

Tips for filing applications and notices

By Darcey Quist

The Federal Reserve System is responsible for processing various applications and notices received from bank holding companies, savings and loan holding companies, and state member banks. Examples of transactions for BHCs and SLHCs include holding company formations, acquisitions and mergers, nonbank activities or acquisitions, stock redemptions, and declarations of financial holding company status. Examples of state member bank transactions that require Federal Reserve approval are memberships, mergers, establishing branches, making investments in premises, paying dividends, beginning to offer trust services, and establishing a financial subsidiary. Material changes in ownership or control of BHCs, SLHCs, financial holding companies and state member banks by individuals or other entities also may require prior approval of the Federal Reserve System. In each case, the Fed offers guidance to help ensure you meet all of the Federal Reserve processing requirements.

Federal Reserve filing resources

The Federal Reserve's website has information for filing applications (<https://www.federalreserve.gov/supervisionreg/afi/filings.htm>.) The website includes information on the types of filings, who must file, which forms are required, links to contacts and filing instructions. It is important to be thorough and responsive in answering each question on all forms to prevent processing delays. If you are unsure how to respond to a question, contact your district bank for clarification regarding information needed to provide an appropriate response.

Legal and accounting support

If your proposed transaction raises legal issues due to the ownership or structure of the proposal, consider discussing it with an experienced lawyer familiar with banking laws and regulations. Legal counsel can assist in ensuring the proposal meets regulatory guidance and the application provides the information needed for processing. Examples of these types of proposals include shareholders that are companies, LLCs or LLPs, shareholders that represent a group acting in concert, or proposals that raise competitive issues. Likewise, if you need support to present pro forma or projected financial information required for an application, or if the proposal raises other accounting issues, you should consider discussing it with a qualified accountant with experience in such matters. The Federal Reserve has a pre-filing process bankers can also use to receive feedback on specific aspects of a proposal prior to filing an application (see SR Letter 12-12). We can help you decide whether the pre-filing process is beneficial.

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Electronic filing of applications (E-Apps)

Although not currently a requirement, the Federal Reserve prefers to receive applications electronically through our web-based system, E-Apps, either directly or through your authorized representative. The online process is designed to ensure the confidentiality of the data and to verify the identity of the filer. It also eliminates the costs associated with the requirement that, when filed in paper form, multiple copies of most applications be sent to the Fed for processing. Information regarding E-Apps can be found on the Fed's website.

Confidential Treatment Requests

Under the provisions of the Freedom of Information Act, an application filed with the Federal Reserve is a public document. However, an applicant may request confidential treatment for information it believes is exempt from disclosure under FOIA. The application instructions include guidance on confidentiality. Applicants should review the guidance included with the application forms, noting that the request must describe the harm that would result from public release of the information. Applicants should also separate the public information from confidential information in the application to avoid any confusion with the confidential treatment request. The Reserve Bank reviews the request for confidential treatment and notifies the applicant if the confidentiality request is not fully granted.

Newspaper publication requirements

Most applications require that a notice of the proposal is published in a newspaper of general circulation in the head office location of the applicant and target. Templates and instructions for the publications are also on the Fed's website. Certain proposals are more difficult to describe within the templates provided. The Fed is willing to review a draft of the notice prior to publication to ensure it adequately discloses the proposal and the parties to the transaction to avoid delays and costs associated with re-publication.

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