

Proposed Rules

Federal Register

Vol. 80, No. 22

Tuesday, February 3, 2015

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

FEDERAL RESERVE SYSTEM

12 CFR Parts 217, 225, and 238

[Regulations Q, Y, and LL; Docket No. R-1509]

RIN 1700-AE 30

Small Bank Holding Company Policy Statement; Capital Adequacy of Board-Regulated Institutions; Bank Holding Companies; Savings and Loan Holding Companies; Changes to Reporting Requirements

AGENCY: Board of Governors of the Federal Reserve System (Board).

ACTION: Notice of proposed rulemaking; changes to reporting requirements.

SUMMARY: The Board is proposing to raise the asset size threshold for determining applicability of the Board's Small Bank Holding Company Policy Statement (Regulation Y, Appendix C) (Policy Statement) to \$1 billion from \$500 million and to expand the scope of the Policy Statement to include savings and loan holding companies that also meet the Policy Statement's requirements. The Board is also proposing to make related and conforming revisions to: Regulation Y and Regulation LL, the Board's regulations governing the operations and activities of bank holding companies and savings and loan holding companies, respectively; and Regulation Q, the Board's regulatory capital regulation. Finally, to reduce burden on small non-complex holding companies, the Board is proposing to change the reporting requirements for bank holding companies and savings and loan holding companies that meet the requirements of the Policy Statement (as proposed).

DATES: Comments on the proposal must be received on or before March 5, 2015. Comments on the Paperwork Reduction Act burden estimates must be received on or before April 6, 2015.

ADDRESSES: You may submit comments, identified by Docket No. R-1509 and

RIN No. 7100-AE 30, by any of the following methods:

- *Agency Web site:* <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.
- *Email:* regs.comments@federalreserve.gov. Include the docket number in the subject line of the message.
- *Fax:* (202) 452-3819 or (202) 452-3102.
- *Mail:* Robert deV. Frierson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW., Washington, DC 20551.

All public comments will be made available on the Board's Web site at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons. Accordingly, 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 (20th and C Streets NW., Washington, DC 20551) between 9:00 a.m. and 5:00 p.m. on weekdays.

FOR FURTHER INFORMATION CONTACT:

Constance M. Horsley, Assistant Director, (202) 452-5239, Cynthia Ayouch, Manager, (202) 452-2204, Thomas Boemio, Manager, (202) 452-2982, Douglas Carpenter, Senior Supervisory Financial Analyst, (202) 452-2205, or Page Conkling, Supervisory Financial Analyst, (202) 912-4647, Division of Banking Supervision and Regulation; Laurie Schaffer, Associate General Counsel, (202) 452-2272, or Tate Wilson, Counsel, (202) 452-3696, Legal Division; Board of Governors of the Federal Reserve System, 20th and C Streets NW., Washington, DC 20551.

SUPPLEMENTARY INFORMATION:

Table of Contents

- I. Background
- II. The Proposal
- III. Administrative Law Matters
 - A. Regulatory Flexibility Act
 - B. Paperwork Reduction Act
 - C. Solicitation of Comments on Use of Plain Language

I. Background

The Board issued the Policy Statement in 1980 to facilitate the transfer of ownership of small community-based banks in a manner consistent with bank safety and soundness. The Board generally has discouraged the use of debt by bank holding companies to finance the acquisition of banks or other companies because high levels of debt at a bank holding company can impair the ability of the bank holding company to serve as a source of strength to its subsidiary banks. The Board has recognized, however, that small bank holding companies have less access to equity financing than larger bank holding companies and that, therefore, the transfer of ownership of small banks often requires the use of acquisition debt. Accordingly, the Board adopted the Policy Statement to permit the formation and expansion of small bank holding companies with debt levels that are higher than typically permitted for larger bank holding companies. The Policy Statement contains several conditions and restrictions designed to ensure that small bank holding companies that operate with the higher levels of debt permitted by the Policy Statement do not present an undue risk to the safety and soundness of their subsidiary banks.

Currently, the Policy Statement applies to bank holding companies with *pro forma* consolidated assets of less than \$500 million that: (i) Are not engaged in significant nonbanking activities either directly or through a nonbank subsidiary; (ii) do not conduct significant off-balance sheet activities (including securitization and asset management or administration) either directly or through a nonbank subsidiary;¹ and (iii) do not have a material amount of debt or equity securities outstanding (other than trust preferred securities) that are registered with the Securities and Exchange Commission (the foregoing enumerated items referred to hereafter as Qualitative Requirements). Under the Policy Statement, bank holding companies that

¹ The examples provided in the Policy Statement—securitization and asset management or administration—are not exhaustive and simply highlight off-balance sheet activities that may involve substantial risk. Other activities may present similar concerns. See also 71 FR 9897, 9899, fn. 2 (February 28, 2006) (2006 Final Rule).

meet the Qualitative Requirements (qualifying small bank holding companies) may use debt to finance up to 75 percent of the purchase price of an acquisition (that is, they may have a debt-to-equity ratio of up to 3:1), but are subject to a number of ongoing requirements. The principal ongoing requirements are that a qualifying small bank holding company: (i) Reduce its parent company debt in such a manner that all debt is retired within 25 years of being incurred; (ii) reduce its debt-to-equity ratio to .30:1 or less within 12 years of the debt being incurred; (iii) ensure that each of its subsidiary insured depository institutions is well capitalized; and (iv) refrain from paying dividends until such time as it reduces its debt-to-equity ratio to 1.0:1 or less. The Policy Statement also specifically provides that a qualifying small bank holding company may not use the expedited applications procedures or obtain a waiver of the stock redemption filing requirements applicable to bank holding companies under the Board's Regulation Y (12 CFR 225.4(b), 225.14, and 225.23) unless the bank holding company has a *pro forma* debt-to-equity ratio of 1.0:1 or less.

II. The Proposal

New Asset Threshold of \$1 Billion

On December 18, 2014, Public Law 113–250 (the Act) was enacted and became immediately effective.² The Act directs the Board to publish in the **Federal Register** proposed revisions to the Policy Statement that provide that the Policy Statement shall apply to bank holding companies and savings and loan holding companies that have *pro forma* consolidated assets of less than \$1 billion. The Board last raised the asset limit in 2006 when it increased it from \$150 million to \$500 million.³ The Board is proposing to increase the asset threshold consistent with the Act. The Board is not proposing any modifications to the Qualitative Requirements at this time.

Policy Statement's Application to Savings and Loan Holding Companies

The Act also directs the Board to propose revisions to the Policy Statement that would extend its application to certain savings and loan holding companies. Accordingly, the Board is proposing that a savings and loan holding company would be subject

to the Policy Statement if the entity has less than \$1 billion in total consolidated assets and satisfies each of the Qualitative Requirements as if the savings and loan holding company were a bank holding company.

The Policy Statement currently applies only to bank holding companies. The Board proposes to apply the Policy Statement to savings and loan holding companies by adding new section 238.9 to Subpart A of Regulation LL. The new section would apply the Policy Statement to a savings and loan holding company with less than \$1 billion in total consolidated assets and that meets the Qualitative Requirements as if it were a bank holding company.

This change requires other modifications to the Policy Statement to take account of the status of savings associations under the Bank Holding Company Act of 1956, as amended (BHC Act). The first Qualitative Requirement uses the terms “nonbanking activities” and “nonbank subsidiary” to refer to the activities of a bank holding company. Under the BHC Act, however, control of a savings association by a bank holding company is considered a nonbanking activity.⁴ Because savings and loan holding companies control savings associations, all of their activities including the control of savings associations would be considered nonbanking activities under the Policy Statement.

This outcome would be inconsistent with Congressional intent to apply the Policy Statement to savings and loan holding companies.⁵ The Board therefore proposes to treat subsidiary savings association of savings and loan holding companies as if they were banks for purposes of applying the Policy Statement.

As is the case with bank holding companies, whether a savings and loan holding company engages in “significant” nonbanking activities will depend on the scope of the activities of the savings and loan holding company, the nature and level of risk of the activities, the condition of the savings and loan holding company, and other criteria as appropriate.⁶ Consistent with the Policy Statement's provisions for bank holding companies, the Board also proposes to retain the right to exclude any savings and loan holding company,

regardless of size, from the Policy Statement if the Board determines that such action is warranted for supervisory purposes.

Regulation Q Change

The Board proposes to revise Regulation Q to conform the language in part 217 to reflect the proposed additional section to Regulation LL (section 238.9).

Conforming Amendments

A number of reporting, filing, and other provisions in Regulations Y and LL are triggered by the consolidated asset threshold established by the Policy Statement. The Board proposes to make technical and conforming amendments to these provisions to provide that qualifying small bank holding companies and savings and loan holding companies may take advantage of the streamlined informational, notice, and other requirements embodied in these rules. These technical and conforming amendments will provide relief to most bank holding companies and savings and loan holding companies with less than \$1 billion of consolidated total assets. The proposed rule would make the following changes:

- In section 217.1(c)(1)(iii), revise Regulation Q (12 CFR part 217) to exclude a savings and loan holding company that is subject to the proposed revised Policy Statement through proposed section 238.9 of the Board Regulation LL (12 CFR part 238).
- In section 225.2(r), footnote 2, revise the footnote describing the application of the definition of “well-capitalized” in the Board's Regulation Y (12 CFR part 225) to entities subject to the proposed revised Policy Statement to reflect the proposed revised total assets threshold of less than \$1 billion.
- In section 225.4(b)(2)(iii), increase the threshold for the different *pro forma* financial information required of smaller bank holding companies compared to larger bank holding companies under section 225.4(b)(1) of the Board's Regulation Y from total assets of less than \$500 million to total assets of less than \$1 billion.
- In section 225.14(a)(1)(v), increase the threshold for the different *pro forma* financial information required of smaller bank holding companies compared to larger bank holding companies under section 225.14 of the Board's Regulation Y from total assets of less than \$500 million to total assets of less than \$1 billion.
- In section 225.17(a)(6), footnote 6, increase the total asset threshold for application of the footnote related to demonstrating that debt incurred will

² To enhance the ability of community financial institutions to foster economic growth and serve their communities, boost small businesses, increase individual savings, and for other purposes, Public Law 113–250 (December 18, 2014) (Pub. L. 113–250).

³ See 2006 Final Rule.

⁴ See 12 U.S.C. 1841(c)(2)(B), 1841(j), and 1843(i)(1).

⁵ See, e.g., Public Law 113–250, sec. 2(b).

⁶ For purposes of applying the Policy Statement to savings and loan holding companies, the term “nonbank subsidiary” as used in the Policy Statement would refer to a subsidiary of a savings and loan holding company other than a savings association or a subsidiary of a savings association.

not unduly burden the bank holding company from total assets of less than \$500 million to total assets of less than \$1 billion.

- In section 225.23(a)(1)(iii), increase the threshold for the different *pro forma* financial information required of smaller bank holding companies compared to larger bank holding companies under section 225.23 of the Board's Regulation Y from total assets of less than \$500 million to total assets of less than \$1 billion.

Regulatory Reporting Changes

In order to assist the Federal Reserve in monitoring the financial health and operations of bank holding companies, the Board requires all bank holding companies and savings and loan holding companies to file certain reports with the Federal Reserve. Those reports include the Financial Statements for Holding Companies (FR Y-9 series of reports; OMB No. 7100-0128).

Currently, savings and loan holding companies with consolidated assets of less than \$500 million and bank holding companies with consolidated assets of less than \$500 million that also meet Qualitative Requirements submit limited summary parent-only financial data semiannually on the FR Y-9SP. Currently, savings and loan holding companies with consolidated assets of \$500 million or more and bank holding companies with consolidated assets of \$500 million or more that are not subject to the Policy Statement submit consolidated financial data on the FR Y-9C and parent-only financial data on the FR Y-9LP, both quarterly.

The Board proposes to change the filing requirements for bank holding companies and savings and loan holding companies with \$500 million or more but less than \$1 billion in total consolidated assets.⁷ These institutions would not be required to file the FR Y-9C and the FR Y-9LP (including regulatory capital information) and would begin filing the FR Y-9SP if they also meet the Qualitative Requirements. These changes are proposed to be consistent with the changes to law and the Policy Statement and also to reduce regulatory reporting burden for these

smaller institutions. Since most bank holding companies with less than \$1 billion in total consolidated assets have limited activities outside of their banks, the Board believes relying on detailed quarterly bank data on the Consolidated Reports of Condition and Income (FFIEC 041; OMB No. 7100-0036) is sufficient for supervisory purposes.

Comments

The Board invites comments on all aspects of this proposal. Interested parties are encouraged to provide comments on the proposed \$1 billion asset size threshold adjustment, the Policy Statement's application to savings and loan holding companies, related and conforming amendments to Regulations Y and LL, the revision to Regulation Q, and the proposed changes to regulatory reporting.

III. Administrative Law Matters

A. Regulatory Flexibility Act Analysis

The Board is providing an initial regulatory flexibility analysis with respect to this proposal. As discussed above, the proposal would reduce regulatory burden on small entities by excluding many bank holding companies and savings and loan holding companies with total consolidated assets of less than \$1 billion that meet the Qualitative Requirements from the application of the Board's Regulation Q. In addition, the proposal would reduce the burden of regulatory reporting for bank holding companies and savings and loan holding companies with total consolidated assets of less than \$1 billion that meet the Qualitative Requirements by requiring these entities to file the semi-annual FR Y-9SP rather than the quarterly FR Y-9C and FR Y-9LP.

The Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.* (RFA), generally requires that an agency prepare and make available an initial regulatory flexibility analysis in connection with a notice of proposed rulemaking. Under regulations issued by the Small Business Administration, a small bank holding company, bank, or savings and loan holding company is defined as having assets of \$550 million or less (collectively, small banking organizations).⁸ As of June 30, 2014, there were approximately 3,719 small

bank holding companies and 254 small savings and loan holding companies.

The proposed rule would impact small bank holding companies with total consolidated assets of \$500 to \$550 million that meet the Qualitative Requirements by providing an exclusion from Regulation Q and the requirement to file the FR Y-9C and FR Y-9LP. The proposed rule would impact all small savings and loan holding companies (those with \$550 million or less in assets) that meet the Qualitative Requirements, are currently subject to Regulation Q, and are required to file the FR Y-9C or FR Y-9LP. These small bank holding companies and small savings and loan holding companies would instead be subject to the Policy Statement and would be required to file the FR Y-9SP, a significant reduction in burden. The Board believes that most affected small banking organizations already hold more capital than required under Regulation Q, so the burden reduction from the exclusion from Regulation Q is primarily related to compliance and systems. In addition, affected small banking organizations would be able to take advantage of the applications processing procedures provided to qualifying companies under the Policy Statement.

There are no significant alternatives to the proposed rule that would have less economic impact on small banking organizations, and the proposed rule would significantly reduce burden on nearly all small banking organizations. As discussed above, the projected reporting, recordkeeping, and other compliance requirements of the proposed rule are a material reduction from existing requirements. The Board does not believe that the proposed rule duplicates, overlaps, or conflicts with any other Federal rules. In light of the foregoing, the Board does not believe that the proposed rule, if adopted in final form, would have a significant economic impact on a substantial number of small banking organizations. Nonetheless, the Board seeks comment on whether the proposed rule would impose undue burdens on, or have unintended consequences for, small banking organizations, and whether there are ways such potential burdens or consequences could be minimized in a manner consistent with the purpose of the proposed rule. A final regulatory flexibility analysis will be conducted after consideration of comments received during the public comment period.

B. Paperwork Reduction Act

In accordance with section 3512 of the Paperwork Reduction Act of 1995

⁷ Pursuant to Paperwork Reduction Act's emergency review process, 44 U.S.C. 3507(j), the Board is filing an emergency clearance review to change these reporting requirements for bank holding companies and savings and loan holding companies with \$500 million or more but less than \$1 billion in total consolidated assets to reduce burden on small BHCs and SLHCs immediately. The change implemented through the emergency clearance process would be effective immediately for six months. The Board is now proposing to make the change permanent and invites public comment.

⁸ See 13 CFR 121.201. Effective July 14, 2014, the Small Business Administration revised the size standards for banking organizations to \$550 million in assets from \$500 million in assets. 79 FR 33647 (June 12, 2014).

(44 U.S.C. 3501–3521) (PRA), the Board may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The OMB control number is 7100–0128. The Board reviewed the proposed rulemaking under the authority delegated to the Board by OMB. The proposed rulemaking contains requirements subject to the PRA. The reporting requirements are found in sections 211.26(c)(2)(i)(A), 217.1(c)(1)(iii), 225.2(r)(footnote 2), 225.4(b)(2)(iii), 225.14(a)(1)(v), 225.17(a)(6)(footnote 6), and 225.23(a)(1)(iii), 238.9.

Comments are invited on:

(a) Whether the proposed collections of information are 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 collections, including the validity of the methodology and assumptions used;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of the information collections on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

All comments will become a matter of public record. Comments on aspects of this notice that may affect reporting, recordkeeping, or disclosure requirements and burden estimates should be sent to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets NW., Washington, DC 20551. A copy of the comments may also be submitted to the OMB desk officer: By mail to U.S. Office of Management and Budget, 725 17th Street NW., #10235, Washington, DC 20503 or by facsimile to 202–395–5806, Attention, Agency Desk Officer.

Proposed Revisions, With Extension, to the Following Information Collection

Title of Information Collection:

Consolidated Financial Statements for Holding Companies; Parent Company Only Financial Statements for Large Holding Companies; Parent Company Only Financial Statements for Small Holding Companies; Financial Statements for Employee Stock Ownership Plan Holding Companies;

and Supplement to the Consolidated Financial Statements for Holding Companies.

Agency Form Number: FR Y–9C; FR Y–9LP; FR Y–9SP; FR Y–9ES; and FR Y–9CS.

OMB Control Number: 7100–0128.

Frequency of Response: Quarterly, semiannually, annually, and on occasion.

Affected Public: Businesses or other for-profit.

Respondents: Bank holding companies, savings and loan holding companies, and securities holding companies (collectively, holding companies).

Abstract: On December 18, 2014, Public Law 113–250 was signed into law and became effective immediately, which directs the Board to propose revisions to the Policy Statement to raise the total consolidated asset limit in the Policy Statement from \$500 million to \$1 billion, and expand the scope of the Policy Statement to include savings and loan holding companies.

Pursuant to the PRA's emergency review process, 44 U.S.C. 3507(j), the Board is filing an emergency clearance review to (1) increase the asset size threshold for filing the FR Y–9C and FR Y–9LP from \$500 million to \$1 billion in total consolidated assets (which also effectively exempted holding companies with total consolidated assets of less than \$1 billion from reporting regulatory capital on Schedule HC–R, Regulatory Capital, Part I) and (2) and increase the asset-size threshold for filing the FR Y–9SP from under \$500 million to under \$1 billion in total consolidated assets. In the emergency submission, the burden for the FR Y–9C, FR Y–9LP, and FR Y–9SP related to the threshold changes, would decrease by 96,619 hours. The change implemented through the emergency clearance process would be effective for six months. The Board is now proposing to make the change permanent and welcomes public comment on any aspect of this information collection. The burden estimates below reflect the updated number from the total emergency clearance review.

Estimated Paperwork Burden

Estimated Burden per Response:

FR Y–9C (non-Advanced Approaches bank holding companies)—48.84 hours;
FR Y–9C (Advanced Approaches bank holding companies)—50.09 hours;
FR Y–9LP—5.25 hours;
FR Y–9SP—5.40 hours;
FR Y–9ES—0.5 hours; and
FR Y–9CS—0.5 hours.

Number of respondents:

FR Y–9C (non-Advanced Approaches bank holding companies)—644;

FR Y–9C (Advanced Approaches bank holding companies)—12;
FR Y–9LP—818;
FR Y–9SP—4,390;
FR Y–9ES—86; and
FR Y–9CS—236.

Total estimated annual burden:

FR Y–9C (non-Advanced Approaches bank holding companies)—125,812 hours;
FR Y–9C (Advanced Approaches bank holding companies)—2,404 hours;
FR Y–9LP—17,178 hours;
FR Y–9SP—47,412 hours;
FR Y–9ES—43 hours; and
FR Y–9CS—472 hours. (Total burden 193,321 hours)

C. Plain Language

Section 722 of the Gramm-Leach-Bliley Act requires the Federal banking agencies to use “plain language” in all proposed and final rules published after January 1, 2000. In light of this requirement, the Board has sought to present the proposed rule in a simple and straightforward manner. The Board invites comments on whether there are additional steps it could take to make the rule easier to understand.

List of Subjects

12 CFR Part 217

Administrative practice and procedure, Banks, banking, Capital, Federal Reserve System, Holding companies, Reporting and recordkeeping requirements, Securities.

12 CFR Part 225

Administrative practice and procedure, Banks, banking, Federal Reserve System, Holding companies, Reporting and recordkeeping requirements.

12 CFR Part 238

Administrative practice and procedure, Banks, banking, Federal Reserve System, Holding companies, Reporting and recordkeeping requirements.

Federal Reserve System

12 CFR Chapter II

Authority and Issuance

For the reasons set forth in the preamble, chapter II of title 12 of the Code of Federal Regulations is proposed to be amended as set forth below:

PART 217—CAPITAL ADEQUACY OF BANK HOLDING COMPANIES, SAVINGS AND LOAN HOLDING COMPANIES, AND STATE MEMBER BANKS (REGULATION Q)

■ 1. The authority citation for part 217 continues to read as follows:

Authority: 12 U.S.C. 248(a), 321–338a, 481–486, 1462a, 1467a, 1818, 1828, 1831n, 1831o, 1831p–1, 1831w, 1835, 1844(b), 1851, 3904, 3906–3909, 4808, 5365, 5368, 5371.

■ 2. In § 217.1, revise paragraph (c)(1)(iii) to read as follows:

§ 217.1 Purpose, applicability, reservations of authority, and timing.

* * * * *
(c) * * *
(1) * * *

(iii) A covered savings and loan holding company domiciled in the United States, other than a savings and loan holding company that has total consolidated assets of less than \$1 billion and meets the requirements of 12 CFR part 225, appendix C, as if the savings and loan holding company were a bank holding company and the savings association were a bank. For purposes of compliance with the capital adequacy requirements and calculations in this part, savings and loan holding companies that do not file the FR Y–9C should follow the instructions to the FR Y–9C.

* * * * *

PART 225—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (REGULATION Y)

■ 3. The authority citation for part 225 continues to read as follows:

Authority: 12 U.S.C. 1817(j)(13), 1818, 1828(o), 1831i, 1831p–1, 1843(c)(8), 1844(b), 1972(1), 3106, 3108, 3310, 3331–3351, 3906, 3907, and 3909; 15 U.S.C. 1681s, 1681w, 6801 and 6805.

■ 4. In § 225.2, paragraph (r), revise footnote 2 to read as follows:

§ 225.2 Definitions.

* * * * *
(r) * * *

2 For purposes of this subpart and subparts B and C of this part, a bank holding company with consolidated assets of less than \$1 billion that is subject to the Small Bank Holding Company Policy Statement in appendix C of this part will be deemed to be “well-capitalized” if the bank holding company meets the requirements for expedited/waived processing in appendix C.

* * * * *

5. In § 225.4, revise paragraph (b)(2)(iii) to read as follows:

§ 225.4 Corporate practices.

* * * * *
(b) * * *
(2) * * *

(iii)(A) If the bank holding company has consolidated assets of \$1 billion or more, consolidated pro forma risk-based capital and leverage ratio calculations for the bank holding company as of the most recent quarter, and, if the

redemption is to be debt funded, a parent-only pro forma balance sheet as of the most recent quarter; or

(B) If the bank holding company has consolidated assets of less than \$1 billion, a pro forma parent-only balance sheet as of the most recent quarter, and, if the redemption is to be debt funded, one-year income statement and cash flow projections.

* * * * *

■ 6. In § 225.14, revise paragraph (a)(1)(v) to read as follows:

§ 225.14 Expedited action for certain bank acquisitions by well-run bank holding companies.

* * * * *

(a) * * *
(1) * * *

(v)(A) If the bank holding company has consolidated assets of \$1 billion or more, an abbreviated consolidated pro forma balance sheet as of the most recent quarter showing credit and debit adjustments that reflect the proposed transaction, consolidated pro forma risk-based capital ratios for the acquiring bank holding company as of the most recent quarter, and a description of the purchase price and the terms and sources of funding for the transaction;

(B) If the bank holding company has consolidated assets of less than \$1 billion, a pro forma parent-only balance sheet as of the most recent quarter showing credit and debit adjustments that reflect the proposed transaction, and a description of the purchase price, the terms and sources of funding for the transaction, and the sources and schedule for retiring any debt incurred in the transaction;

* * * * *

■ 7. In § 225.17, paragraph (a)(6), revise footnote 6 to read as follows:

§ 225.17 Notice procedure for one-bank holding company formations.

(a) * * *
(6) * * *

6 For a banking organization with consolidated assets, on a pro forma basis, of less than \$1 billion (other than a banking organization that will control a de novo bank), this requirement is satisfied if the proposal complies with the Board’s Small Bank Holding Company Policy Statement (appendix C of this part).

* * * * *

■ 8. In § 225.23, revise paragraph (a)(1)(iii) to read as follows:

§ 225.23 Expedited action for certain nonbanking proposals by well-run bank holding companies.

(a) * * *
(1) * * *

(iii) If the proposal involves an acquisition of a going concern:

(A) If the bank holding company has consolidated assets of \$1 billion or more, an abbreviated consolidated pro forma balance sheet for the acquiring bank holding company as of the most recent quarter showing credit and debit adjustments that reflect the proposed transaction, consolidated pro forma risk-based capital ratios for the acquiring bank holding company as of the most recent quarter, a description of the purchase price and the terms and sources of funding for the transaction, and the total revenue and net income of the company to be acquired;

(B) If the bank holding company has consolidated assets of less than \$1 billion, a pro forma parent-only balance sheet as of the most recent quarter showing credit and debit adjustments that reflect the proposed transaction, a description of the purchase price and the terms and sources of funding for the transaction and the sources and schedule for retiring any debt incurred in the transaction, and the total assets, off-balance sheet items, revenue and net income of the company to be acquired;

(C) For each insured depository institution whose Tier 1 capital, total capital, total assets or risk-weighted assets change as a result of the transaction, the total risk-weighted assets, total assets, Tier 1 capital and total capital of the institution on a pro forma basis;

* * * * *

■ 9. In part 225, appendix C, before the heading “1. Applicability of Policy Statement”, add a paragraph to read as follows:

Appendix C to Part 225—Small Bank Holding Company Policy Statement Policy Statement on Assessment of Financial and Managerial Factors

* * * * *

This policy statement applies only to bank holding companies with pro forma consolidated assets of less than \$1 billion that (i) are not engaged in significant nonbanking activities either directly or through a nonbank subsidiary; (ii) do not conduct significant off-balance sheet activities (including securitization and asset management or administration) either directly or through a nonbank subsidiary; and (iii) do not have a material amount of debt or equity securities outstanding (other than trust preferred securities) that are registered with the Securities and Exchange Commission. The Board may in its discretion exclude any bank holding company, regardless of asset size, from the policy statement if such action is warranted for supervisory purposes.

* * * * *

PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)

■ 10. The authority citation for part 238 continues to read as follows:

Authority: 5 U.S.C. 552, 559; 12 U.S.C. 1462, 1462a, 1463, 1464, 1467, 1467a, 1468, 1813, 1817, 1829e, 1831i, 1972; 15 U.S.C. 78l.

■ 11. In subpart A, add new § 238.9 to read as follows:

§ 238.9 Small Bank Holding Company Policy Statement.

(a) The Board's Small Bank Holding Company Policy Statement (12 CFR part 225, appendix C) (Policy Statement) applies to savings and loan holding companies as if they were bank holding companies. To qualify or rely on the Policy Statement, savings and loan holding companies must meet all qualifying requirements in the Policy Statement as if they were a bank holding company. For purposes of applying the Policy Statement, the term "nonbank subsidiary" as used in the Policy Statement refers to a subsidiary of a savings and loan holding company other than a savings association or a subsidiary of a savings association.

(b) The Board may exclude any savings and loan holding company, regardless of asset size, from the Policy Statement under paragraph (a) of this section if the Board determines that such action is warranted for supervisory purposes.

By order of the Board of Governors of the Federal Reserve System, January 29, 2015.

Michael Lewandowski,

Associate Secretary of the Board.

[FR Doc. 2015-02040 Filed 1-30-15; 11:15 am]

BILLING CODE 6210-01-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

15 CFR Part 922

Revisions of Boundaries for Flower Garden Banks National Marine Sanctuary; Intent To Prepare Draft Environmental Impact Statement

AGENCY: Office of National Marine Sanctuaries (ONMS), National Ocean Service (NOS), National Oceanic and Atmospheric Administration (NOAA), Department of Commerce (DOC).

ACTION: Notice of intent to revise boundaries; intent to prepare environmental impact statement.

SUMMARY: In accordance with section 304(e) of the National Marine

Sanctuaries Act, as amended, (NMSA), the Office of National Marine Sanctuaries (ONMS) of the National Oceanic and Atmospheric Administration (NOAA) is initiating a review of Flower Garden Banks National Marine Sanctuary (FGBNMS or Sanctuary) boundaries, based on the recommendation contained within the Sanctuary Expansion Action Plan of the FGBNMS Management Plan (April 2012). The review process, as required by the NMSA, will be conducted concurrently with a public process under the National Environmental Policy Act (NEPA). This document also informs the public that NOAA will coordinate its responsibilities under section 106 of the National Historic Preservation Act (NHPA) with its ongoing NEPA process, including the use of NEPA documents and public and stakeholder meetings to also meet the requirements of section 106. The public scoping process is intended to solicit information and comments on the range and significance of issues related to the expansion of the FGBNMS boundaries. The results of this scoping process will assist NOAA in formulating alternatives for the draft environmental impact statement for the proposed revised sanctuary boundaries.

DATES: Comments must be received by April 6, 2015. Public hearings will be held as detailed below:

(1) New Orleans, LA

Date: Tuesday, March 3, 2015

Location: Hilton New Orleans Airport, Cocodrie Room

Address: 901 Airline Drive, Kenner, LA 70062

Time: 6:00–8:00 p.m.

(2) Houston, TX

Date: Thursday, March 5, 2015

Location: Bayland Community Center

Address: 6400 Bissonnet Street, Houston, TX 77074

Time: 6:00–8:00 p.m.

(3) Galveston, TX

Date: Wednesday, March 11, 2015

Location: Flower Garden Banks NMS

Office, NOAA Galveston Laboratory
Address: 4700 Avenue U, Building 216, Galveston, TX 77551

Time: 6:00–8:00 p.m.

ADDRESSES: Comments may be submitted by any one of the following methods:

- **Electronic Submissions:** Submit all electronic public comments via the Federal e-Rulemaking Portal. Go to www.regulations.gov/ #!docketDetail;D=NOAA-NOS-2014-0154, click the "Comment Now!" icon,

complete the required fields and enter or attach your comments.

- **Mail:** George Schmahl, Sanctuary Superintendent, Flower Garden Banks National Marine Sanctuary, 4700 Avenue U, Bldg. 216, Galveston, TX 77551.

Instructions: Comments sent by any other method, to any other address or individual, or received after the end of the comment period, may not be considered by NOAA. All comments received are a part of the public record and will generally be posted for public viewing on www.regulations.gov without change. All personal identifying information (e.g., name, address, etc.), confidential business information, or otherwise sensitive information submitted voluntarily by the sender will be publicly accessible. ONMS will accept anonymous comments (enter "N/A" in the required fields if you wish to remain anonymous). Attachments to electronic comments will be accepted in Microsoft Word, Excel, or Adobe PDF file formats only.

FOR FURTHER INFORMATION CONTACT:

Kelly Drinnen, 409-621-5151 Ext. 105, fgbexpansion@noaa.gov.

SUPPLEMENTARY INFORMATION:

Background Information

I. Background

The National Marine Sanctuaries Act (NMSA) (16 U.S.C. 1431 *et seq.*) authorizes the Secretary of Commerce (Secretary) to designate and protect as a national marine sanctuaries areas of the marine environment that are of special national significance due to their conservation, recreational, ecological, historical, scientific, cultural, archeological, educational, or esthetic qualities. Day-to-day management of national marine sanctuaries has been delegated by the Secretary to the ONMS. The primary objective of the NMSA is to protect the biological and cultural resources of the sanctuary system, such as coral reefs, marine animals, historical shipwrecks, historic structures, and archaeological sites.

Flower Garden Banks National Marine Sanctuary was designated on January 17, 1992 (Pub. L. 102-251, Title I, Sec. 101). At that time, the sanctuary consisted of two areas known as East and West Flower Garden Banks (56 FR 63634). In 1996, Congress added Stetson Bank to the sanctuary (Pub. L. 104-283). FGBNMS regulations were first published on December 5, 1991 (56 FR 63634) and became effective on January 18, 1994 (58 FR 65664). Current FGBNMS regulations can be found at 15 CFR part 922, subpart L.