

20573, Phone: (202) 523-5800, Email: [omd@fmc.gov](mailto:omd@fmc.gov).

**FOR FURTHER INFORMATION CONTACT:** A copy of the information collection, or copies of any comments received, may be obtained by contacting Donna Lee at (202) 523-5800 or email at [dlee@fmc.gov](mailto:dlee@fmc.gov).

**SUPPLEMENTARY INFORMATION:**

**Request for Comments**

The Commission, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to comment on the continuing information collection listed in this notice, as required by the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

Comments submitted in response to this notice will be included or summarized in our request for Office of Management and Budget (OMB) approval of the relevant information collection. All comments received, including attachments, are part of the public record and subject to disclosure. Please do not include any confidential material or material that you consider inappropriate for public disclosure. We invite comments on: (1) The necessity and utility of the proposed information collection for the proper performance of the agency's functions; (2) the accuracy of the estimated burden; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) the use of automated collection techniques or other forms of information technology to minimize the information collection burden.

**Information Collection Open for Comment**

*Title:* 46 CFR part 540—Application for Certificate of Financial Responsibility/Form FMC-131.

*OMB Approval Number:* 3072-0012 (Expires February 28, 2017).

*Abstract:* Sections 2 and 3 of Public Law 89-777 (46 U.S.C. 44101-44106) require owners or charterers of passenger vessels with 50 or more passenger berths or stateroom accommodations and embarking passengers at United States ports and territories to establish their financial responsibility to meet liability incurred for death or injury to passengers and other persons, and to indemnify passengers in the event of nonperformance of transportation. The Commission's regulations at 46 CFR part 540 implement Public Law 89-777 and specify financial responsibility coverage requirements for such owners and charterers.

*Current Actions:* There are no changes to this information collection, and it is being submitted for extension purposes only.

*Type of Review:* Extension.

*Needs and Uses:* The information will be used by the Commission's staff to ensure that passenger vessel owners and charterers have evidenced financial responsibility to indemnify passengers and others in the event of nonperformance or casualty.

*Frequency:* This information is collected when applicants apply for a certificate or when existing certificants change any information in their application forms.

*Affected Public Who Will Be Asked or Required to Respond:* Respondents are owners, charterers, and operators of passenger vessels with 50 or more passenger berths that embark passengers from U.S. ports or territories.

*Number of Annual Respondents:* The Commission estimates the total number of respondents at 47 annually.

*Estimated Time per Response:* The time per response ranges from 0.5 to 8 hours for reporting and recordkeeping requirements contained in the regulations, and 8 hours for completing Application Form FMC-131.

*Total Annual Burden:* The Commission estimates the total burden at 1,359 hours per year.

**Rachel E. Dickon,**

*Assistant Secretary.*

[FR Doc. 2016-29851 Filed 12-12-16; 8:45 am]

**BILLING CODE 6731-AA-P**

**FEDERAL RESERVE SYSTEM**

[Docket No. OP-1555]

**Application of the RFI/C(D) Rating System to Savings and Loan Holding Companies**

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

**ACTION:** Notice and request for comment.

**SUMMARY:** The Board proposes to fully apply the same supervisory rating system to savings and loan holding companies as currently applies to bank holding companies. This proposal furthers the Board's goal of ensuring that holding companies that control depository institutions are subject to consistent standards and supervisory programs. The proposal would not apply to savings and loan holding companies engaged in significant insurance or commercial activities. These firms would instead continue to receive indicative supervisory ratings.

**DATES:** Comments must be received no later than February 13, 2017.

**ADDRESSES:** You may submit comments, identified by Docket No. OP-1555, 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](mailto: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 3515, 1801 K Street NW. (between 18th and 19th Streets NW.), Washington, DC 20006, between 9:00 a.m. and 5:00 p.m. on weekdays. For security reasons, the Board requires that visitors make an appointment to inspect comments. You may do so by calling (202) 452-3684. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

**FOR FURTHER INFORMATION CONTACT:** T. Kirk Odegard, Assistant Director and Chief of Staff, Policy Implementation and Effectiveness, (202) 530-6225, or Karen Caplan, Manager, (202) 452-2710, Division of Banking Supervision and Regulation; 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:**

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**I. Background**

In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") transferred

responsibility for the supervision of savings and loan holding companies (SLHCs) from the Office of Thrift Supervision to the Federal Reserve.<sup>1</sup> Since 2011, the Board has applied its existing rating system for bank holding companies (BHCs)—the RFI/C(D) rating system (commonly referred to as the “RFI rating system”)<sup>2</sup>—to SLHCs on an indicative basis as a way of providing feedback to SLHCs regarding supervisory expectations while the Federal Reserve and SLHCs each became familiar with the newly established statutory framework for supervision. Federal Reserve supervisory staff have assigned to each savings and loan holding company an “indicative rating,” which describes how the savings and loan holding company would be rated under the RFI rating system if applied to the company without the rating itself triggering supervisory consequences.<sup>3</sup>

Prior to the transfer of supervisory responsibility for SLHCs, the OTS assigned supervisory ratings for SLHCs under the CORE rating system.<sup>4</sup> The CORE rating system and the RFI rating system substantially overlapped. The two rating systems generally included assessments of the same set of financial and non-financial factors and provide a summary evaluation of each holding company’s condition.<sup>5</sup> Under both

systems, assigned ratings formed a basis for supervisory responses and actions, including discussions between supervisors and firm management of a holding company’s condition.

The Board did not adopt the CORE rating system upon taking over supervision of SLHCs. Instead, because SLHCs and BHCs face the same risks and engage largely in the same activities, the Board sought to ensure that holding companies of depository institutions were subject to consistent standards and supervisory programs by applying the same RFI rating system to SLHCs as the Board applies to BHCs. To allow a period of adjustment for both the Federal Reserve and SLHCs, the Federal Reserve assigned RFI ratings on an indicative basis only.

## II. The Proposal

### *Applying the RFI Rating System to SLHCs*

After completing a number of supervisory cycles in which the RFI rating system has been applied to SLHCs on an indicative basis and having evaluated the information gained from that process, the Board now proposes to apply the RFI rating system to certain SLHCs on a fully implemented basis.<sup>6</sup> Applying the RFI rating system to both BHCs and SLHCs ensures that holding companies of depository institutions are subject to consistent standards and supervisory programs.<sup>7</sup> Experience with this process over the past five years indicates that the RFI rating system is an effective approach to communicating supervisory expectations to SLHCs. In proposing this application of the RFI rating system to certain SLHCs, the Board has taken into account the diverse population of SLHCs and the experience gained in assigning indicative RFI ratings to these firms.

The Board proposes to apply the RFI rating system to all SLHCs except those that are excluded from the definition of “covered savings and loan holding company” in section 217.2 of the

Board’s Regulation Q.<sup>8</sup> Specifically, the Board would not fully apply the RFI rating system to SLHCs that derive 50 percent or more of their total consolidated assets or total revenues to activities that are not financial in nature under section 4(k) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. 1843(k)). This proposal also would not apply to savings and loan holding companies that are insurance companies or savings and loan holding companies that hold 25 percent or more of their total consolidated assets in subsidiaries that are insurance companies. Instead, the Board would continue to assign an indicative rating under the RFI system to these SLHCs as it reviews whether a modified version of the RFI rating system or some other supervisory rating system is appropriate for these firms on a permanent basis.

Under this proposal, all components of the RFI rating system (*i.e.*, risk management, financial condition, and potential impact of the parent company and nondepository subsidiaries on subsidiary depository institution(s)) would apply to SLHCs.<sup>9</sup> Likewise, the depository institution rating, which generally mirrors the primary regulator’s assessment of the subsidiary depository institution(s), would apply to certain SLHCs under the proposal. A numeric rating of 1 indicates the highest rating, strongest performance and practices, and least degree of supervisory concern; a numeric rating of 5 indicates the lowest rating, weakest performance, and the highest degree of supervisory concern.

The financial condition component of the RFI rating includes a subcomponent that represents an assessment of capital adequacy. Compliance with minimum regulatory capital requirements is part of a broader qualitative and quantitative assessment of an SLHC’s capital adequacy. As of January 1, 2015, certain SLHCs became subject to minimum capital requirements and overall capital adequacy standards.<sup>10</sup> For SLHCs subject to minimum regulatory capital requirements, assessment of the SLHC’s

<sup>1</sup> 12 U.S.C. 5412(b)(1).

<sup>2</sup> Under the RFI rating system, BHCs generally are assigned individual component ratings for risk management (R), financial condition (F), and impact (I) of nondepository entities on subsidiary depository institutions. The risk management component is supported by individual subcomponent ratings for board and senior management oversight; policies, procedures, and limits; risk monitoring and management and information systems; and internal controls. The financial condition rating is supported by individual subcomponent ratings for capital adequacy, asset quality, earnings, and liquidity. An additional component rating is assigned to generally reflect the condition of any depository institution subsidiaries (D), as determined by the primary supervisor(s) of those subsidiaries. An overall composite rating (C) is assigned based on an overall evaluation of a BHC’s managerial and financial condition and an assessment of potential future risk to its subsidiary depository institution(s). A simplified version of the RFI rating system that includes only the risk management component and a composite rating is applied to noncomplex BHCs with assets of \$1 billion or less.

<sup>3</sup> All SLHCs that have been inspected have received at least one indicative rating.

<sup>4</sup> See 72 FR 72442 (December 20, 2007). Under the CORE rating system, SLHCs generally were assigned individual component ratings for capital (C), organizational structure (O), risk management (R), and earnings (E), as well as a composite rating that reflected an overall assessment of the holding company as reflected by consolidated risk management and financial strength.

<sup>5</sup> The primary difference between the two rating systems concerned asset quality and liquidity. Under the CORE rating system, a review of asset quality was subsumed into other rating elements

such as capital and earnings, it was not specifically accounted for or assessed. Similarly, liquidity was not rated separately under the CORE rating system; it was taken into account in the organizational structure and earnings assessments. The RFI rating system assigns a separate subcomponent rating for asset quality and liquidity that support the overall financial condition rating.

<sup>6</sup> See 12 U.S.C. 1467a(b) (providing for the supervision and examination of SLHCs by the Board) and 1467a(g) (authorizing the Board to issue regulations and orders it deems necessary to or appropriate to enable it to administer and carry out the purposes of section 10 of HOLA).

<sup>7</sup> The Board is not proposing any changes to the application of the RFI rating system to bank holding companies at this time.

<sup>8</sup> 12 CFR 217.2.

<sup>9</sup> Consistent with the approach for BHCs, when assigning a rating to an SLHC supervisory staff will take into account a company’s size, complexity, and financial condition. For example, a noncomplex SLHC with total assets less than \$1 billion will not be assigned all subcomponent ratings; rather, only a risk management component rating and composite rating generally will be assigned. These would equate, respectively, to the management component and composite rating under the CAMELS rating system for depository institutions, as assigned to the SLHC’s subsidiary savings association by its primary regulator.

<sup>10</sup> See 78 FR 62018, 62028 (October 11, 2013) (outlining the timeframe for implementation of Regulation Q for SLHCs and others).

compliance with those requirements will be one element of a broader qualitative and quantitative assessment of capital adequacy.<sup>11</sup>

Noncomplex SLHCs under \$1 billion will be assigned an abbreviated version of the RFI rating system consistent with the Board's practice for BHCs outlined in SR 13–21.<sup>12</sup> An offsite review of the SLHC will be conducted upon receipt of the lead depository institution's report of examination. The supervisory cycle will be determined by the examination frequency of the lead depository institution and the SLHC will be assigned only a risk management rating and a composite rating.

Finally, elements of the RFI rating system that are codified in the Board's *Bank Holding Company Supervision Manual*<sup>13</sup> and a policy letter issued by the staff of the Board's Division of Banking Supervision and Regulation will be revised if the proposal to fully apply the RFI system to certain SLHCs is finalized.<sup>14</sup>

#### *Assessment of Capital Adequacy for SLHCs That Receive Indicative Ratings*

For SLHCs that would continue to receive an indicative rating under the RFI rating system, the Board proposes that examiners, in the evaluation of capital adequacy of an SLHC, consider the risks inherent in the SLHC's activities and the ability of capital to absorb unanticipated losses, provide a base for growth, and support the level and composition of the parent company and subsidiaries' debt.

#### *Supervisory Guidance for SLHCs With Less Than \$10 Billion in Assets*

In 2013, Board staff published several supervisory letters extending the use of the RFI rating system for and assignment of indicative ratings to SLHCs and extending the scope and frequency requirements for supervised holding companies with total

consolidated assets of \$10 billion or less to SLHCs. Until such time as the Board adopts a final rule on the application of the RFI rating system to SLHCs, SLHCs may refer to these letters for staff-level guidance on the use of indicative ratings.

The Board invites comment on all aspects of this proposal.

### III. Regulatory Analysis

#### *Paperwork Reduction Act*

There is no collection of information required by this proposal that would be subject to the Paperwork Reduction Act of 1995, 44 U.S.C. 3501 *et seq.*

#### *Regulatory Flexibility Analysis*

The Regulatory Flexibility Act (RFA) requires an agency to publish an initial regulatory flexibility analysis with a proposed rule or certify that the proposed rule will not have a significant economic impact on a substantial number of small entities. Based on its analysis, and for the reasons stated below, the rule would not have a significant economic impact on a substantial number of small entities. Nevertheless, the Board is publishing an initial regulatory flexibility analysis and requests public comment on all aspects of its analysis. The Board will, if necessary, conduct a final regulatory flexibility analysis after considering the comments received during the public comment period.

1. *Statement of the need for, and objectives of, the proposed rule.* The proposed rule would apply the same supervisory rating system to SLHCs as currently applies to bank holding companies. The RFI rating system is an effective approach to communicating supervisory expectations to SLHCs. This proposal furthers the Board's goal of ensuring that holding companies that control depository institutions are subject to consistent standards and supervisory programs.

2. *Small entities affected by the proposed rule.* Under regulations issued by the Small Business Administration, a small entity includes an SLHC with total assets of \$550 million or less. As of October 31, 2016, there were approximately 157 small SLHCs. The proposed rule will not have a significant economic impact on the entities that it affects because the proposal does not impose any recordkeeping, reporting, or compliance requirements. The Board invites comment on the effect of the proposed rule on small entities.

3. *Recordkeeping, reporting, and compliance requirements.* The proposed rule would not impose any recordkeeping, reporting, or compliance requirements.

4. *Other Federal rules.* The Board has not identified any likely duplication, overlap and/or potential conflict between the proposed rule and any Federal rule.

5. *Significant alternatives to the proposed revisions.* The Board believes that this proposal will not have a significant economic impact on small banking organizations supervised by the Board and therefore believes that there are no significant alternatives to this proposal that would reduce the economic impact on small banking organizations supervised by the Board.

The Board solicits comment on any significant alternatives that would reduce the regulatory burden associated on small entities with this proposed rule.

#### *Solicitation of Comments on Use of Plain Language*

Section 722 of the Gramm-Leach-Bliley Act requires the Board to use plain language in all proposed and final rules published after January 1, 2000. The Board invites comment on how to make this proposed rule easier to understand. For example:

- Has the Board organized the material to suit your needs? If not, how could the proposal be more clearly stated?
- Are the requirements in the proposal clearly stated? If not, how could the proposal be more clearly stated?
- Does the proposal contain technical language or jargon that is not clear? If so, what language requires clarification?
- Would a different format (grouping and order of sections, use of headings, paragraphing) make the proposal easier to understand? If so, what changes would make the proposal easier to understand?
- Would more, but shorter, sections be better? If so, which sections should be changed?
- What else could the Board do to make the proposal easier to understand?

By order of the Board of Governors of the Federal Reserve System, December 8, 2016.

**Robert deV. Frierson,**  
Secretary of the Board.

[FR Doc. 2016–29891 Filed 12–12–16; 8:45 am]

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## FEDERAL TRADE COMMISSION

### Granting of Request for Early Termination of the Waiting Period Under the Premerger Notification Rules

Section 7A of the Clayton Act, 15 U.S.C. 18a, as added by Title II of the

<sup>11</sup> See Sections 4060 and 4061 of the *Bank Holding Company Supervision Manual*; Supervision and Regulation Letter 15–19 (December 18, 2015), available at <https://www.federalreserve.gov/bankinforeg/srletters/sr1519.htm>; Supervision and Regulation Letter 15–6 (April 6, 2015), available at <https://www.federalreserve.gov/bankinforeg/srletters/sr1506.htm>; Supervision and Regulation Letter 09–04 (February 24, 2009, revised December 21, 2015), available at <http://www.federalreserve.gov/boarddocs/srletters/2009/sr0904.htm>.

<sup>12</sup> Supervision and Regulation Letter 13–21 (December 17, 2013), available at <https://www.federalreserve.gov/bankinforeg/srletters/sr1321.htm>.

<sup>13</sup> Available at [http://www.federalreserve.gov/boarddocs/supmanual/supervision\\_bhc.htm](http://www.federalreserve.gov/boarddocs/supmanual/supervision_bhc.htm).

<sup>14</sup> See Supervision and Regulation Letter 04–18 (December 6, 2014), available at <http://www.federalreserve.gov/boarddocs/srletters/2004/sr0418.htm>.