

Vicki Bolejolie, President. (Qualifying Individual)

**Ocean Freight Forwarder—Ocean Transportation Intermediary Applicants**

Red Ball Forwarders, Inc., 1335 Sadlier Circle E. Drive, Indianapolis, IN 46239. Officers: Michael Cobb, Vice President, (Qualifying Individual) Katrina Blackwell, CEO.

Integrity Cargo Freight Corporation, 160 Rte. 35N, Cliffwood Beach, NJ 07735. Officers: Charles Derosa, Vice President, (Qualifying Individual) Angelo Derosa, President.

Phil-Ex Cargo Inc., 94–1018 Awalai Street, Waipahu, HI 96797. Officers: Narciso Gamiao, Jr., President, (Qualifying Individual) Roger Rafanan, Director.

Dated: February 21, 2008.

**Karen V. Gregory,**

*Assistant Secretary.*

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**BILLING CODE 6730–01–P**

**FEDERAL RESERVE SYSTEM**

**Agency Information Collection Activities: Announcement of Board Approval Under Delegated Authority and Submission to OMB**

*Summary: Background.*

Notice is hereby given of the final approval of proposed information collections by the Board of Governors of the Federal Reserve System (Board) under OMB delegated authority, as per 5 CFR 1320.16 (OMB Regulations on Controlling Paperwork Burdens on the Public). Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instrument(s) are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

*For Further Information Contact:*

Federal Reserve Board Clearance Officer—Michelle Shore—Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202–452–3829)

OMB Desk Officer—Alexander T. Hunt—Office of Information and

Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, Washington, DC 20503.

*Final approval under OMB delegated authority of the extension for three years, with revision, of the following reports:*

1. *Report title:* Financial Statements for Bank Holding Companies.

*Agency form number:* FR Y–9C, FR Y–9LP, and FR Y–9SP.

*OMB control number:* 7100–0128.

*Frequency:* Quarterly and semiannually.

*Reporters:* Bank holding companies (BHCs).

*Annual reporting hours:* FR Y–9C: 160,056; FR Y–9LP: 25,662; FR Y–9SP: 47,135.

*Estimated average hours per response:* FR Y–9C: 40.50; FR Y–9LP: 5.25; FR Y–9SP: 5.25.

*Number of respondents:* FR Y–9C: 988; FR Y–9LP: 1,222; FR Y–9SP: 4,489.

*General description of report:* This information collection is mandatory (12 U.S.C. 1844(c)). Confidential treatment is not routinely given to the data in these reports. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form, pursuant to sections (b)(4), (b)(6) and (b)(8) of the Freedom of Information Act (5 U.S.C. 522(b)(4), (b)(6) and (b)(8)).

*Abstract:* The FR Y–9C, FR Y–9LP, and FR Y–9SP are standardized financial statements for the consolidated BHC and its parent. The FR Y–9 family of reports historically has been, and continues to be, the primary source of financial information on BHCs between on-site inspections. Financial information from these reports is used to detect emerging financial problems, to review performance and conduct pre-inspection analysis, to monitor and evaluate capital adequacy, to evaluate BHC mergers and acquisitions, and to analyze a BHC's overall financial condition to ensure safe and sound operations.

The FR Y–9C consists of standardized financial statements similar to the Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031 & 041; OMB No. 7100–0036) filed by commercial banks. The FR Y–9C collects consolidated data from BHCs. The FR Y–9C is filed by top-tier BHCs with total consolidated assets of \$500 million or more. (Under certain circumstances defined in the General Instructions, BHCs under \$500 million may be required to file the FR Y–9C.)

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

The FR Y–9SP is a parent company only financial statement filed by smaller BHCs. Respondents include BHCs with total consolidated assets of less than \$500 million. This form is a simplified or abbreviated version of the more extensive parent company only financial statement for large BHCs (FR Y–9LP). This report is designed to obtain basic balance sheet and income information for the parent company, information on intangible assets, and information on intercompany transactions.

*Current Actions:* On November 9, 2007, the Federal Reserve published a notice in the **Federal Register** (72 FR 63580) requesting public comment for sixty days on the extension, with revision, of the Financial Statements for Bank Holding Companies. The comment period expired on January 8, 2008. The Federal Reserve received four comment letters on proposed revisions to the FR Y–9C: Three from banking organizations and one from a bankers' organization. The Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Board (the banking agencies) received five additional comment letters on proposed changes to the Call Reports that parallel proposed changes to the FR Y–9C: Four from banking organizations and one from a government agency. No comments were received on proposed changes to the FR Y–9LP or the FR Y–9SP.

No comments were received on (1) the proposed data items for restructured troubled 1–4 family residential mortgages, (2) the fair value and unpaid principal balance by loan category of loans held for sale or investment that are measured at fair value, (3) the revised reporting threshold for the trading assets and liabilities schedule, (4) the revisions to the regulatory capital schedule and instructions for credit derivatives, and (5) the conformity changes for brokered deposits within the deposits schedule. Three banking organizations commented on the proposed modification of the trading account definition and expressed support for this definitional change. The revisions discussed in this paragraph will be implemented March 31, 2008, as proposed.

With respect to the remaining proposed revisions, the Federal Reserve approved certain modifications to them to address concerns expressed by

commenters. The Federal Reserve will move forward with the modified reporting changes on March 31, 2008, although the reporting of certain proposed new items will be optional for this initial report date and will be required beginning June 30, 2008. For the March 31, 2008, report date, institutions may provide reasonable estimates for any new or revised data item required to be reported as of that date for which the requested information is not readily available. For the new data items that are optional as of the March 31, 2008, report date, this same policy on the use of reasonable estimates will apply to these new items as of the June 30, 2008, report date.

The Federal Reserve's responses to the comments received and a discussion of the related revisions are presented below.

### Revisions Related to 1–4 Family Residential Mortgage Loans

#### 1. Interest and Fee Income and Quarterly Average

Currently, BHCs report the total amount of interest and fee income on their loans secured by real estate (in domestic offices) in the income statement (Schedule HI, data item 1.a.(1), Interest and fee income on loans: in domestic offices) and include the quarterly average for these loans (in domestic offices) in the quarterly averages schedule (Schedule HC–K, data item 3). The Federal Reserve proposed to split these existing income statement and quarterly average data items into separate data items for the interest and fee income on and the quarterly averages of “Loans secured by 1–4 family residential properties,” “All other loans secured by real estate,” and “All other loans in domestic offices.”

One banking organization commented on comparable additions to the Call Report. This bank noted that these additions will require changes to its loan processing and accounting systems, which will affect loan personnel, but that it is possible to implement these changes. The Federal Reserve will proceed to add these data items to the FR Y–9C as proposed.

#### 2. Mortgages in Foreclosure

The Federal Reserve proposed to add two new memoranda items for the amount of 1–4 family residential mortgage loans owned by the BHC and serviced by the BHC that are in foreclosure as of the quarter-end report date. Mortgage loans in foreclosure will be those for which the legal process of foreclosure has been initiated, but for which the foreclosure process has not

yet been resolved at quarter-end.<sup>1</sup> These memoranda items will be added to the loan schedule (Schedule HC–C) and the servicing, securitization, and asset sale activities schedule (Schedule HC–S), with the carrying amount (before any applicable allowance for loan and leases losses) reported in the former memorandum item and the outstanding principal amount reported in the latter memorandum item. Reporting mortgage loans as being in process of foreclosure will not exempt those loans owned by the BHC from being reported as past due or nonaccrual, as appropriate, in Schedule HC–N, and will not exempt those loans serviced by the BHC that are reported in Schedule HC–S, data item 1, from being reported as past due, as appropriate, in that schedule.

The bankers' organization provided comments on these proposed data items and three banking organizations supported their comments. The commenters did not object to reporting these data items but requested that the data collection be delayed six months because the data are not readily available. The Federal Reserve will go forward with collecting the new data items as proposed because of the substantial increase in the number of foreclosures reported by the industry and the potentially higher number of foreclosures in the next couple of years. Given current conditions in the residential mortgage market, the Federal Reserve has a strong supervisory interest in being able to evaluate foreclosure data and obtain data needed as the starting point for trend analyses at the earliest possible date. As with all new FR Y–9C data items, BHCs may report reasonable estimates for the amounts of loans in foreclosure for the first reporting period (March 31, 2008) using the best information available.

#### 3. Open-End 1–4 Family Residential Mortgage Banking Activities

The Federal Reserve proposed to expand the scope of Schedule HC–P, 1–4 Family Residential Mortgage Banking Activities in Domestic Offices, to include separate data items for originations, purchases, and sales of open-end 1–4 family residential mortgages during the quarter; the amount of such mortgages held for sale

at quarter-end; and noninterest income for the quarter from the sale, securitization, and servicing of open-end residential mortgages. When reporting the originations, purchases, sales, and mortgages held for sale, BHCs will report both the total commitment under the line of credit and the principal amount funded under the line. For BHCs with less than \$1 billion in total assets, the criteria used to determine whether Schedule HC–P must be completed will be modified to include both closed-end and open-end 1–4 family residential mortgage banking activities.

One banking organization and the bankers' organization provided comments on these proposed revisions and three other banking organizations supported the latter's comments. The bankers' organization did not object to reporting the new data items but requested that the data collection be delayed six months because of the time needed to identify and capture the unused commitment amounts and outstanding principal balances. The Federal Reserve agrees not to require the new open-end mortgage data to be reported until the June 30, 2008, FR Y–9C, with optional reporting of these data in the March 31, 2008, FR Y–9C, if the information is available.

The banking organization encouraged the Federal Reserve to clearly define the terms “total commitment under the lines of credit” and the “principal amount funded under the lines of credit” as they relate to originations of open-end 1–4 family residential mortgages during the quarter because different interpretations could result in the absence of clear instructions. The organization recommended that “total commitment” be defined as the initial committed balance made to customers on newly established open-end lines of credit and “principal amount funded” be defined as initial fundings made to customers on newly established lines. The Federal Reserve agrees on the necessity for clear definitions of these terms. Thus, the instructions for reporting the “total commitment” will define it as the total amount of the lines of credit granted to customers at the time the open-end credits were originated, which is consistent with the banking organization's recommendation. For retail and wholesale originations of such open-end loans, the instructions would define “principal amount funded” as the initial fundings made to customers on newly established lines of credit. In addition, for open-end loans purchased, sold, held for sale, and (as discussed in the following section) repurchased or

<sup>1</sup> For banks that participate in the Mortgage Bankers Association's (MBA) National Delinquency Survey, the time at which mortgage loans would become reportable as being in process of foreclosure for FR Y–9C reporting purposes would be the same time at which mortgage loans become reportable as being in “foreclosure inventory” for MBA survey purposes (although the dollar amount of such loans would be reported in the FR Y–9C while the number of such loans are reported for MBA survey purposes).

indemnified, the "principal amount funded" will be defined as the principal balance outstanding of loans extended under lines of credit at the transaction date or at quarter-end, as appropriate.

#### 4. Mortgage Repurchases and Indemnifications

The Federal Reserve proposed to add four new data items to Schedule HC-P to collect data on mortgage loan repurchases and indemnifications during the quarter. For both closed-end first lien and closed-end junior lien 1-4 family residential mortgages, BHCs will report the outstanding principal amount of mortgages repurchased or indemnified as of the date of repurchase or indemnification. For open-end 1-4 family residential mortgages, BHCs will report both the total commitment under the line of credit and the principal amount funded under the line for mortgages repurchased or indemnified.

One banking organization and the bankers' organization commented on these comparable additions to the Call Report, with three other banking organizations supporting the bankers' organization's comments. The banking organization sought clarification as to the scope of indemnifications, particularly with respect to whether indemnifications that consisted of reimbursements of legal fees or administrative costs were expected to be reported. The Federal Reserve will clarify the FR Y-9C instructions to state that indemnifications are limited to reimbursements for credit losses, including reimbursements for losses arising from sales of real estate collateral. The bankers' organization also requested a clarification involving terminology, questioning whether, if there is a difference between the book value of a loan and its principal balance, which amount banks are expected to report. The amount to be reported for closed-end loans is the mortgages' outstanding principal amount as of the date of repurchase or indemnification, not the book value of these mortgages. For open-end residential mortgage loans, the concept of principal amount funded is discussed in the preceding section. Finally, the Federal Reserve will not require that the new data items on repurchases and indemnifications of open-end loans be reported until the June 30, 2008, report date, with optional reporting of these data as of the March 31, 2008, report date, if the information is available.

#### Trading Assets and Liabilities and Other Assets and Liabilities Accounted for Under a Fair Value Option

##### 1. Reporting of Assets and Liabilities Under the Fair Value Option as Trading

On February 15, 2007, the Financial Accounting Standards Board (FASB) issued Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (FAS 159), which is effective for fiscal years beginning after November 15, 2007. Earlier adoption of FAS 159 was permitted as of the beginning of an earlier fiscal year, provided the BHC (i) also adopts all of the requirements of FASB Statement No. 157, *Fair Value Measurements* (FAS 157) at the early adoption date of FAS 159; (ii) has not yet issued a financial statement or submitted FR Y-9C data for any period of that fiscal year; and (iii) satisfies certain other conditions. Thus, a BHC with a calendar year fiscal year may have voluntarily adopted FAS 159 as of January 1, 2007. Changes in the fair value of financial assets and liabilities to which the fair value option is applied are reported in current earnings as is currently the case for trading assets and liabilities. Since the fair value option standard allows a BHC to elect fair value measurement through earnings for financial assets and financial liabilities, the Federal Reserve understands that some institutions would like to reclassify certain loans elected to be accounted for under the fair value option as trading assets. The FR Y-9C reporting instructions currently do not allow loans held for sale to be reported as trading assets.

Under FAS 159, all securities within the scope of FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities* (FAS 115), that a BHC has elected to report at fair value under a fair value option should be classified as trading securities. Recognizing the provisions of FAS 159, the Federal Reserve proposed the following clarification to the reporting instructions, including the Glossary entry for Trading Account. BHCs may classify assets (other than securities within the scope of FAS 115 for which a fair value option is elected) and liabilities as trading if the BHC applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets and liabilities as trading positions, subject to the controls and applicable regulatory guidance related to trading activities.

Three banking organizations provided comments in support of the proposed expanded definition of the trading account to permit the classification of certain loans as trading. The Federal

Reserve will proceed with the revised definition of trading account as proposed.

##### 2. Revision of Certain Fair Value Measurement and Fair Value Option Information

The Federal Reserve proposed to add two columns to Schedule HC-Q, Financial Assets and Liabilities Measured at Fair Value, to allow BHCs to report any netting adjustments and Level 1 fair value measurements separately in a manner consistent with industry practice. The new columns will be captioned as column B, Amounts Netted in the Determination of Total Fair Value Reported on Schedule HC, and column C, Level 1 Fair Value Measurements. Existing column B, Level 2 Fair Value Measurements, and column C, Level 3 Fair Value Measurements, of Schedule HC-Q will be recaptioned as columns D and E, respectively. Column A will remain unchanged.

One commenter, a banking organization, offered comments on comparable proposed changes to Schedule RC-Q of the Call Report. The commenter supported the addition of the two new columns to the schedule. The commenter also suggested amending the scope of Schedule RC-Q to collect information on all assets and liabilities measured at fair value pursuant to FAS 157 rather than the current scope, which collects information primarily based on an organization's election to measure assets at fair value under a fair value option and only includes some of the assets and liabilities covered by FAS 157. The Federal Reserve recognizes that a significant number of BHCs have only recently adopted FAS 157 and are working through a number of implementation issues. In addition, the FASB recently proposed a 1-year delay in the effective date of FAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. In light of these factors, the Federal Reserve believes that it would not be prudent, at this time, to modify the scope of the Schedule HC-Q to include all assets and liabilities covered by FAS 157 as suggested by the commenter, and will proceed with the addition of the two additional columns to Schedule HC-Q as proposed.

The Federal Reserve also proposed to add data items to Schedule HC-C, Loans and Leases, to collect data on the loans reported in this schedule that are measured at fair value under a fair value option: (1) The fair value of such loans

measured by major loan category, (2) the unpaid principal balance of such loans by major loan category, and (3) the aggregate amount of the difference between the fair value and the unpaid principal balance of such loans that is attributable (a) to changes in the credit risk of the loan since its origination and (b) to all other factors. Because Schedule HC-C only provides data on loans held for investment and for sale, the Federal Reserve proposed to add the same data items to Schedule HC-D, Trading Assets and Liabilities, for loans measured at fair value under a fair value option that are designated as held for trading. The Federal Reserve also proposed to add a new data item to Schedule HC-D for Other trading liabilities in recognition of a BHC's ability to elect to measure certain liabilities at fair value in accordance with FAS 159 and designate them as held for trading.

The Federal Reserve proposed to add two data items to Schedule HC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets, to collect data on the fair value and unpaid principal balance of loans measured at fair value under a fair value option that are past due or in nonaccrual status. The data items will follow the existing three column breakdown on Schedule HC-N that BHCs utilize to report all other past due and nonaccrual loans. Since trading assets are not currently reported on Schedule HC-N, the Federal Reserve proposed to add similar data items to Schedule HC-D to collect the total fair value and unpaid principal balance of loans ninety days or more past due that are classified as trading. Finally, the Federal Reserve proposed to add data items to Schedule HI, Income Statement, to collect information on: (1) Net gains (losses) recognized in earnings on assets that are reported at fair value under a fair value option, (2) estimated net gains (losses) on loans attributable to changes in instrument-specific credit risk, (3) net gains (losses) recognized in earnings on liabilities that are reported at fair value under a fair value option, (4) estimated net gains (losses) on liabilities attributable to changes in the instrument-specific credit risk.

Two banking organizations and the bankers' organization provided comments on the proposed changes. One banking organization opposed the proposal to collect information on Schedules HC-C and HC-D on the aggregate amount of the difference between the fair value and the unpaid principal balance of loans measured at fair value under a fair value option attributable to (a) changes in the credit risk of the loan since its origination and (b) all other factors. The banking

organization indicated the proposed information may exist in theory but that BHCs do not have the ability to readily and reliably produce this information. The Federal Reserve reconsidered the proposal and concurs with the commenter's assessment of BHCs' ability to readily and reliably produce this information. As a result, the Federal Reserve will not implement the proposed change.

One banking organization opposed the proposed breakouts on Schedule HC-D of the fair value and the unpaid principal balance of loans measured at fair value under a fair value option by major loan category. The organization indicated that the information was excessive and burdensome to collect for loans designated as trading and will require changes to the BHC's trading systems. The safety and soundness objective for collecting this information is to make comparisons among entities that elect a fair value option for loans and those that do not. This objective cannot be achieved if the information collected on Schedules HC-C and HC-D is not comparable. Since BHCs have considerable experience reporting information by major loan category as required by Schedule HC-C and are only now able to report loans under a fair value option on Schedule HC-D, the Federal Reserve believes it will be less burdensome to adapt the proposed loan breakouts on Schedule HC-D to the current breakouts on Schedule HC-C than to develop a unique format for reporting loans under a fair value option in both Schedules HC-C and HC-D as inferred by the commenter. The Federal Reserve will proceed with the breakouts for loans reported under a fair value option on Schedule HC-D as proposed.

The banking organization also questioned whether the Federal Reserve should collect separate data items on Schedule HI for the net gains (losses) recognized in earnings on assets that are reported at fair value under a fair value option and the estimated net gains (losses) on loans attributable to changes in instrument-specific credit risk. Similarly, the commenter questioned whether the Federal Reserve should collect separate data items on Schedule HI for the net gains (losses) recognized in earnings on liabilities that are reported at fair value under a fair value option and the estimated net gains (losses) on liabilities attributable to changes in the instrument-specific credit risk. The commenter suggested clarifying what changes, other than credit risk, will be reported in net gains (losses) on assets and liabilities reported at fair value under a fair value option that will warrant a separate breakout for

net gains (losses) on loans and liabilities for instrument-specific credit risk. The content of the proposed data items for Schedule HI are the same as those mandated by the disclosure requirements of paragraphs 19(a), (c)(1), and (d)(1) of FAS 159. However, to reduce burden, the Federal Reserve grouped the requirements of paragraph (a) into net gains (losses) recognized in earnings on assets that are reported at fair value under a fair value option and net gains (losses) recognized in earnings on liabilities that are reported at fair value under a fair value option rather than requiring separate breakouts for the amount of gains and losses on fair value option data items for each data item on a BHC's balance sheet as required by paragraph 19(a). Thus, the rationale for collecting the separate breakouts on Schedule HI is the same as FAS 159, to facilitate comparisons between BHCs that adopt the fair value option and those that do not. The Federal Reserve will proceed with the breakouts on Schedule HI as proposed.

The bankers' organization recommended a six-month delay in the effective date of the proposal to collect information on Schedule HC-N on the fair value and unpaid principal balance of loans measured at fair value under a fair value option that are past due or in nonaccrual status and Schedule HC-D on the total fair value and unpaid principal balance of loans ninety days or more past due. The commenter indicated the delay would give BHCs sufficient time to make changes to their systems to capture this information. The Federal Reserve agrees that a delay is advisable and will delay the implementation date of the proposed Schedule HC-N and HC-D data items to the June 30, 2008, report date. However, BHCs have the option of submitting this information effective for the March 31, 2008, report date, if the information is available.

### *3. Other Revisions to Information on Trading Assets and Liabilities*

The Federal Reserve proposed three revisions to Schedule HC-D to enhance the Federal Reserve's ability to assess BHC exposures to market, liquidity, credit, operational, and other risks posed by trading assets and liabilities and to appropriately assess the safety and soundness of BHCs with these exposures and BHCs with significant concentrations in trading assets and liabilities. First, the Federal Reserve proposed to eliminate the single data item for trading assets in foreign offices and revise the schedule to include separate columns for the consolidated bank holding company and for domestic

offices. Second, the Federal Reserve proposed to change the reporting threshold for Schedule HC–D. As proposed, Schedule HC–D will be completed for any quarter when the quarterly average for trading assets in Schedule HC–K, data item 4.a, was \$2 million or more in any of the four preceding quarters. Third, the Federal Reserve proposed to require BHCs with average trading assets of \$1 billion or more in any of the four preceding quarters to provide additional detail on trading assets and liabilities currently included in certain trading asset and liability categories. These BHCs will provide additional breakouts for asset-backed securities by major category, collateralized debt obligations (both synthetic and non-synthetic), retained interests in securitizations, equity securities (both with and without readily determinable fair values), and loans held pending securitization. In addition, these BHCs will be required to provide a description of and report the fair value of any type of trading asset or liability in the Other trading assets and Other trading liabilities categories that is greater than \$25,000 and exceeds 25 percent of the amount reported in that trading category.

One banking organization requested the Federal Reserve reconsider the proposed expansion of information for BHCs with average trading assets of \$1 billion or more due to current systems limitations. The Federal Reserve assessed the systems challenges resulting from other regulatory initiatives at banking organizations with trading assets of \$1 billion or more and determined a delay in the implementation date for these changes is reasonable. The Federal Reserve will delay the implementation date of the proposed expanded information on Schedule HC–D data items to the June 30, 2008, report date. However, BHCs will be allowed the option of submitting this information effective for the March 31, 2008 report date, if the information is available.

#### **Reporting Credit Derivative Data for Risk-Based Capital Purposes**

The Federal Reserve proposed to modify the FR Y–9C instructions for Schedule HC–R to allow the reporting of the credit equivalent amount of credit derivatives subject to the counterparty credit risk charge in data item 54 of the schedule and to extend the existing 100 percent risk weight column in Schedule HC–R to data item 54, Derivative contracts. The Federal Reserve did not receive comments on the proposed changes for credit derivatives in Schedule HC–R. However, upon further

consideration of the reporting of such derivatives in Schedule HC–R, data item 54, the Federal Reserve concluded that extending the 100 percent risk weight column to this data item is not necessary. The instructions will indicate that credit derivatives entered into for trading purposes and subject to the market risk capital guidelines should be reported in data item 54.

#### **Revision of Reporting Threshold for Other Noninterest Income and Other Noninterest Expense**

The Federal Reserve proposed to change the threshold for reporting detailed information on the components of other noninterest income and other noninterest expense as reported on Schedule HI, Memoranda items 6 and 7. Specifically, the Federal Reserve proposed to change the threshold to require BHCs to separately disclose the description and amount of any data item included in Schedule HI, data item 5.1, Other noninterest income that exceeds 3 percent of other noninterest income and any data item included in Schedule HI, data item 7.d, Other noninterest expense that exceeds 3 percent of other noninterest expense.

In addition, the Federal Reserve proposed to add one preprinted caption for other noninterest income and four preprinted captions for other noninterest expense to help BHCs comply with the disclosure requirements. As with the existing preprinted captions for other noninterest income and other noninterest expense, BHCs are only required to use these descriptions and provide the amounts for these components when the amounts included in other noninterest income or other noninterest expense exceed the reporting threshold. The new preprinted other noninterest income caption is bank card/credit card interchange fees. The new preprinted noninterest expense captions are accounting and auditing expenses, consulting and advisory expenses, automated teller machine (ATM) and interchange expenses, and telecommunication expenses.

Two banking organizations and the government agency provided comments on comparable changes proposed to the Call Report. The agency supported the additional preprinted captions. One banking organization indicated the application of the new thresholds to the smaller base of other noninterest income or expense would result in their bank reporting amounts as small as \$1,000 in the other noninterest income disclosures and \$7,500 in the other noninterest expense disclosures. The commenter recommended establishing a

\$50,000 floor to the reporting threshold to eliminate the reporting of de minimis amounts. The Federal Reserve recognizes the merit of this request and will implement modified thresholds to require BHCs to separately disclose the description and amount of any data item in other noninterest income that is greater than \$25,000 and exceeds 3 percent of other noninterest income and any data item included in other noninterest expense that is greater than \$25,000 and exceeds 3 percent of other noninterest expense. The \$25,000 amount is consistent with the threshold floors used on the Call Report for All other assets in Schedule RC–F, Other Assets, and All other liabilities in Schedule RC–G, Other Liabilities.

Another banking organization also commented on these comparable changes to the Call Report that they would have difficulty breaking out expenses incurred for multiple services provided by a third party vendor where separate charges for specific services would be burdensome to identify. The commenter also suggested that a definition of telecommunications expenses be provided. To reduce reporting burden, the Federal Reserve will modify the instructions for Schedule HI, Memoranda item 7, Other noninterest expense, to indicate that BHCs should report expenses that reflect a single charge for grouped or “bundled” services in the data item that most closely describes the predominant type of expense incurred, and that this categorization should be used consistently over time. Regarding the definition of telecommunications expenses, BHCs should include any expenses associated with telephone, cable, and internet services (including web page maintenance).

**2. Report title:** Financial Statements for Nonbank Subsidiaries of U.S. Bank Holding Companies.

**Agency form number:** FR Y–11 and FR Y–11S.

**OMB control number:** 7100–0244.

**Frequency:** Quarterly and annually.

**Reporters:** Bank holding companies (BHCs).

**Annual reporting hours:** FR Y–11 (quarterly): 10,752; FR Y–11 (annual): 1,402; FR Y–11S (annual): 471.

**Estimated average hours per response:** FR Y–11 (quarterly): 6.40; FR Y–11 (annual): 6.40; FR Y–11S (annual): 1.0.

**Number of respondents:** FR Y–11 (quarterly): 420; FR Y–11 (annual): 219; FR Y–11S (annual): 471.

**General description of report:** This information collection is mandatory (12 U.S.C. §§ 1844(c)). Confidential treatment is not routinely given to the data in these reports. However,

confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form, pursuant to sections (b)(4), (b)(6) and (b)(8) of the Freedom of Information Act [5 U.S.C. 522(b)(4), (b)(6) and (b)(8)].

*Abstract:* The FR Y-11 reports collect financial information for individual non-functionally regulated U.S. nonbank subsidiaries of domestic BHCs. BHCs file the FR Y-11 on a quarterly or annual basis according to filing criteria or file the FR Y-11S annually. The FR Y-11 data are used with other BHC data to assess the condition of BHCs that are heavily engaged in nonbanking activities and to monitor the volume, nature, and condition of their nonbanking operations.

*Current Actions:* On November 9, 2007, the Federal Reserve published a notice in the **Federal Register** (72 FR 63580) requesting public comment for sixty days on the extension, with revision, of the Financial Statements for Nonbank Subsidiaries of U.S. Bank Holding Companies. The comment period expired on January 8, 2008. The Federal Reserve did not receive any comment letters. The Federal Reserve will eliminate reporting by subsidiaries that were created for the purposes of issuing trust preferred securities (trust preferred securities subsidiaries) to substantially reduce burden on the industry and, in this regard, make the report consistent with the revision to the other nonbank subsidiary reports, the Financial and Abbreviated Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations (FR 2314/S; OMB No. 7100-0073) and the Financial and Abbreviated Financial Statements of U.S. Nonbank Subsidiaries Held by Foreign Banking Organizations (FR Y-7N/NS; OMB No. 7100-0125). The Federal Reserve will collect: (1) Certain data on the FR Y-11 from all institutions that choose, under generally accepted accounting principles, to apply a fair value option to one or more financial instruments and one or more classes of servicing assets and liabilities and (2) a new data item on the income statement to collect fees and commissions from annuity sales. On the FR Y-11S, the Federal Reserve will add a question to determine whether the subsidiary has adopted a fair value option. Lastly, the Federal Reserve will add clarifying language to the instructions for the reporting of trading revenue and noninterest income from related organizations. All reporting changes will be implemented effective with the March 31, 2008, report date.

3. *Report title:* Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations.

*Agency form number:* FR 2314 and FR 2314S.

*OMB control number:* 7100-0073.

*Frequency:* Quarterly and annually.

*Reporters:* Foreign subsidiaries of U.S. state member banks (SMBs), bank holding companies (BHCs), and Edge or agreement corporations.

*Annual reporting hours:* FR 2314 (quarterly): 5,581; FR 2314 (annual): 1,075; FR 2314S (annual): 272.

*Estimated average hours per response:* FR 2314 (quarterly): 6.40; FR 2314 (annual): 6.40; FR 2314S (annual): 1.0.

*Number of respondents:* FR 2314 (quarterly): 218; FR 2314 (annual): 168; FR 2314S (annual): 272.

*General description of report:* This information collection is mandatory (12 U.S.C. 324, 602, 625, and 1844(c)). Confidential treatment is not routinely given to the data in these reports. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form, pursuant to sections (b)(4), (b)(6) and (b)(8) of the Freedom of Information Act [5 U.S.C. 522(b)(4), (b)(6) and (b)(8)].

*Abstract:* The FR 2314 reports collect financial information for non-functionally regulated direct or indirect foreign subsidiaries of U.S. SMBs, Edge and agreement corporations, and BHCs. Parent organizations (SMBs, Edge and agreement corporations, or BHCs) file the FR 2314 on a quarterly or annual basis according to filing criteria or file the FR 2314S annually. The FR 2314 data are used to identify current and potential problems at the foreign subsidiaries of U.S. parent companies, to monitor the activities of U.S. banking organizations in specific countries, and to develop a better understanding of activities within the industry, in general, and of individual institutions, in particular.

*Current actions:* On November 9, 2007, the Federal Reserve published a notice in the **Federal Register** (72 FR 63580) requesting public comment for sixty days on the extension, with revision, of the Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations. The comment period expired on January 8, 2008. The Federal Reserve did not receive any comment letters. The Federal Reserve will eliminate reporting by subsidiaries that were created for the purposes of issuing trust preferred securities (trust preferred securities subsidiaries) to substantially reduce burden on the industry and, in this regard, make the report consistent with the revision to the other nonbank

subsidiary reports, the Financial and Abbreviated Financial Statements of U.S. Nonbank Subsidiaries of U.S. Bank Holding Companies (FR Y-11/S; OMB No. 7100-0244) and the Financial and Abbreviated Financial Statements of U.S. Nonbank Subsidiaries Held by Foreign Banking Organizations (FR Y-7N/NS; OMB No. 7100-0125). The Federal Reserve will collect: (1) Certain data on the FR 2314 from all institutions that choose, under generally accepted accounting principles, to apply a fair value option to one or more financial instruments and one or more classes of servicing assets and liabilities and (2) a new data item on the income statement to collect fees and commissions from annuity sales. On the FR 2314S, the Federal Reserve will add a question to determine whether the subsidiary has adopted a fair value option. Lastly, the Federal Reserve will add clarifying language to the instructions for the reporting of trading revenue and noninterest income from related organizations. All reporting changes will be implemented effective with the March 31, 2008, report date.

4. *Report title:* Financial Reports of Foreign Banking Organizations.

*Agency form number:* FR Y-7N and FR Y-7NS.

*OMB control number:* 7100-0125.

*Frequency:* Quarterly and annually.

*Reporters:* Foreign banking organizations (FBOs).

*Annual reporting hours:* FR Y-7N (quarterly): 4,889; FR Y-7N (annual): 1,065; FR Y-7NS: 229.

*Estimated average hours per response:* FR Y-7N (quarterly): 6.3; FR Y-7N (annual): 6.3; FR Y-7NS:

*Number of respondents:* FR Y-7N (quarterly): 194; FR Y-7N (annual): 169; FR Y-7NS: 229.

*General description of report:* This information collection is mandatory (12 U.S.C. 1844(c), 3106(c), and 3108). Confidential treatment is not routinely given to the data in these reports. However, confidential treatment for information, in whole or in part, on any of the reporting forms can be requested in accordance with the instructions to the form, pursuant to sections (b)(4) and (b)(6) of the Freedom of Information Act [5 U.S.C. 522(b)(4) and (b)(6)].

*Abstract:* The FR Y-7N and FR Y-7NS collect financial information for non-functionally regulated U.S. nonbank subsidiaries held by FBOs other than through a U.S. bank holding company, U.S. financial holding company, or U.S. bank. FBOs file the FR Y-7N on a quarterly or annual basis or the FR Y-7NS annually based on size thresholds.

*Current actions:* On November 9, 2007, the Federal Reserve published a notice in the **Federal Register** (72 FR 63580) requesting public comment for sixty days on the extension, with revision, of the Financial Reports of Foreign Banking Organizations. The comment period expired on January 8, 2008. The Federal Reserve did not receive any comment letters. The Federal Reserve will eliminate reporting by subsidiaries that were created for the purposes of issuing trust preferred securities (trust preferred securities subsidiaries) on the FR Y-7N/NS to substantially reduce burden on the industry and, in this regard, make the report consistent with the revision to the other nonbank subsidiary reports, the Financial and Abbreviated Financial Statements of U.S. Nonbank Subsidiaries of U.S. Bank Holding Companies (FR Y-11/S; OMB No. 7100-0244) and the Financial and Abbreviated Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations (FR 2314/S; OMB No. 7100-0073). On the FR Y-7N, the Federal Reserve will collect: (1) Certain data from all institutions that choose, under general accounting principles, to apply a fair value option to one or more financial instruments and one or more classes of servicing assets and liabilities and (2) a new data item on the income statement to collect fees and commissions from annuity sales. On the FR Y-7NS, the Federal Reserve will add a question to determine whether the nonbank subsidiary has adopted a fair value option.

The Federal Reserve will make the following changes to make the FR Y-7N consistent with changes made previously to other nonbank subsidiary reports: (1) Add one new equity capital component on the balance sheet for reporting partnership interests and (2) add a new section, Notes to the Financial Statements. The Federal Reserve will also add clarifying language to the instructions for the reporting of trading revenue and noninterest income from related organizations. All reporting changes will be implemented effective with the March 31, 2008, report date.

5. *Report title:* Consolidated Report of Condition and Income for Edge and Agreement Corporations.

*Agency form number:* FR 2886b.

*OMB control number:* 7100-0086.

*Frequency:* Quarterly.

*Reporters:* Edge and agreement corporations.

*Annual reporting hours:* 2,442.

*Estimated average hours per response:* 14.85 banking corporations, 8.65 investment corporations.

*Number of respondents:* 12 banking corporations, 50 investment corporations.

*General description of report:* This information collection is mandatory (12 U.S.C. 602 and 625). Schedules RC-M (except data item 3) and RC-V are held as confidential pursuant to section (b)(4) of the Freedom of Information Act (5 U.S.C. 552(b)(4)).

*Abstract:* The mandatory FR 2886b comprises a balance sheet, income statement, two schedules reconciling changes in capital and reserve accounts, and ten supporting schedules, and it parallels the Consolidated Reports of Condition and Income (Call Report) (FFIEC 031 and FFIEC 041; OMB No. 7100-0036) that commercial banks file. The Federal Reserve uses the data collected on the FR 2886b to supervise Edge corporations, identify present and potential problems, and monitor and develop a better understanding of activities within the industry.

*Current actions:* On November 9, 2007, the Federal Reserve published a notice in the **Federal Register** (72 FR 63580) requesting public comment for sixty days on the extension, with revision, of the Consolidated Report of Condition and Income for Edge and Agreement Corporations. The comment period expired on January 8, 2008. The Federal Reserve did not receive any comment letters. The Federal Reserve will collect certain data from all organizations that choose, under generally accepted accounting principles, to apply a fair value option to one or more financial instruments and one or more classes of servicing assets and liabilities. The Federal Reserve will revise the instructions for information collected on restructured loans and leases consistent with proposed changes to the Call Report. All reporting changes will be implemented effective with the March 31, 2008, report date.

*Final approval under OMB delegated authority of the extension for three years, without revision, of the following reports:*

1. *Report title:* Financial Statements for Bank Holding Companies.

*Agency form number:* FR Y-9ES and FR Y-9CS.

*OMB control number:* 7100-0128.

*Frequency:* Quarterly and annually.

*Reporters:* Bank holding companies (BHCs).

*Annual reporting hours:* FR Y-9ES: 48; FR Y-9CS: 400.

*Estimated average hours per response:* FR Y-9ES: 30 minutes; FR Y-9CS: 30 minutes.

*Number of respondents:* FR Y-9ES: 96; FR Y-9CS: 200.

*General description of report:* This information collection is mandatory (12 U.S.C. 1844(c)). Confidential treatment is not routinely given to the data in these reports. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form, pursuant to sections (b)(4), (b)(6) and (b)(8) of the Freedom of Information Act (5 U.S.C. 522(b)(4), (b)(6) and (b)(8)).

*Abstract:* The FR Y-9ES collects financial information from employee stock ownership plans that are also BHCs on their benefit plan activities. It consists of four schedules: Statement of Changes in Net Assets Available for Benefits, Statement of Net Assets Available for Benefits, Memoranda, and Notes to the Financial Statements. The FR Y-9CS is a supplemental report that may be utilized to collect additional information deemed to be critical and needed in an expedited manner from BHCs. The items of information included on the supplement may change as needed.

*Current actions:* On November 9, 2007, the Federal Reserve published a notice in the **Federal Register** (72 FR 63580) requesting public comment for sixty days on the extension, without revision, of the FR Y-9ES and FR Y-9CS. The comment period expired on January 8, 2008. The Federal Reserve did not receive any comment letters.

2. *Report title:* Financial Reports of Foreign Banking Organizations.

*Agency form number:* FR Y-7Q.

*OMB control number:* 7100-0125.

*Frequency:* Quarterly and annually.

*Reporters:* Foreign banking organizations (FBOs).

*Annual reporting hours:* FR Y-7Q (quarterly): 325; FR Y-7Q (annual): 118.

*Estimated average hours per response:* FR Y-7Q (quarterly): 1.25; FR Y-7Q (annual): 1.0.

*Number of respondents:* FR Y-7Q (quarterly): 65; FR Y-7Q (annual): 118.

*General description of report:* This information collection is mandatory (12 U.S.C. 1844(c), 3106(c), and 3108). Confidential treatment is not routinely given to the data in these reports.

However, confidential treatment for information, in whole or in part, on any of the reporting forms can be requested in accordance with the instructions to the form, pursuant to sections (b)(4) and (b)(6) of the Freedom of Information Act [5 U.S.C. §§ 522(b)(4) and (b)(6)].

*Abstract:* The FR Y-7Q collects consolidated regulatory capital information from all FBOs either quarterly or annually. FBOs that have effectively elected to become financial holding companies (FHCs) file the FR

Y-7Q on a quarterly basis. All other FBOs (those that have not elected to become FHCs) file the FR Y-7Q annually.

*Current actions:* On November 9, 2007, the Federal Reserve published a notice in the **Federal Register** (72 FR 63580) requesting public comment for sixty days on the extension, without revision, of the FR Y-7Q. The comment period expired on January 8, 2008. The Federal Reserve did not receive any comment letters.

Board of Governors of the Federal Reserve System, February 21, 2008.

**Jennifer J. Johnson,**

*Secretary of the Board.*

[FR Doc. E8-3646 Filed 2-26-08; 8:45 am]

**BILLING CODE 6210-01-P**

## FEDERAL RESERVE SYSTEM

### Change in Bank Control Notices; Acquisition of Shares of Bank or Bank Holding Companies

The notificants listed below have applied under the Change in Bank Control Act (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire a bank or bank holding company. The factors that are considered in acting on the notices are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The notices are available for immediate inspection at the Federal Reserve Bank indicated. The notices also will be available for inspection at the office of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank indicated for that notice or to the offices of the Board of Governors. Comments must be received not later than March 12, 2008.

**A. Federal Reserve Bank of Kansas City** (Todd Offenbacher, Assistant Vice President) 925 Grand Avenue, Kansas City, Missouri 64198-0001:

1. *Keela Terry*, Weatherford, Oklahoma; as a member of the Harrel family group, to acquire voting shares of Western Oklahoma Bancshares, Inc., and thereby indirectly acquire voting shares of Bank of Western Oklahoma, both in Elk City, Oklahoma.

Board of Governors of the Federal Reserve System, February 21, 2008.

**Robert deV. Frierson,**

*Deputy Secretary of the Board.*

[FR Doc. E8-3636 Filed 2-26-08; 8:45 am]

**BILLING CODE 6210-01-S**

## FEDERAL RESERVE SYSTEM

### Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR Part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. The applications also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act (12 U.S.C. 1843). Unless otherwise noted, nonbanking activities will be conducted throughout the United States. Additional information on all bank holding companies may be obtained from the National Information Center website at [www.ffiec.gov/nic/](http://www.ffiec.gov/nic/).

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than March 21, 2008.

**A. Federal Reserve Bank of Chicago** (Burl Thornton, Assistant Vice President) 230 South LaSalle Street, Chicago, Illinois 60690-1414:

1. *Community State Bank Employee Stock Ownership Plan and Trust*; to acquire additional voting shares, for a total of 40 percent of the voting shares of Union Bancorporation, Inc., and thereby indirectly acquire additional voting shares of Community State Bank, all of Union Grove, Wisconsin.

**B. Federal Reserve Bank of Dallas** (W. Arthur Tribble, Vice President) 2200 North Pearl Street, Dallas, Texas 75201-2272:

1. *FBS Financial, Inc.*, Houston, Texas; to become a bank holding company by acquiring 100 percent of the voting shares of Snook Bancshares, Inc., and thereby indirectly acquire

voting shares of First Bank of Snook, both of Snook, Texas.

Board of Governors of the Federal Reserve System, February 21, 2008.

**Robert deV. Frierson,**

*Deputy Secretary of the Board.*

[FR Doc. E8-3635 Filed 2-26-08; 8:45 am]

**BILLING CODE 6210-01-S**

## FEDERAL RESERVE SYSTEM

### Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR Part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. The applications also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act (12 U.S.C. 1843). Unless otherwise noted, nonbanking activities will be conducted throughout the United States. Additional information on all bank holding companies may be obtained from the National Information Center website at [www.ffiec.gov/nic/](http://www.ffiec.gov/nic/).

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than March 21, 2008.

**A. Federal Reserve Bank of Kansas City** (Todd Offenbacher, Assistant Vice President) 925 Grand Avenue, Kansas City, Missouri 64198-0001:

1. *International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers*; to acquire additional shares, for a total of up to 47.5 percent of Brotherhood Bancshares, Inc., and thereby indirectly acquire voting shares of Brotherhood