

**Supporting Statement for the  
Application for a Foreign Organization to Acquire a U.S. Bank or Bank Holding Company  
(FR Y-3F; OMB No. 7100-0119)**

## **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, without revision, the Application for a Foreign Organization to Acquire a U.S. Bank or Bank Holding Company (FR Y-3F; OMB No. 7100-0119). Under the Bank Holding Company Act of 1956 (BHC Act),<sup>1</sup> any company, including a company organized under the laws of a foreign country, that seeks to acquire a U.S. bank or bank holding company must receive prior approval from the Board to do so. The Federal Reserve uses the information collected by the FR Y-3F to determine whether to approve the application and, subsequently, to carry out its supervisory responsibilities with respect to the foreign banking organization's operations in the United States.

The estimated total annual burden for the FR Y-3F is 446 hours. The form and instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/reportforms/default.aspx>.

## **Background and Justification**

The BHC Act requires that a company must apply for approval from the Board prior to acquiring a U.S. bank or bank holding company.<sup>2</sup> Section 3 of the BHC Act directs the Board to consider the financial and managerial resources and future earnings prospects of the banks involved in the proposed transaction, the effectiveness of the institutions involved in combatting money laundering, whether the transaction would result in greater or more concentrated risks to the stability of the United States banking or financial system, and the effects of the proposed transaction on the convenience and needs of the communities to be served. The Board also may not approve transactions that would result in monopoly or have other anticompetitive effects, unless such effects are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served. In addition, the Board may not approve an application involving a foreign bank if the foreign bank is not subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the bank's home country.

The information collected in the FR Y-3F is necessary for the Board to fulfill its responsibilities under the BHC Act and the Foreign Bank Supervision Enhancement Act.<sup>3</sup> The FR Y-3F is the main source of comprehensive data on the proposed transaction, including the present and pro forma financial condition of the applicant and its proposed subsidiary(ies), the likely competitive effects of the proposal, and the proposal's likely effects on the convenience and needs of the community to be served. The Federal Reserve uses the information collected to

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<sup>1</sup> 12 U.S.C. § 1841 et seq.

<sup>2</sup> See 12 U.S.C. § 1842.

<sup>3</sup> Foreign Bank Supervision Enhancement Act of 1991, Pub. L. No. 101-242, §§ 201-215, 105 Stat. 2236-305.

fulfill its obligation under the BHC Act to consider the statutory factors listed above. After an application is approved, the Board uses the information collected on the FR Y-3F in the supervision program for the foreign banking organization's operations in the United States.

### **Description of Information Collection**

The FR Y-3F is filed by any company organized under the laws of a foreign country that is seeking to acquire a bank or bank holding company in the United States. Applicants provide information regarding the statutory factors under section 3 of the BHC Act. The application must contain the most recent information available so that the Federal Reserve can analyze compliance with relevant statutory factors.

In addition to providing a complete application, an applicant is required to publish a notice in a newspaper of general circulation in the community(ies) in which the head offices of the target bank holding company, its largest subsidiary bank, and each bank to be directly or indirectly acquired is located.<sup>4</sup> The notice must state the name and address of the applicant and all target banks and/or bank holding companies, and it must invite the public to submit written comments to the appropriate Federal 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 application is filed with the appropriate Federal Reserve Bank.

### **Respondent Panel**

The FR Y-3F panel comprises any company organized under the laws of a foreign country that seeks to acquire a U.S. bank or bank holding company.

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

An application submitted pursuant to this form is event-generated and is filed with the appropriate Reserve Bank. Applicants are strongly encouraged to submit their applications electronically through the Federal Reserve System's web-based application, E-Apps (<https://www.federalreserve.gov/supervisionreg/afi/afi.htm>).<sup>5</sup>

### **Public Availability of Data**

With regard to applications filed using the FR Y-3F, the Board publishes certain information regarding the parties to and structure of the associated transaction in its H.2 release and in the *Federal Register*. No data collected through the FR Y-3F is proactively made available to the public by the Board. The Board may release non-confidential information included in the FR Y-3F upon request, pursuant to the Freedom of Information Act (FOIA).

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<sup>4</sup> In connection with this proposal, the Board would amend the instructions to the FR Y-3F to clarify that an applicant is not required to publish a newspaper notice in the community in which the head office of a target bank holding company is located. The applicant is required to publish such a notice in the community(ies) in which the head offices of each bank to be directly or indirectly acquired is located.

<sup>5</sup> The FR Y-3F application may alternatively be submitted in paper form.

## **Legal Status**

Section 3(a) of the BHC Act (12 U.S.C. § 1842(a)) requires prior approval by the Board for any company, including a foreign company, to acquire a U.S. bank or bank holding company, and section 3(c) of the BHC Act (12 U.S.C. § 1842(c)) sets forth the factors that the Board must consider in approving such an application. Sections 5(a) through 5(c) of the BHC Act (12 U.S.C. §§ 1844(a) - (c)) authorize the Board to require the registration of bank holding companies, issue regulations and orders to carry out its supervisory responsibilities thereunder, and examine and require reports to be submitted by bank holding companies, respectively. Together, these sections of the BHC Act provide the legal authorization for the FR Y-3F. The FR Y-3F is required to obtain a benefit.

To the extent a respondent submits nonpublic commercial or financial information in connection with the FR Y-3F, which is both customarily and actually treated as private by the respondent, the respondent may request confidential treatment pursuant to exemption 4 of the FOIA (5 U.S.C. § 552(b)(4)). To the extent a respondent submits personal, medical, or similar files, the disclosure of which would constitute an unwarranted invasion of privacy, the respondent may request confidential treatment pursuant to exemption 6 of the FOIA (5 U.S.C. § 552(b)(6)). If a respondent requests confidential treatment, the Board will determine whether the information is entitled to confidential treatment on a case-by-case basis. The entity should separately designate any such information as “confidential commercial information” or “confidential financial information” and the Board will treat such designated information as confidential to the extent permitted by law, including the FOIA. To the extent a respondent submits information related to examination, operating, or condition reports prepared by, on behalf of, or for the use of a financial supervisory agency, the information may be treated as confidential pursuant to exemption 8 of the FOIA (5 U.S.C. § 552(b)(8)).

## **Consultation Outside the Agency**

There has been no consultation outside the Federal Reserve System.

## **Public Comments**

On March 8, 2021, the Board published an initial notice in the *Federal Register* (86 FR 13381) requesting public comment for 60 days on the extension, without revision, of the FR Y-3F. The comment period for this notice expired on May 7, 2021. The Board did not receive any comments. The Board adopted the extension, without revision, of the FR Y-3F as originally proposed. On June 9, 2021, the Board published a final notice in the *Federal Register* (86 FR 30605).

## **Estimate of Respondent Burden**

As shown in the table below, the estimated total annual burden for the FR Y-3F is 446 hours. The reporting burden is based on the average number of responses received over the last three years. The Board estimates that the burden associated with filing the FR Y-3F for this first time would be larger than the burden associated with subsequent filings, as a first-time applicant

may need to spend more time gathering the necessary information. The disclosure burden reflects the amount of time required to fulfill the newspaper publication requirement. These reporting and disclosure requirements represent less than 1 percent of the Board’s total paperwork burden.

<b>FR Y-3F</b>	<i>Estimated number of respondents<sup>6</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<b>Reporting</b>				
Initial application	1	1	90	90
Subsequent application	5	1	70	350
<b>Disclosure</b>	6	1	1	<u>6</u>
	<i>Total</i>			446

The estimated total annual cost to the public for the FR Y-3F is \$26,381.<sup>7</sup>

### **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 of collecting and processing this information collection is negligible.

<sup>6</sup> Of the respondents, none 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>.

<sup>7</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 \$20, 45% Financial Managers at \$73, 15% Lawyers at \$72, and 10% Chief Executives at \$95). 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 2020*, published March 31, 2021, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.