

**Supporting Statement for  
Report of Changes in Organizational Structure; Supplement to the Report of Changes in  
Organizational Structure; Annual Report of Bank Holding Companies; and  
Annual Report of Foreign Banking Organizations  
(FR Y-10, FR Y-10E, FR Y-6, and FR Y-7; OMB No. 7100-0297)**

**Summary**

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB) proposes to extend for three years, with revision, the following mandatory information collections (OMB No. 7100-0297):

- Report of Changes in Organizational Structure (FR Y-10),
- Annual Report of Bank Holding Companies (FR Y-6), and
- Annual Report of Foreign Banking Organizations (FR Y-7).

This family of reports also contains the following mandatory report, which is being extended without revision:

- Supplement to the Report of Changes in Organizational Structure (FR Y-10E).

The FR Y-10 is an event-generated information collection submitted by foreign banking organizations (FBOs); top-tier bank holding companies (BHCs); state member banks unaffiliated with a BHC; Edge and agreement corporations that are not controlled by a member bank, a domestic BHC, or a FBO; and nationally chartered banks that are not controlled by a BHC (with regard to their foreign investments only), to capture changes in their regulated investments and activities. The Federal Reserve uses the data to monitor structure information on subsidiaries and regulated investments of these entities engaged in banking and nonbanking activities. The FR Y-10E is a free-form supplement that may be used to collect additional structural information deemed to be critical and needed in an expedited manner.

The FR Y-6 is an annual information collection submitted by top-tier BHCs and nonqualifying FBOs. It collects financial data, an organization chart, verification of domestic branch data, and information about shareholders. The Federal Reserve uses the data to monitor holding company operations and determine holding company compliance with the provisions of the Bank Holding Company Act (BHC Act) and Regulation Y (12 CFR 225).

The FR Y-7 is an annual information collection submitted by qualifying FBOs to update their financial and organizational information with the Federal Reserve. The FR Y-7 collects financial, organizational, and managerial information. The Federal Reserve uses information to assess an FBO's ability to be a continuing source of strength to its U.S. operations and to determine compliance with U.S. laws and regulations.

The Federal Reserve proposes to revise the FR Y-10 reporting forms and instructions by (1) adding the state and country of incorporation, (2) adding a new business organization type for limited liability limited partnership, (3) adding a check box to report whether ownership is in the form of a general partner or limited partner, (4) adding event types to the 4(k) schedule, (5)

requiring the reporting of the representative office when there are no other reportable offices in the United States, and (6) incorporating several instructional clarifications.

The Federal Reserve proposes to revise the FR Y-6 reporting instructions by (1) clarifying the language regarding confidentiality of the reporter's submission, (2) revising the organizational chart to include information on physical address, state and country of incorporation, and general and limited partners, (3) adding the rounding definition from the FR Y-10 to ensure the reporting of percentage ownership is consistent across all structure reporting forms, (4) modifying the language for securities holders to include persons working in concert, including families, and (5) revising the insiders information to include options, warrants, or other securities as reportable voting securities and to include families in the definition of a principal securities holder.

The Federal Reserve proposes to revise the FR Y-7 reporting form and instructions by (1) clarifying the language regarding confidentiality of the reporter's submission, (2) revising the organizational chart to include information on physical address and general and limited partners, (3) adding a box to the report form to indicate whether the Annual Report to Shareholders is included in the submission of the FR Y-7, (4) requiring the reporting of the representative office when there are no other reportable offices in the United States, and (5) providing confidential treatment for street addresses of securities holders who are individuals.

The proposed changes to the FR Y-6 and FR Y-7 reporting form and instructions would be effective December 31, 2011, with the exception of reporting state and country of incorporation for each entity provided in the FR Y-6 organization chart. The Federal Reserve will delay the implementation of this requirement until fiscal years beginning December 31, 2012. In addition, the Federal Reserve will delay the implementation of the requirement to provide the country of incorporation for each entity provided in organization chart on the FR Y-7, until fiscal years beginning December 31, 2012.

The proposed changes to the FR Y-10 reporting form and instructions would be effective January 1, 2012. The current annual reporting burden for the structure report forms and instructions is estimated to be 41,605 hours. The proposed revisions would result in a net increase in burden of 5,146 hours.

## **Background and Justification**

### **FR Y-10**

The Changes in Investments and Activities of Top-Tier Financial Holding Companies, Bank Holding Companies, and State Member Banks (FR Y-6A; OMB No. 7100-0124) was created in 1985 to capture structure information for new BHCs or BHCs that had undergone a change in their structure. In April 2000, the Federal Reserve revised the FR Y-6A to collect information on changes in investments and activities related to the Gramm-Leach-Bliley Act of 1999 (GLB Act) from FHCs and unaffiliated state member banks. In September 2001, the Federal Reserve replaced the FR Y-6A with the FR Y-10 to reduce the burden and costs associated with submitting this information. This revision made the submission of structure

information by domestic and foreign banking organizations more similar, increased the thresholds for investments to be included, reduced the types of investments to be included, streamlined the method for indicating the percentage ownership of nonbanking investments, and simplified the submission of legal authority and activity codes. Finally, the submission of certain information on the structure of foreign investments was moved from the Report of Changes in Foreign Investments (Made Pursuant to Regulation K) (FR 2064; OMB No. 7100-0109) to the FR Y-10, and the FR 2064 was changed to a recordkeeping requirement.

In 2004, the Federal Reserve revised the FR Y-10 reporting forms and instructions in an effort to reduce respondent burden. The revisions to the reporting forms consisted primarily of reorganizing data items into separate schedules for banking and nonbanking investments. In addition, the Federal Reserve replaced FRS activity codes with the North American Industrial Classification System (NAICS) codes. In 2007, the Federal Reserve combined the FR Y-10 with the Report of Changes in FBO Organizational Structure (FR Y-10F), the Supplement to the Report of Changes in Organizational Structure (FR Y-10S), and the Notification of Foreign Branch Status (FR 2058) to streamline the reporting of organizational structure data. In April 2008, the Federal Reserve implemented a new schedule on the FR Y-10 to collect data on domestic branches of depository institutions and Edge and agreement corporations. Later in 2008, the Federal Reserve revised the FR Y-10 reporting forms and instructions by adding an item to collect the tax identification number (Tax ID) to the Banking and Nonbanking Schedules.

The Federal Reserve System uses this information to monitor the activities of reportable companies to ensure that the activities are conducted in a safe and sound manner. The FR Y-10 data provide the Federal Reserve with information integral to monitoring compliance with the BHC Act, the GLB Act, the Federal Reserve Act (FRA), Regulation Y, and Regulation K. Additionally, the FR Y-10 is the only source of information collected by a banking agency that captures detailed information on the structure of the banking organizations described in the Respondent Panel section below. This information is not available from other sources.

### **FR Y-10E**

The Federal Reserve implemented the FR Y-10E, effective June 30, 2007, to create a free-form supplement to the FR Y-10 so that, should there be an immediate need for critical organizational structural information, the necessary data could be collected on this supplement at the earliest practicable date. This supplement may only be used to meet new legislative requirements, answer Congressional inquiries, or respond to critical market events that could not be addressed in a timely manner if the Federal Reserve were required to seek approval through the reports clearance process.

### **FR Y-6**

Section 5(c) of the BHC Act authorizes the Federal Reserve to require BHCs to keep the Federal Reserve informed, in part, of their financial condition, risk management systems, and transactions with bank subsidiaries. Annual reports have been collected in some form since the implementation of the Bank Holding Company Act of 1956. In 1976, the FR Y-6 was revised to eliminate certain information no longer required and to redefine the types of financial and

structural information for regulatory purposes. In 1985, the Annual Report of Domestic Bank Holding Companies (FR Y-6) was restructured to collect only financial information.

Data from the FR Y-6 enable the Federal Reserve to monitor holding company operations, ensure that operations are conducted in a safe and sound manner, and determine holding company compliance with the provisions of the BHC Act and Regulation Y. The data collected about shareholders, directors, officers and others provide valuable information, which is used for supervisory purposes in various ways. For example, data on outside business interests of directors and officers aid in identifying chain banking organizations by indicating when an individual owns 25 percent or more of each of two or more banking organizations. In addition, information on the principal owners and directors is of supervisory importance since these individuals have a significant effect on the policies and condition of banking organizations. Furthermore, information on the outside business interests of insiders can be useful in uncovering situations that involve a conflict of interest or preferential treatment in the granting of credit. Finally, information on ownership helps the Federal Reserve monitor compliance with the Change in Bank Control Act. In December 2007, the Federal Reserve added a requirement for institutions to verify a list of domestic branches for each depository institution and Edge or agreement corporation in the organization. In 2008, the Federal Reserve added a certification requirement to the FR Y-6 reporting forms related to information regarding individuals contained in the submission. A number of BHCs are not inspected annually. Therefore, annual submission of this information in the FR Y-6 is essential for supervisory purposes because it provides information between BHC inspections. The timely collection of these data in a supervisory report enhances the Federal Reserve's efforts to monitor BHC activities.

The FR Y-6 data are available to other federal banking agencies for use in their supervision of national and state nonmember banks. In addition, the FR Y-6 serves as a source of information on BHCs for the public and for responses to information requests from Congress. This information is not available from other sources.

### **FR Y-7**

The Federal Reserve implemented the FR Y-7 in January 1972 and required only foreign banks that controlled U.S. subsidiary banks to file. With the enactment of the International Banking Act of 1978 (IBA), the Congress established a framework for federal regulation of foreign banks operating in U.S. financial markets. Section 7 of the IBA authorizes the Federal Reserve to examine U.S. branches, agencies, and subsidiary commercial lending companies of foreign banks and to assess the condition of the multi-state banking operations of foreign banks. Section 8(a) of the IBA states that foreign banks that engage in banking in the United States through a U.S. branch, agency or subsidiary commercial lending company and companies that control such foreign banks are subject to the provisions of the BHC Act, as amended.

Given these statutory responsibilities, the Federal Reserve issued two policy statements<sup>1</sup> on the supervision of FBOs that control a U.S. subsidiary bank. They stated that the Federal Reserve needed full financial information on foreign parent organizations to assess the foreign parent's ability to continue to serve as a source of strength for their U.S. operations. In 1980, as

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<sup>1</sup> These policy statements were dated February 23, 1979, and July 20, 1979.

part of its implementation of those policy statements, the Federal Reserve issued a revised FR Y-7 reporting form setting forth annual reporting requirements for FBOs engaged in banking in the United States. In 2008, the Federal Reserve added a certification requirement to the FR Y-7 reporting forms related to information regarding individuals contained in the submission.

The Federal Reserve System uses information collected on this reporting form to assess a FBO's ability to be a continuing source of strength to its U.S. operations, to determine eligibility as a Qualifying Foreign Banking Organization, and to determine compliance with U.S. laws and regulations. This information is not available from other sources.

### **Description of Information Collection**

The FR Y-10 comprises seven schedules for collecting data on organizational structural changes for the reportable companies listed in the respondent panel section. The Banking Schedule collects information on a banking organization and its directly or indirectly held interests in a BHC, bank organized under U.S. law, or FBO. The Nonbanking Schedule collects information about a banking organization's directly or indirectly held interests in a nonbanking company. The Merger Schedule collects information on the survivors and nonsurvivors of mergers involving any reportable company. The 4(k) Schedule collects post-transaction notices for activities, formations, and acquisitions of companies and for large merchant banking and insurance company investments authorized under Section 4(k) of the BHC Act. The Branch, Agency, and Representative Office (BARO) of FBOs Schedule collects structure information on U.S. branches, agencies, representative offices, and non-U.S. managed branches of FBOs. The Foreign Branches of U.S. Banking Organizations Schedule collects structure information on foreign branches of U.S. banking organizations. The Domestic Branch Schedule collects structure information on domestic branches and offices of depository institutions held directly or indirectly by a top-tier BHC and domestic branches of state member banks or banking Edge or agreement corporations that are not affiliated with a BHC.

The FR Y-10E supplement collects additional structural information deemed to be critical and needed in an expedited manner. This supplement may only be used to meet new legislative requirements, answer Congressional inquiries, or respond to critical market events that could not be addressed in a timely manner if the Federal Reserve were required to seek approval through the reports clearance process. The Federal Reserve will use this supplement infrequently and only when there is not sufficient time. Subsequent to the implementation of this supplement, if the data were needed on a permanent basis, the Federal Reserve would complete the report clearance process, including a request for public comment.

The annual FR Y-6 is submitted by top-tier BHCs and nonqualifying FBOs and contains the requirement that BHCs not registered with the SEC submit, if one is created, their annual report to shareholders. The FR Y-6 also requires the submission of an organizational chart, verification of domestic branch data, and collection of information on the identity, percentage ownership, and business interests of principal shareholders, directors, and executive officers.

The annual FR Y-7 is submitted by qualifying FBOs that are directly or indirectly engaged in the business of banking in the United States as of the end of the respondent's fiscal year.<sup>2</sup> The FR Y-7 collects financial, organizational, and managerial information.

## **Proposed Revisions to the FR Y-10**

### *Banking and Nonbanking Schedules*

**State and Country of Incorporation.** The Federal Reserve proposes to add "State and Country of Incorporation" to item 3.a. In addition, the Federal Reserve proposes to add "If Relocation or Correction, Prior State and Country of Incorporation" in item 3.b. For items 3.a and 3.b., the Federal Reserve proposes that foreign respondent should report only country of incorporation. These revisions are necessary to provide more consistent data on physical location versus the state and country of incorporation. Both types of information are needed for supervisory and analysis purposes, including which structure reports need to be filed and which Reserve Bank would be responsible for regulating many of the respondents.

**Limited Liability Limited Partnership.** The Federal Reserve proposes to add a checkbox for limited liability limited partnership to item 10, Business Organization Type. Currently, reporters check "Other" for this new business organization type. Since there are specific codes on the FR Y-10 reporting form for other business organizations such as Limited Liability Company and General Partner, the Federal Reserve believes this new organization type should also be added to the form.

**General and Limited Partnership Ownership.** The Federal Reserve proposes to add item 13.d. and item 13.c. to the Banking and Nonbanking Schedules, respectively. In these items, the reporter would provide additional information for limited companies reported in item 10 on the type of ownership interest the direct holder has in the reportable company. The reporter would check either "General Partner/Managing Member" or "Limited Partner/Non-Managing Member."

### *4(k) Schedule*

**Event Type (item 1.a).** In response to comments from respondents, the Federal Reserve proposes to add the following event types for large merchant banking or insurance company investments: initial investment, divestitures, no longer reportable, and name changes. Data item 1 for the large merchant banking or insurance company investment section would be renumbered to data item 1.b.

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<sup>2</sup>Under the International Banking Act of 1978, banks organized under the laws of Puerto Rico and other American possessions are generally not required to file the FR Y-7. Such banks are insured by the FDIC and examined by U.S. supervisory agencies. Also, FBOs that are BHCs or that have a U.S. BHC subsidiary are required to report on the FR Y-6 all interests held through the top-tier U.S. BHC.

## *BARO Schedule*

**Parent of Representative Offices.** The Federal Reserve proposes to revise the BARO schedule to include the parent of the representative office when there are no other reportable offices in the United States. Based on Regulation K, Section 211.2 (g), having only a representative office in the United States does not constitute “engaged in business” in the United States. Therefore, currently a foreign bank subsidiary of an FBO whose only presence in the United States is through a representative office is not reportable on the FR Y-7 and FR Y-10. The Federal Reserve has a need for respondents to directly provide the relationship between an FBO and a foreign bank whose only presence in the United States is through a representative office on the FR Y-7 organization chart (item 2.a) and the FR Y-10. The Federal Reserve is responsible for approving representative offices to operate in the United States and the Federal Reserve also examines these offices.

**Event Type (item 1.a).** The Federal Reserve proposes to revise item 1.a on the BARO Schedule by changing “check one only” to “check all that apply.” This revision would require respondents to check all of the types of events that have occurred in their organizational structure since it is possible to have more than one event occurring at the same time.

## *Instructions*

The proposed instructions for the FR Y-10 would be revised and clarified to conform with the proposed changes to the reporting form. In addition, the Federal Reserve proposes several other revisions to the report form instructions.

On the Banking, Nonbanking, and 4(k) Schedules, the Federal Reserve proposes to remove Appendix B – North American Industry Classification System (NAICS) Activity Codes and add the URL to the U.S. Census Bureau’s website where reporters may retrieve current NAICS Activity Codes. Many of the NAICS codes currently listed in Appendix B are out of date. The Federal Reserve believes that adding the URL will provide reporters with relevant codes at all times. The Federal Reserve would retain a modified version of the table mapping the financial-in-nature activities of the old Federal Reserve alphanumeric codes to the corresponding NAICS codes and rename it - Appendix B. A footnote would be added to clarify that the Federal Reserve converted from alphanumeric activity codes to NAICS codes in 2004.

On the Nonbanking Schedule, the Federal Reserve proposes to clarify the FR Y-10 instructions to indicate that a company that holds only foreclosed properties should not be reported. However, a company that holds a mixture of foreclosed properties and non-performing loans that are not yet in default should be reported. In addition, the Federal Reserve proposes to add a definition of a nonfinancial company in the FR Y-10 glossary.

## **Proposed Revisions to the FR Y-6 and FR Y-7**

### *Confidentiality*

The Federal Reserve proposes changes to the confidentiality of a reporter's submission of individual information. Specifically, the Federal Reserve proposes to reword the following statement, which appears in the instructions for both the FR Y-6 and the FR Y-7: "The submission of information on individuals can raise privacy concerns, including in those instances in which the Reporter provides more information may be subject to withholding from public disclosure under the Freedom of Information Act ('FOIA'), 5 U.S.C. § 552." to "The submission of information on individuals can raise privacy concerns, especially when reporters provide more details on individuals than is required to be submitted."

In addition, the Federal Reserve proposes to remove the following language, contained in the fifth full paragraph under "Confidentiality" of the Instructions to the FR Y-6: "Reporters are further advised, with respect to item 4, that the Federal Reserve typically grants confidential treatment to information regarding insiders' position, title, and securities holdings in companies unrelated to the Reporter, unless such information is otherwise publicly available." Eliminating this language will help to clarify that the burden of proof for establishing confidentiality of the information is on the Reporter and will encourage Reporters to comply with the Report's requirements that they file a statement of reasons in support of any request for confidential treatment. Also, the Federal Reserve proposes to add the following language to this paragraph to both the FR Y-6 and FR Y-7 instructions: "Therefore, it is incumbent on Reporters to make a formal, substantiated request for confidential treatment of any portion of the report that they believe should be kept confidential, and that includes (but is not limited to) information on holders of voting securities."

### *Organizational Chart*

**Physical Location and State and Country of Incorporation.** The Federal Reserve proposes to change legal address to physical address on the FR Y-6 and FR Y-7. Also, the Federal Reserve proposes to add state and country of incorporation to the FR Y-6. These revisions are necessary to provide more consistent data on physical location versus state and country of incorporation. Both types of information are needed for supervision, compliance, and analytical purposes, including which structure reports need to be filed and which Reserve Bank would be responsible for regulating many of the respondents.

**General and Limited Partnerships.** The Federal Reserve proposes to include language in the organizational chart section of the instructions to clarify what the percentage of ownership represents for partnerships and limited liability companies. This change would ensure more consistency in the data reported.



## **Proposed Revisions to the FR Y-6 Only**

**Rounding Definition.** The Federal Reserve proposes adding the rounding definition from the FR Y-10 to ensure the reporting of percentage ownership is consistent across all structure reporting forms.

**Securities Holders.** The Federal Reserve proposes revising item 3 to include persons working in concert, including families. This revision is necessary to ensure consistency in reporting these data and to clarify for all respondents that family trusts should be reported.

**Insiders.** The Federal Reserve proposes to reorder the text to revise item 4 to emphasize that insiders must be of the BHC. The respondents find the item 4 ambiguous since it does not explicitly state that this item pertains to only insiders of the BHC. In addition, the Federal Reserve proposes to revise the item 4 instructions to include options, warrants, or other securities as reportable voting securities. These revisions would maintain consistency of options, warrant, and other voting securities across FR Y-6 reporting items and provide better guidance to respondents. The definition of a principal securities holder in item 4 would also be revised to include families.

## **Proposed Revisions to the FR Y-7 Only**

**Cover Page and Instructions for Annual Report to Shareholders.** The Federal Reserve proposes to revise item 1.b to require a reporter to indicate the status of the annual report to shareholders by checking one of the following boxes: 1) included with the FR Y-7 report, 2) will be sent under separate cover, or 3) is not prepared. This revision is necessary in order to be consistent with the FR Y-6's treatment of the Annual Report to Shareholders. The Federal Reserve also proposes to revise item 1.b to require a reporter to submit one copy of the most recent annual report prepared for shareholders for each Foreign Banking Organization being reported.

**Parent of Representative Offices.** As mentioned under the proposed changes to the FR Y-10, the Federal Reserve proposes that respondents provide the relationship between an FBO and a foreign bank whose only presence in the United States is through a representative office on the FR Y-7 organization chart (item 2.a). The Federal Reserve is responsible for approving and examining representative offices.

**Street Addresses of Securities Holders.** The Federal Reserve proposes to add a provision to the Section C. Confidentiality of the FR Y-7 instructions indicating that the street address of any securities holder who is an individual (natural person) will be treated as confidential, regardless of whether a request for confidential treatment of such information is made by the Reporter. In recent years, the FR Y-6 has been modified to minimize the likelihood that it would elicit the personal home addresses of individuals, since such information, when combined with other information on individuals, can be used for illicit purposes. This portion of the FR Y-7 has not been modified because this often is the only source of information on the personal home addresses of principal securities holders and having the information is important

for supervisory enforcement purposes. Providing blanket confidential treatment for this detail will help protect the personal privacy interest while enabling the Federal Reserve to continue gathering the information for legitimate enforcement purposes.

### **Respondent Panel**

The current FR Y-10 and FR Y-10E panel comprises FBOs; top-tier BHCs; state member banks that are not controlled by a BHC; Edge and agreement corporations that are not controlled by a member bank, a domestic BHC, or a FBO; and nationally chartered banks that are not controlled by a BHC (with regard to their foreign investments only). The FR Y-6 panel comprises top-tier BHCs and nonqualifying FBOs. The FR Y-7 panel comprises all qualifying FBOs that engage in banking in the United States, either directly or indirectly.

### **Time Schedule for Information Collection and Publication**

The current FR Y-10 is event-generated, and the data are submitted within 30 calendar days of a reportable transaction or event. Individual respondent data are available to the public upon request through the appropriate Reserve Bank. Under certain circumstances, however, respondents may request confidential treatment. Limited data from the FR Y-10 are published on the NIC website. The FR Y-10E is event-generated and the data are submitted on an ad-hoc basis as needed.

The FR Y-6 is submitted annually, no later than 90 calendar days after the end of the BHC's or nonqualifying FBO's fiscal year. Individual respondent data are available to the public upon request through the appropriate Reserve Bank. Under certain circumstances, however, respondents may request confidential treatment. Data from the FR Y-6 are not published.

All qualifying FBOs file the FR Y-7 annually as of the end of the FBO's fiscal year; the data are due no later than four months after the report date. Data from these reporting forms are not published, but nonconfidential data would be available to the public upon request.

### **Legal Status**

The Federal Reserve Board's Legal Division has determined that the following statutes authorize the Federal Reserve to require the collections of information:

**FR Y-10 and FR Y-10E:** Sections 4(k) and 5(c)(1)(A) of the Bank Holding Company Act (BHC Act) (12 U.S.C. 1843(k), 1844(c)(1)(A)); Section 8(a) of the International Banking Act (IBA) (12 U.S.C. 3106(a)); Sections 11(a)(1), 25(7), and 25A of the Federal Reserve Act (12 U.S.C. 248(a)(1), 321, 601, 602, 611a, 615, and 625; as implemented by Section 211.13(c) of the Federal Reserve Board's Regulation K (12 CFR 211.13(c)) and Sections 225.5(b) and 225.87 of the Federal Reserve Board's Regulation Y (12 CFR 225.5(b) and 225.87).

**FR Y-6:** Section 5(c)(1)(A) of the BHC Act (12 U.S.C. 1844(c)(1)(A)); Sections 8(a) and 13(a) of the IBA (12 U.S.C. 3106(a) and 3108(a)); Sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. 248(a)(1), 602, and 611a); as implemented by Section 211.13(c) of Regulation K (12 CFR 211.13(c)); and Section 225.5(b) of Regulation Y (12 CFR 225.5(b)).

**FR Y-7:** Sections 8(a) and 13(a) of the IBA (12 U.S.C. 3106(a) and 3108(a)).

The Federal Reserve Board's Legal Division also previously determined that the data collected in the FR Y-10, FR Y-10E, FR Y-6, and FR Y-7 are not considered confidential. However, a company may request confidential treatment pursuant to sections (b)(4) and (b)(6) of the FOIA (5 U.S.C. 522(b)(4) and (b)(6)). Section (b)(4) provides exemption for trade secrets and commercial or financial information obtained from a person as privileged or confidential. Section (b)(6) provides exemption for personnel and medical files and similar files the disclosure of which will constitute a clearly unwarranted invasion of personal privacy.

### **Estimate of Respondent Burden**

As shown in the following table, the current annual reporting burden for the structure report forms and instructions is estimated to be 41,605 hours. The proposed revisions would result in a net increase in burden of 5,146 hours. The Federal Reserve estimates that most of the proposed revisions to the FR Y-10 (except for the state and country of incorporation) would apply only to a small subset of the respondents. For these respondents the average hours per response would increase by an hour. However, on average, across all respondents the hourly estimate would increase only 30 minutes. The Federal Reserve believes that the changes to the FR Y-6, on average across all respondents, would not significantly affect the burden estimate. The Federal Reserve also estimates that the proposed revisions to the FR Y-7 would increase the estimated average hours per response by 15 minutes, which is primarily attributable to the proposed revision to the organizational chart to include information on physical address, state and country of incorporation, and general and limited partnerships. The FR Y-10E is not being revised and therefore, there is no change in burden. The estimated proposed annual burden for all these reporting forms is 1 percent of the total Federal Reserve System paperwork burden.

	<i>Number of respondents</i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<i>Current</i>				
FR Y-10	3,400	3	1.25	12,750
FR Y-10E	3,400	1	.50	1,700
FR Y-6	5,049	1	5.25	26,507
FR Y-7	185	1	3.50	<u>648</u>
<i>Total</i>				41,605
<i>Proposed</i>				
FR Y-10	3,400	3	1.75	17,850
FR Y-10E	3,400	1	.50	1,700
FR Y-6	5,049	1	5.25	26,507
FR Y-7	185	1	3.75	<u>694</u>
<i>Total change</i>				46,751 5,146

Based on the proposed revisions, the total cost to the public is estimated to increase from \$1,774,453 to \$1,993,930.<sup>3</sup>

### **Estimate of Cost to the Federal Reserve System**

Based on the proposed revisions the cost to the Federal Reserve System for collecting and processing these reports are estimated to increase from \$2,337,130 to \$2,362,850 per year. The one-time costs to implement the revised reports are estimated to be \$149,920.

### **Consultation Outside the Agency**

On August 11, 2011, the Federal Reserve published a notice in the *Federal Register* (76 FR 49769) requesting public comment for 60 days on the revision, with extension, of the FR Y-10, FR Y-7, and FR Y-6. The comment period for this notice expired on October 11, 2011. The Federal Reserve received two comment letters on the proposed revisions to the FR Y-10 and the FR Y-6: one from a bankers' organization and one from a BHC. On November 21, 2011, the Federal Reserve published a final notice in the *Federal Register* (76 FR 71975) on the FR Y-10, FR Y-7, and FR Y-6, including a more detailed discussion of the comments received.

<sup>3</sup> Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Office & Administrative Support @ \$16, 45% Financial Managers @ \$49, 15% Legal Counsel @ \$54, and 10% Chief Executives @ \$77). Hourly rate for each occupational group are the median hourly wages (rounded up) from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2009, [www.bls.gov/news.release/ocwage.nr0.htm](http://www.bls.gov/news.release/ocwage.nr0.htm) Occupations are defined using the BLS Occupational Classification System, [www.bls.gov/soc/](http://www.bls.gov/soc/)

## ***Public Comments***

The Federal Reserve received two comment letters on the proposed revisions to the FR Y-10 and the FR Y-6. Both commenters expressed concerns about the proposed revisions to the large merchant banking or insurance company (LMBI) section of the FR Y-10 4(k) Schedule. Both commenters stated that the proposed revision to require reporting of changes in the ownership and assets of LMBIs would be burdensome and requested that these revisions not be made. In addition, a commenter asked the Federal Reserve to add a selection for “No Longer Reportable” to the LMBI section of the 4 (k) Schedule.

One commenter stated that reporting state of incorporation on the Banking and Nonbanking Schedules would be burdensome with respect to non-U.S. entities. One commenter suggested that self-regulatory bodies, such as the Financial Industry Regulatory Authority (FINRA) and National Futures Association (NFA), be added to the list of functional regulators on the Nonbanking Schedule.

A bankers’ organization made several comments with regard to the instructional revision requiring that certain entities organized to hold other real estate owned properties be reported on the FR Y-10 Nonbanking Schedule. The commenter stated that reporting the entities holding debts previously contracted would not provide enhanced information to the Board and recommended that this proposed revision not be included in the final FR Y-10 instructions.

One commenter suggested that infrequent reporters might find it useful to retain a modified version of the table mapping the financial-in-nature activities of the old Federal Reserve alphanumeric codes to the corresponding *North American Industry Classification System* (NAICS) codes.

Both commenters expressed concerns regarding the proposal to add a requirement for institutions to provide the state and country of incorporation for each entity provided in organization chart of the FR Y-6.

In summary, after considering the comments received on the proposed FR Y-10, FR Y-7 and FR Y-6 revisions, the Federal Reserve plans to move forward with most, but not all, of the proposed reporting changes after making certain modifications in response to the comments. For a more detailed discussion of the changes proposed, the comments received, and the Federal Reserve’s response, please refer to the “Current Actions” section of the final *Federal Register* notice for this submission.

## **Sensitive Questions**

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.