

**Current actions:** On December 5, 2003, the Federal Reserve issued for public comment proposed revisions to the Report of Changes in Organizational Structure and Report of Changes in FBO Organizational Structure (68 FR 68083). The comment period expired on February 3, 2004. The proposed revisions to the reporting forms consist primarily of reorganizing line items into separate schedules for banking and nonbanking investments. In addition, the Federal Reserve proposed to replace the Federal Reserve System activity codes with the North American Industrial Classification System codes and to reorganize and clarify the instructions. The Federal Reserve received comment letters from two large BHCs. The comments received are addressed below.

One commenter advocated an exemption from FR Y-10 filing requirements for direct and indirect investments in all companies formed to hold certain affordable housing projects. The Federal Reserve considers the magnitude of some such investments a matter of supervisory interest and will continue to collect and review information about this type of investment. The Federal Reserve is investigating whether an exemption from FR Y-10 reporting for some limited subset of these investments might be practical or warranted. Any change to FR Y-10 reporting requirements would be subject to the report approval process (including a formal notice and comment period).

Another commenter recommended several clarifications to the FR Y-10 report instructions, including the addition of definitions for certain terms. In response, definitions of "voting securities", "nonvoting shares", and "class of voting shares" have been added to the Glossary appended to the instructions for the FR Y-10 and FR Y-10F, and other minor clarifications have been made to the instructions. This commenter also sought inclusion in the instructions of a definition of equity, and recommended modifying the control standard found in the instructions. Given the diversity of equity capital instruments issued by companies, however, it is very difficult to formulate a precise definition of equity applicable to all companies. Hence the reference to reporters that control 25 percent or more of the total equity of the Nonbanking Company has been removed from the control standard. For purposes of the FR Y-10 and the FR Y-10F, control is the reportability threshold for investments in Nonbanking Companies. In addition, this commenter objected to reporting

requirements for the 4k schedule in connection with certain types of 4k investments. The Federal Reserve believes that this exception advocated by the commenter would increase complexity by creating different reporting requirements depending upon the type of 4k investment made.

The Federal Reserve approved revisions to the FR Y-10 and FR Y-10F forms and instructions, with implementation as of May 31, 2004.

Board of Governors of the Federal Reserve System, April 1, 2004.

**Jennifer J. Johnson**

*Secretary of the Board.*

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## FEDERAL RESERVE SYSTEM

### Agency Information Collection Activities: Proposed Collection; Comment Request

**AGENCY:** Board of Governors of the Federal Reserve System

**SUMMARY:** On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board of Governors of the Federal Reserve System (Board) its approval authority under the Paperwork Reduction Act, as per 5 CFR 1320.16, to approve of and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board under conditions set forth in 5 CFR 1320 Appendix A.1. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the OMB 83-I's and supporting statements and approved collection of information instruments 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.

### Request for comment on information collection proposals.

The following information collections, which are being handled under this delegated authority, have received initial Board approval and are hereby published for comment. At the end of the comment period, the proposed information collections, along with an analysis of comments and recommendations received, will be submitted to the Board for final

approval under OMB delegated authority. Comments are invited on the following:

a. whether the proposed collection of information is necessary for the proper performance of the Federal Reserve's functions; including whether the information has practical utility;

b. the accuracy of the Federal Reserve's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;

c. ways to enhance the quality, utility, and clarity of the information to be collected; and

d. ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology.

**DATES:** Comments must be submitted on or before June 7, 2004.

**ADDRESSES:** Comments should be mailed to Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551. Please consider submitting your comments through the Board's Web site at [www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm](http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm); by e-mail to [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov); or by fax to the Office of the Secretary at 202/452-3819 or 202/452-3102. Rules proposed by the Board and other federal agencies may also be viewed and commented on at [www.regulations.gov](http://www.regulations.gov). All public comments are available from the Board's web site at [www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm](http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm) as submitted, except as necessary for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room MP-500 of the Board's Martin Building (C and 20th Streets, NW.) between 9 a.m. and 5 p.m. on weekdays.

A copy of the comments may also be submitted to the OMB desk officer for the Board: Joseph Lackey, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3208, Washington, DC 20503.

**FOR FURTHER INFORMATION CONTACT:** A copy of the proposed form and instructions, the Paperwork Reduction Act Submission (OMB 83-I), supporting statement, and other documents that will be placed into OMB's public docket files once approved may be requested from the agency clearance officer, whose name appears below.

Michelle Long, Acting Federal Reserve Board Clearance Officer (202-452-3829), Division of Research and Statistics, Board of Governors of the Federal Reserve, Washington, DC 20551. Telecommunications Device for the Deaf (TDD) users may contact (202-263-4869), Board of Governors of the Federal Reserve System, Washington, DC 20551.

**Proposal to approve under OMB delegated authority the extension for three years, without revision of the following report:**

*1. Report title:* Declaration to Become a Financial Holding Company (FHC), Requests for Determinations and Interpretations Regarding Activities Financial in Nature, Notices of Failure to Meet Capital or Management Requirements, Notices by State Member Banks (SMBs) to Invest in Financial Subsidiaries, Regulatory Relief Requests Associated with Merchant Banking Activities, and Recordkeeping Requirements Associated with Merchant Banking Activities.

*Agency form number:* FR 4010, FR 4011, FR 4012, FR 4017, FR 4019.

*OMB control number:* 7100-0292.

*Frequency:* On occasion.

*Reporters:* Bank holding companies (BHCs), including FHCs, foreign banking organizations (FBOs), and SMBs.

*Annual reporting hours:* 3,142 hours.

*Estimated average hours per response:* FR 4010: BHC 3 hours, FBOs 3.5 hours; FR 4011: Activities financial in nature, or incidental or complementary to financial activities 10 hours, Advisory opinions 10 hours; FR 4012: BHCs decertified as FHCs 1 hour, FHCs back into compliance 10 hours; FR 4017: SMBs 4 hours; FR 4019: Regulatory relief requests 1 hour, Portfolio company notification 1 hour; Recordkeeping: 50 hours.

*Number of respondents:* FR 4010: BHC 58, FBOs 5; FR 4011: Activities financial in nature, or incidental or complementary to financial activities 2, Advisory opinions 2; FR 4012: BHCs decertified as FHCs 13, FHCs back into compliance 27; FR 4017: SMBs 5; FR 4019: Regulatory relief requests 5, Portfolio company notification 5; Recordkeeping: 52.

*General description of report:* These collections of information are required to obtain a benefit and are authorized under:

FR 4010: Section 4(l)(1)(C) of the BHC Act (12 U.S.C. 1843(1)(l)(C)), section 8(a) of the International Banking Act (12 U.S.C. 3106(a)), and sections 225.82 and

225.91 of Regulation Y (12 CFR. 225.82 and 225.91);

FR 4011: Section 4(k) of the BHC Act (12 U.S.C. 1843(k)) and sections 225.88(b) and (e) and 225.89 of Regulation Y (12 CFR 225.88(b) and (e) and 225.89);

FR 4012: Section 4(m) of the BHC Act (12 U.S.C. 1843(m)), section 8(a) of the International Banking Act (12 U.S.C. 3106(a)), and sections 225.83 and 225.93 of Regulation Y (12 CFR 225.83 and 225.93);

FR 4017: Section 9 of the Federal Reserve Act (12 U.S.C. 335) and section 208.76 of Regulation H (12 CFR 208.76);

FR 4019: Section 4(k)(7) of the BHC Act (12 U.S.C. 1843(k)(7)) and sections 225.171(e)(3), 225.172(b)(4), and 225.173(c)(2) of Regulation Y (12 CFR 225.171(e)(3), 225.172(b)(4), and 225.173(c)(2));

*Recordkeeping:* Section 4(k)(7) of the BHC Act (12 U.S.C. § 1843(k)(7)) and sections 225.171(e)(4) and 225.175 of Regulation Y (12 CFR 225.171(e)(4) and 225.171).

A company may request confidentiality for the information contained in these information collections pursuant to section (b)(4) and (b)(6) of the Freedom of Information Act (5 U.S.C. 552 (b)(4) and (b)(6)).

*Abstract:* Each BHC or FBO seeking FHC status must file the FR 4010 declaration, which includes information needed to verify eligibility for FHC status. By filing the FR 4011 a requestor may ask the Board to determine that an activity is financial in nature, to issue an advisory opinion that an activity is within the scope of an activity previously determined to be financial in nature, or to approve engagement in an activity complementary to a financial activity. Any FHC ceasing to meet capital or managerial prerequisites for FHC status must notify the Board, by filing the FR 4012 notice, of the deficiency, and often must submit plans to the Board to cure the deficiency. Any SMB seeking to establish a financial subsidiary must seek the Board's prior approval by submitting the FR 4017 requirements. Any FHC seeking to extend the 10-year holding period for a merchant banking investment must submit the FR 4019 requirements to apply for the Board's prior approval, and a FHC also must notify the Board if it routinely manages or operates a portfolio company for more than nine months. All FHCs engaging in merchant banking activities must keep records of those activities, and make them available to examiners. There are no

formal reporting forms for these event-generated filings.

**Proposal to approve under OMB delegated authority the extension for three years, with revision of the following report:**

*1. 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:* 3,173 hours.

*Estimated average hours per response:* 14.7 banking corporations, 8.5 investment corporations.

*Number of respondents:* 21 banking corporations, 57 investment corporations.

*General description of report:* This information collection is mandatory (12 U.S.C. 602 and 625). For Edge corporations engaged in banking, information collected on schedules E and L are held confidential pursuant to Section (b)(4) of the Freedom of Information Act (5 U.S.C. 552(b)(4)). For investment Edge corporations only information collected on Schedule E is given confidential treatment pursuant to Section (b)(4) of the Freedom of Information Act (5 U.S.C. 552(b)(4)).

*Abstract:* This report collects a balance sheet, income statement, and ten supporting schedules, and it parallels the commercial bank Reports of Condition and Income (Call Report) (FFIEC 031; OMB No. 7100-0036). 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 action:* The Federal Reserve proposes to align FR 2886b schedule titles, identifiers, and ordering of line items with the Call Report. In addition, the Federal Reserve may modify the FR 2886b report consistent with any applicable revisions to the Call Report, ultimately adopted by the FFIEC for implementation in March 2005.

Board of Governors of the Federal Reserve System, April 1, 2004.

**Jennifer J. Johnson,**

*Secretary of the Board.*

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