided in the Board’s Rules Regarding Availability of Information (12 CFR Part 261), however, a respondent may request confidential treatment for any data items the respondent believes should be withheld pursuant to a FOIA exemption. The Board will review any such request to determine if confidential treatment is appropriate, and will inform the respondent if the request for confidential treatment has been denied.

To the extent the instructions to the FR Y-9C, FR Y-9LP, FR Y-9SP, and FR Y-9ES reports each respectively direct the financial institution to retain the workpapers and related materials used in preparation of each report, such material would only be obtained by the Board as part of the examination or supervision of the financial institution. Accordingly, such information is considered confidential pursuant to exemption 8 of the FOIA (5 U.S.C. § 552(b)(8)). In addition, the financial institution’s work papers and related materials may also be protected by exemption 4 of the FOIA, to the extent such financial information is treated as confidential by the respondent (5 U.S.C. § 552(b)(4)).

⁷ See 12 U.S.C. § 1464(v)(2).

⁸ The FR Y-9CS is a supplemental report that may be utilized by the Board to collect additional information that is needed in an expedited manner from HCs. The information collected on this supplemental report is subject to change as needed. Generally, the FR Y-9CS report is treated as public. However, where appropriate, data items on the FR Y-9CS report may be withheld under exemptions 4 and/or 8 of the Freedom of Information Act (5 U.S.C. § 552(b)(4) and (8)).

Consultation Outside the Agency

The Board coordinated and consulted with the FDIC and the OCC about the revisions to the FR Y-9C.

Public Comments

On April 8, 2019, the agencies published a notice of proposed rulemaking in the *Federal Register* (84 FR 13814) for public comment. The comment period for this notice expired on June 7, 2019. The agencies received 4 comment letters related to the Paperwork Reduction Act analysis. Commenters requested that the effective date of the final rule precede proposed changes to regulatory reports. The agencies confirmed that the final rule will be effective before changes are implemented to regulatory reports. The final rule is effective April 1, 2021, and the changes to the FR Y-9C are effective June 30, 2021. Also, commenters requested that the Board clarify that U.S. GSIBs will report long-term debt and TLAC leverage requirements based upon the supplementary leverage ratio denominator. The Board agreed and clarified this requirement. Finally, some commenters suggested that the Board develop a more robust disclosure regime related to TLAC, including collaborating with the SEC. The Board did not accept this comment because the Board does not have the authority to change disclosures required by the SEC related to securities issuances or sales to retail investors, or to mandate disclosures by pension or mutual funds. Some of the item numbers changed since the proposed rule due to other FR Y-9C reporting changes to Schedule HC-R that have been implemented since that time. On January 6, 2021, the agencies published a final rule in the *Federal Register* (86 FR 708).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR Y-9 is 119,725 hours, and would increase to 119,763 hours with the revisions. The Board estimates that the revisions would increase the estimated average hours per response for FR Y-9C AA HCs filers by 0.5 hours. These reporting and recordkeeping requirements represent 1.3 percent of the Board's total paperwork burden.

FR Y-9	<i>Estimated number of respondents⁹</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current				
<i>Reporting</i>				
FR Y-9C (non AA HCs CBLR) with less than \$5 billion in total assets	71	4	29.17	8,284
FR Y-9C (non AA HCs CBLR) with \$5 billion or more in total assets	35	4	35.14	4,920
FR Y-9C (non AA HCs non CBLR) with less than \$5 billion in total assets	84	4	41.01	13,779
FR Y-9C (non AA HCs non CBLR) with \$5 billion or more in total assets	154	4	46.98	28,940
FR Y-9C (AA HCs)	19	4	48.80	3,709
FR Y-9LP	434	4	5.27	9,149
FR Y-9SP	3,960	2	5.40	42,768
FR Y-9ES	83	1	0.50	42
FR Y-9CS	236	4	0.50	472
<i>Recordkeeping</i>				
FR Y-9C	363	4	1.00	1,452
FR Y-9LP	434	4	1.00	1,736
FR Y-9SP	3,960	2	0.50	3,960
FR Y-9ES	83	1	0.50	42
FR Y-9CS	236	4	0.50	472
<i>Current Total</i>				119,725
Proposed				
<i>Reporting</i>				
FR Y-9C (non AA HCs CBLR) with less than \$5 billion in total assets	71	4	29.17	8,284
FR Y-9C (non AA HCs CBLR) with \$5 billion or more in total assets	35	4	35.14	4,920
FR Y-9C (non AA HCs non CBLR) with less than \$5 billion in total assets	84	4	41.01	13,779

⁹ Of these respondents, 4 FR Y-9C (non AA HCs non CBLR) with less than \$5 billion in total assets filers; 177 FR Y-9LP filers; 3,153 FR Y-9SP filers; and 83 FR Y-9ES filers are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support--table-size-standards>.

FR Y-9C (non AA HCs non CBLR) with \$5 billion or more in total assets	154	4	46.98	28,940
FR Y-9C (AA HCs)	19	4	49.30	3,747
FR Y-9LP	434	4	5.27	9,149
FR Y-9SP	3,960	2	5.40	42,768
FR Y-9ES	83	1	0.50	42
FR Y-9CS	236	4	0.50	472
<i>Recordkeeping</i>				
FR Y-9C	363	4	1.00	1,452
FR Y-9LP	434	4	1.00	1,736
FR Y-9SP	3,960	2	0.50	3,960
FR Y-9ES	83	1	0.50	42
FR Y-9CS	236	4	0.50	<u>472</u>
<i>Proposed Total</i>				119,763
<i>Change</i>				38

The estimated total annual cost to the public for the FR Y-9 is \$6,914,119, and would increase to \$6,916,313 with the revisions.¹⁰

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 these information collections is \$2,050,800.

¹⁰ Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$20, 45% Financial Managers at \$71, 15% Lawyers at \$70, 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 2019*, published March 31, 2020, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.