

(7) Any appellant institution dissatisfied with the decision of the Reserve Bank President may, with the consent of its board of directors of the institution, or in the case of a U.S. agency or branch of a foreign bank, the senior management person(s) responsible for the bank's U.S. operations, appeal that decision to the appropriate Governor by filing a written appeal with the Secretary of the Board within 30 calendar days of receipt of the Reserve Bank President's written decision. The appeal may be rejected for lack of clarity or information. In such case, the institution may refile the appeal within 30 calendar days of receipt of written notice of the rejection. The appeal shall be decided, in writing, by the appropriate Governor, who shall consult with the director of the appropriate division of the Board of Governors, within 60 calendar days of the filing of an informationally complete appeal.

Safeguards Against Retaliation. Each Reserve Bank shall establish appropriate safeguards to protect appellants from retaliation. The Board's Ombudsman will periodically contact institutions after their appeals have been decided in order to make certain that no retaliation has occurred. In addition, institutions who believe they have suffered retaliation as the result of an appeal may contact the Board's Ombudsman.

Availability of Procedures. Each Reserve Bank shall make these guidelines and the Reserve Bank's process for selecting a review panel available to each institution in its district, any institution appealing a material supervisory determination, and any member of the public who requests them.

Eligible Institutions. Any institution about which the Federal Reserve makes a material supervisory determination is eligible for the appeal process. This includes state member banks, bank holding companies and their nonbank subsidiaries, U.S. agencies and branches of foreign banks, Edge and agreement corporations, third party EDP servicers, and other entities examined or inspected by a Reserve Bank.

Material Supervisory Determination Defined. Whether an appealed action constitutes a "material supervisory determination" eligible for the appeals process shall be decided by the person or persons hearing the appeal, and a determination that the action is not appealable under these guidelines may be further appealed to the Reserve Bank President or the appropriate oversight Governor in the same manner as any other adverse decision.

The term "material supervisory determination" includes, but is not limited to, material determinations relating to examination or inspection composite ratings, the adequacy of loan loss reserves and significant loan classifications. The term does not include any supervisory determination for which an independent right of appeal exists. Such actions include prompt corrective action directives issued pursuant to section 38 of the Federal Deposit Insurance Act, as amended (the FDI Act), actions to impose administrative enforcement actions under the FDI Act and the Bank Holding Company Act of 1956, as amended (the BHC Act), capital directives, and orders issued pursuant to applications under the BHC Act.

Effect of Appeal on Material Supervisory Determinations. A material supervisory determination shall remain in effect while under appeal and until such time it is modified or overturned through the appeals process. The appeal of a material supervisory determination does not prevent the Federal Reserve from taking any supervisory or enforcement action—formal or informal—it deems appropriate to discharge the Federal Reserve's supervisory responsibilities.

Savings Provision. Section 309 expressly provides that it shall not affect the authority of the Board or any other agency to take enforcement or supervisory action against an institution. In such cases, the rights of appeal provided for in the statutes and regulations concerning these actions shall govern.

By order of the Board of Governors of the Federal Reserve System, March 24, 1995.

Jennifer J. Johnson,

Deputy Secretary of the Board.

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BILLING CODE 6210-01-P

Agency Forms Under Review; Bank Holding Company Reporting Requirements

AGENCY: Board of Governors of the Federal Reserve System
ACTION: Final Board approval of revisions to bank holding company reporting requirements.

SUMMARY: Notice is hereby given of the final approval of proposed information collections by the Board of Governors of the Federal Reserve System (Board) under OMB delegated authority, as per 5 C.F.R. 1320.9 (OMB Regulations on Controlling Paperwork Burdens on the Public). The Board has given final approval to the revision of the

Consolidated Financial Statements for Bank Holding Companies (FR Y-9C; OMB No. 7100-0128); the extension, with revision, of the Quarterly Financial Statements of Nonbanking Subsidiaries of Bank Holding Companies (FR Y-11Q; OMB No. 7100-0244) and the Annual Financial Statements of Nonbanking Subsidiaries of Bank Holding Companies (FR Y-11I; OMB No. 7100-0244); and the elimination of the Combined Financial Statements of Nonbank Subsidiaries of Bank Holding Companies, by Type of Nonbank Subsidiary (FR Y-11AS; OMB No. 7100-0244).

The proposal was granted initial approval by the Board on December 16, 1994. Subsequently, the proposal was published in the Federal Register with a thirty day public comment period that expired on January 26, 1995. Comment letters on the proposal were received from four bank holding companies. In general, the comment letters on the proposal were supportive of the changes to the various reports. However, some specific comments were not supportive. These comments noted the increase in burden from some aspects of the proposal and suggested modifications to the proposed revisions. The specific comments on the proposed revisions to the reports are addressed in the discussion of each individual report following later in this notice. After reviewing the comments, the Board has approved the proposed changes as originally issued for comment. In addition to those changes, the Board also has approved two further changes to the FR Y-9C—the elimination of two line items from Schedule HC-F.

The reporting changes, summarized in this notice, will be effective for the FR Y-9C and the FR Y-11Q with the March 31, 1995 reporting date and effective for the FR Y-11I and the FR Y-11AS for the December 31, 1995 reporting date. The FR Y-9C and the FR Y-11Q reports effective for March 31, 1995 reporting date are due to be filed May 15, 1995 and May 30, 1995, respectively.
BACKGROUND: Under the Bank Holding Company Act of 1956, as amended, the Board is responsible for the supervision and regulation of all bank holding companies. The FR Y-9 and FR Y-11 series of reports historically have been, and continue to be, the primary source of financial information on bank holding companies and their nonbanking activities between on-site inspections. Financial information, as well as ratios developed from the Y series reports, are used to detect emerging financial problems, to review performance for pre-inspection analysis, to evaluate bank holding company

mergers and acquisitions, and to analyze a holding company's overall financial condition and performance as part of the Federal Reserve System's overall analytical effort.

FOR FURTHER INFORMATION CONTACT:

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Final approval under OMB delegated authority of the revision of the following report:

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

Agency form number: FR Y-9C.

OMB Docket number: 7100-0128.

Frequency: Quarterly.

Reporters: Bank Holding Companies.

Annual reporting hours: 172,720.

Estimated average hours per response:

Range from 5 to 1,250 hours.

Number of respondents: 1,346.

Small businesses are affected.

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

The Board's Legal Division has also determined that on the FR Y-9C, Schedule HC-H, Column A, requiring information on "assets past due 30 through 89 days and still accruing" and memoranda item 2 are confidential pursuant to Section (b)(8) of the Freedom of Information Act (5 U.S.C. 552(b)(8)).

Abstract: The FR Y-9C consolidated financial statements are currently filed by top-tier bank holding companies with total consolidated assets of \$150 million or more and by lower-tier bank holding companies that have total consolidated assets of \$1 billion or more. In addition, all multibank bank holding companies with debt outstanding to the general public or engaged in certain nonbank activities, regardless of size, must file the FR Y-9C.

The report includes a balance sheet, income statement, and statement of changes in equity capital with supporting schedules providing information on securities, loans, risk-based capital, deposits, interest

sensitivity, average balances, off-balance sheet activities, past due loans, and loan charge-offs and recoveries.

The Board has approved the revisions to the FR Y-9C following public comment. Most of the new items are required to maintain consistency with comparable items recently incorporated into the commercial bank Reports of Condition and Income (Call Report) by the Federal Financial Institutions Examination Council (FFIEC).

Public Comments: Three bank holding companies addressed the revisions to the FR Y-9C. As previously discussed, the proposed changes to this report keep the reporting requirements consistent with those changes being incorporated in the "Call Report" to be filed by commercial banks as of March 31, 1995. In the past, bank holding companies have commented that reporting burden is minimized by keeping the changes in the Call Report and the FR Y-9C consistent and by implementing the changes as of the same date.

In their comment letters, two bank holding companies supported the proposed changes to the report. Another bank holding company commented that the proposal expanded the information collected and increased the reporting burden and recommended generally that the Board eliminate all requirements not essential for the performance of the Board's supervisory responsibilities. Specifically, the company recommended that the Board eliminate the proposed requirement for bank holding companies to report gross redemptions of mutual funds and annuities. This item is one of several items relating to the sale of mutual funds by banking organizations added to the report. The Call Report collects some data, but does not collect the amount of redemptions. The Board believes that reporting the amount of redemptions, in addition to the amount of sales, is essential to measure the flow of funds into these new products and, accordingly, has approved the collection of these data. The measurement of the flow of funds is important in assessing the growth of these products. The Board also plans to propose to the FFIEC that these data be collected on the Call Report.

The commenter also recommended that the Board delay implementation of the changes until June 30, 1995. The Board believes that the burden on the majority of companies is lessened by making the changes to the FR Y-9C at the same time as the changes are implemented in the Call Report and has approved the changes for the FR Y-9C as of the March 31, 1995, report. The

reports are due forty-five days after March 31, 1995.

Following the review of the public comments, the revisions to the FR Y-9C approved by the Board include:

Schedule HC-A, Securities:

(1) Memoranda items to collect the amortized cost and fair (market) value of high-risk mortgage securities and structured notes have been added.

(2) The reporting instructions for the category labeled "mortgage-backed securities" have been revised to ensure that all such securities are reported. In addition, the line items for collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMICs) issued by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) have been modified to explicitly include REMICs issued by Government National Mortgage Association (GNMA).

Schedule HC-F, Off-Balance Sheet Items:

Part 2 of this schedule has been revised to collect additional information on derivative instruments, including breakdowns of notional contract amounts by instrument type, by risk exposure underlying the contract, and by whether the contract is traded on the exchange or over the counter. In addition, the total notional amount and gross positive and gross negative fair values of contracts held for trading purposes and for purposes other than trading have been included on the schedule.

Schedule HI, Income Statement:

Memoranda items have been included to collect trading revenue that reflects the combined revenues from cash and derivative instruments, with a breakdown by underlying risk exposure, and information on the effect on earnings of derivatives held for purposes other than trading.

Schedules HC-I and HC-J, Risk-Based Capital:

(1) An item has been included to collect the net credit exposure of all derivative contracts taking into consideration netting arrangements permissible under the risk-based capital standards.

(2) The risk-based capital "notional principal value, maturity and replacement cost matrix" for derivatives has been expanded to include an additional remaining maturity time band and four additional categories of derivative contracts (gold, other precious metals, other commodity and equity contracts).

Schedule HI-B, Charge-offs and Recoveries and Changes in Allowance for Loan and Lease Losses:

The reconciliation of the allocated transfer risk reserve on Memoranda, Part 2, Column B has been deleted.

Schedule Of Trading Account Assets and Liabilities:

A schedule for the reporting of trading account assets and liabilities in a manner consistent with the schedule included in the Call Report has been added to the report. This schedule is to be completed by bank holding companies with total consolidated assets of \$1 billion or more, or with \$2 billion or more in par/notional amounts of interest rate, foreign exchange rate and other commodity and equity contracts.

Mutual Funds and Annuities Information:

Line items to collect quarterly gross sales of mutual funds (by type of fund) and annuities, including sales of proprietary mutual funds and annuities, and the fee income generated from the sale and servicing of mutual funds and annuities in domestic offices have been added to the report. In addition, a line item to collect the total amount of gross redemptions of mutual funds and annuities during the quarter has been included.

Deletion of Line Items:

In addition to the above changes that were addressed in the Federal Register notice (59 FR 66540), the Board also has approved two further changes to the FR Y-9C—the elimination of two line items from Schedule HC-F. These two items are: Memorandum item 1, "Mortgages sold with recourse that incur no capital charge," and Memorandum item 2, "Mortgages sold with recourse prior to October 12, 1990." The Board noted that one item is no longer needed following the revisions to the Capital Guidelines required by the Riegle Community Development and Regulatory Improvement Act of 1994, and the second item related to recourse is also no longer necessary.

Final approval under OMB delegated authority of the extension, with revision, of the following reports:

1. *Report title:* Quarterly Financial Statements of Nonbanking Subsidiaries of Bank Holding Companies

Agency form number: FR Y-11Q.

OMB Docket number: 7100-0244.

Frequency: Quarterly.

Reporters: Bank Holding Companies.

Annual reporting hours: 6,696.

Estimated average hours per response:

Range from 3.0 to 8.0 hours.

Number of respondents: 270.

Small businesses are affected.

General description of report: This information collection is mandatory (12

U.S.C. 1844(b) and (c) and 12 CFR 225.5(b). Confidential treatment is not routinely given to the data in these reports. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form.

Abstract: The Board has approved the revision of the FR Y-11Q. As approved, the FR Y-11Q will:

(1) Expand the report to collect more detailed financial information, comparable to items collected on the FR Y-9C and

(2) Revise the reporting criteria for bank holding companies with assets of \$150 million or more to collect information on an individual basis from each nonbank subsidiary viewed as having a significant effect on the condition of the bank holding company. The revised comprehensive financial statements include a balance sheet, off-balance sheet items, a memoranda section, an income statement, and a statement of changes in equity capital. All bank holding companies with total consolidated assets of \$150 million or more would file a report for each individual nonbank subsidiary with total assets equal to 5 percent or more of the bank holding company's consolidated Tier 1 capital, or where the subsidiary's total operating revenue equals 5 percent or more of the bank holding company's consolidated total operating revenue.

Under the prior reporting requirements, the Board collected free-form financial data from each nonbank subsidiary on the FR Y-6, Annual Report of Bank Holding Companies. In addition, nonbank subsidiary data were collected on three automated forms. Large bank holding companies with significant nonbanking assets submitted the FR Y-11Q and the FR Y-11AS. The prior FR Y-11Q was submitted quarterly and collected data from all nonbank subsidiaries on a combined basis. The FR Y-11AS was submitted annually and collected nonbank data on a combined basis by the principal line of business of the nonbank subsidiaries. The third form, FR Y-11I, collected selected financial data from all bank holding companies on each of their nonbank subsidiaries on an annual basis. Under the proposal issued for public comment and now given final approval by the Board, the Board eliminated the collection of free-form nonbank financial data in the FR Y-6, Annual Report of Bank Holding Companies, to offset the increase in the burden of the collection of automated data on the revised FR Y-11Q and the revised FR Y-11I. The Board gave final approval to

the deletion of the free-form nonbank financial data in the FR Y-6 on February 7, 1995 (60 FR 12215). The Board also proposed to delete the requirement to submit the FR Y-11AS, and all commenters favored the deletion of this report. Thus, the Board has eliminated the requirement for certain bank holding companies to submit the FR Y-11AS. *Public Comments:* Comments on the proposed revisions to the reports collecting data from nonbank subsidiaries were received from four bank holding companies. In addition to those commenting on the FR Y-9C, one commenter only commented on the FR Y-11 series. This commenter supported the proposed revisions and stated that under the revised report that they would only have to file a report for one subsidiary on a quarterly basis rather than providing quarterly data on all subsidiaries on a combined basis. Another commenter welcomed the deletion of certain nonbanking data, but stated their opposition to the increased burden of the FR Y-11Q.

A third commenter proposed increasing the materiality test for completing the FR Y-11Q and suggested several options. These include: nonbank assets as a percentage of total consolidated assets; investment in nonbank subsidiaries as a percentage of Tier 1 capital; or increasing the test of nonbank assets as a percent of Tier 1 capital. The materiality test proposed and adopted by the Board is based on the criteria utilized by Federal Reserve examination staff in determining those nonbanking subsidiaries subject to on-site examinations. In general, this materiality test is used to define those material nonbanking subsidiaries that can have a significant impact on the financial condition of the bank holding company.

The fourth commenter agreed that a revision of the information reported by nonbank subsidiaries is warranted, but suggested that the reporting format follow that of the FR 2314, Report of Condition of Foreign Subsidiaries. However, since the proposed format of the FR Y-11Q and FR Y-11I is consistent with the format of other bank holding company reports and the Call Report filed by commercial banks, the Board approved the format as proposed. The Board believes that conforming the format to that of the Call Report and the other holding company reports should reduce the burden on most bank holding companies. The commenter also recommended that the criteria for determining material nonbank subsidiaries exclude intercompany transactions. The Board believes that intercompany transactions should be

included as these nonbank subsidiaries serve as funding vehicles for other credit extending nonbank subsidiaries and pose liquidity risks to the bank holding company. Finally, the commenter recommended that the proposed FR Y-11I be further summarized. The revised format is composed of significant asset and liability accounts. Additional schedules are required to be completed only if the nonbank subsidiary is engaged in extensions of credit. The Board believes that the revised report represents the minimum information that should be collected from nonbank subsidiaries to evaluate their financial position and to monitor their potential impact on the bank holding company.

2. Report title: Annual Financial Statements for Nonbanking Subsidiaries.

Agency form number: FR Y-11I.

OMB Docket number: 7100-0244.

Frequency: Annual.

Reporters: Bank Holding Companies.

Annual reporting hours: 13,216.

Estimated average hours per response:

Range from 0.4 to 8.0 hours.

Number of respondents: 4130.

Small businesses are affected.

General description of report: This information collection is mandatory (12 U.S.C. 1844(b) and (c)) and 12 CFR 225.5(b). Confidential treatment is not routinely given to the data in these reports. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form.

Abstract and Public Comments: The prior FR Y-11I report was filed by a top-tier bank holding company for each of its nonbank subsidiaries, whether directly or indirectly owned. Combined and consolidated reporting was permitted in some instances. The report consisted of ten summary financial items and two items providing consolidation information.

The Federal Reserve has approved the following revisions to the FR Y-11I:

(1) Expand the report to collect more detailed financial information, comparable to items proposed for the FR Y-11Q but with certain detail reported only as summary items and

(2) Revise the reporting criteria to collect information on an individual basis annually from each nonbank subsidiary not required to file the proposed FR Y-11Q. The revised financial statements will include a balance sheet, income statement, off-balance sheet, and a statement on changes in equity capital. The FR Y-11I will also include a loan schedule to be submitted only by respondents engaged

in credit extending activities. The public comments are discussed under the FR Y-11Q report.

Final approval under OMB delegated authority of the elimination of the following report:

1. Report title: Combined Financial Statements of Nonbank Subsidiaries of Holding Companies, by Type of Nonbank Subsidiary.

Agency form number: FR Y-11AS.

OMB Docket number: 7100-0244.

Frequency: Annual.

Reporters: Bank Holding Companies.

Annual reporting hours: 1,680.

Estimated average hours per response:

Range from 1.0 to 17.0 hours.

Number of respondents: 271.

Small businesses are affected.

General description of report: This information collection is mandatory (12 U.S.C. 1844(b) and (c) and 12 CFR 225.5(b)). Confidential treatment is not routinely given to the data in these reports. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form.

Abstract: The FR Y-11AS was filed by all bank holding companies meeting the prior reporting criteria for the FR Y-11Q. The report collected the same report items as the FR Y-11Q by type of nonbank activity and consists of a balance sheet, income statement, and a memoranda section. The Board has eliminated this reporting requirement, and all commenters supported this action.

REGULATORY FLEXIBILITY ACT ANALYSIS

The Board certifies that the above bank holding company reporting requirements are not expected to have a significant economic impact on small entities within the meaning of the Regulatory Flexibility Act (5 U.S.C. 601 et seq.). The reporting requirements for the small companies require significantly fewer items of data to be submitted than the amount of information required of large bank holding companies.

The information that is collected on the reports is essential for the detection of emerging financial problems, the assessment of a holding company's financial condition and capital adequacy, the performance of pre-inspection reviews, and the evaluation of expansion activities through mergers and acquisitions. The imposition of the reporting requirements is essential for the Board's supervision of bank holding companies under the Bank Holding Company Act.

By order of the Board of Governors of the Federal Reserve System, March 24, 1995.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 95-7796 Filed 3-29-95; 8:45AM]

Billing Code 6210-01-F

First Community Corporation, et al.; Formations of; Acquisitions by; and Mergers of Bank Holding Companies

The companies listed in this notice have applied for the Board's approval under section 3 of the Bank Holding Company Act (12 U.S.C. 1842) and § 225.14 of the Board's Regulation Y (12 CFR 225.14) to become a bank holding company or to acquire a bank or bank holding company. The factors that are considered in acting on the applications are set forth in section 3(c) of the Act (12 U.S.C. 1842(c)).

Each application is available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank or to the offices of the Board of Governors. Any comment on an application that requests a hearing must include a statement of why a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute and summarizing the evidence that would be presented at a hearing.

Unless otherwise noted, comments regarding each of these applications must be received not later than April 24, 1995.

A. Federal Reserve Bank of Richmond (Lloyd W. Bostian, Jr., Senior Vice President) 701 East Byrd Street, Richmond, Virginia 23261:

1. First Community Corporation, Columbia, South Carolina; to become a bank holding company by acquiring 100 percent of the voting shares of First Community Bank, N.A., Lexington, South Carolina (in organization).

B. Federal Reserve Bank of Chicago (James A. Bluemle, Vice President) 230 South LaSalle Street, Chicago, Illinois 60690:

1. Suburban Illinois Bancorp, Inc., Elmhurst, Illinois; to become a bank holding company by acquiring 100 percent of the voting shares of Suburban Bank of Elmhurst, Elmhurst, Illinois.

C. Federal Reserve Bank of St. Louis (Randall C. Sumner, Vice President) 411 Locust Street, St. Louis, Missouri 63166:

1. Mountain View Bancshares, Inc., Mountain View, Arkansas; to become a