

subscribers must submit their written responses to their RespOrgs no later than 60 days from the date of 877 deployment. RespOrgs will then have 30 days to submit all required documentation to DSMI. This means that RespOrgs must submit to DSMI all required documentation no later than 90 days from the date of 877 deployment. If the 800 subscriber chooses to obtain the corresponding number in the 888 code, that number should be placed in the control of that 800 subscriber's RespOrg 90 days after the 877 code is deployed for assignment to that subscriber. We require DSMI to place that number in the control of the appropriate RespOrg only if it receives a letter within the proper time period from that RespOrg making that request along with a letter that the 800 subscriber sent to its RespOrg or Toll Free Service Provider expressing interest in obtaining that 888 number. If the 800 subscriber is not interested in obtaining the set-aside 888 number, that 888 number shall be released into the spare pool of available numbers, 90 days after deployment of 877, for assignment on a first-come, first-served basis. We require that DSMI release any 888 set-aside number into the spare pool of available numbers only if one of three events occur: 1) DSMI receives a letter from the RespOrg authorizing DSMI to release that particular 888 number along with a letter that the current 800 subscriber sent to its RespOrg or Toll Free Service Provider refusing that 888 number; 2) DSMI receives a letter from the RespOrg certifying that the RespOrg notified the 800 subscriber and the subscriber failed to respond within the required period of time; or 3) the 800 number corresponding to the 888 set-aside number is not assigned to a subscriber. Finally, the Bureau directs DSMI to place all "877-555-XXXX" numbers in unavailable status along with the "888-555-XXXX" numbers until the Commission has reached a decision on the issues related to the development of competitive directory assistance service. The Bureau has provided these requirements to assist DSMI in releasing the 888 vanity numbers pursuant to a right of first refusal and to ensure that toll free subscribers are given adequate notice and opportunity to reserve the numbers of their choice. In order to protect the interest of the involved parties, DSMI will not release any set-aside 888 number until it has received the authorizing letters from both the RespOrg and 800 number subscriber. Burden estimates for the information collection requirements are as follows:

a. Notification to Subscribers by RespOrgs (number of respondents: 215; avg. burden per respondent: 1 hour; total annual burden: 215 hours); b. Letter and other documentation from RespOrgs to DSMI (number of respondents: 215; avg. burden per respondent: 1 hour; total annual burden: 215 hours); c. Letter from Subscribers to RespOrgs (number of respondents: 370,000; avg. burden per respondent: 1 hour; total annual burden: 370,000 hours). The requirements are necessary to ensure that toll free subscribers are given notice and opportunity to reserve numbers of their choice. Obligation to respond: Required. Public reporting burden for the collections of information is as noted above. Send comments regarding the burden estimate or any other aspect of the collections of information, including suggestions for reducing the burden to Performance Evaluation and Records Management, Washington, D.C. 20554. Federal Communications Commission.

**William F. Caton,**

*Deputy Secretary.*

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BILLING CODE 6712-01-F

## FEDERAL MARITIME COMMISSION

### Ocean Freight Forwarder License Applicants

Notice is hereby given that the following applicants have filed with the Federal Maritime Commission applications for licenses as ocean freight forwarders pursuant to section 19 of the Shipping Act of 1984 (46 U.S.C. app. 1718 and 46 CFR 510).

Persons knowing of any reason why any of the following applicants should not receive a license are requested to contact the Office of Freight Forwarders, Federal Maritime Commission, Washington, DC 20573.

*Townsend Logistics, Inc.*, 1177 NW., 81st Street, Miami, FL 33150, *Officer:* Neil M. Townsend, President

*FirstAir, Inc.*, a/b/a/ *Seamasters*, 980 Lone Oak Road, Suite 323, Eagan, MN 55121, *Officers:* Richard McCrady, Jr., President, Mike Epperson, Executive Vice President

Dated: April 8, 1998.

**Joseph C. Polking,**

*Secretary.*

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BILLING CODE 6730-01-M

## FEDERAL RESERVE SYSTEM

### Agency Information Collection Activities: Submission to OMB Under Delegated Authority

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

**ACTION:** Notice.

**SUMMARY:** *Background.* 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 CFR 1320.16 (OMB Regulations on Controlling Paperwork Burdens on the Public). The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. A copy of the OMB 83-I and supporting statement and the approved collection of information instrument is being placed into OMB's public docket files.

#### FOR FURTHER INFORMATION CONTACT:

Robert T. Maahs, Supervisory Financial Analyst (202/872-4935) or Tina Robertson, Supervisory Financial Analyst (202/452-2949) for information concerning the specific bank holding company reporting requirements. The following may also be contacted regarding the information collection:

1. Chief, Financial Reports Section—Mary M. McLaughlin—Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202-452-3829)

2. OMB Desk Officer—Alexander T. Hunt—Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3208, Washington, DC 20503 (202-395-7860)

#### SUPPLEMENTARY INFORMATION:

#### General Information

On January 29, 1998, the Board issued for public comment proposed revisions to certain bank holding company reports (63 FR 4450). The comment period expired on March 30, 1998. The Board of Governors received two comment letters pertaining to the Y-9C; neither letter addressed proposed revisions to the reports.

One bank holding company requested that the Federal Reserve raise the reporting threshold for filing

consolidated financial statements from \$150 million to \$200 million in consolidated assets. The Federal Reserve currently collects consolidated financial statements from approximately 1,450 bank holding companies with consolidated assets of \$150 million or more. It also collects abbreviated, parent-only financial statements from more than 4,100 bank holding companies. The Federal Reserve reviews the reporting thresholds of its regulatory reports on a regular basis and has found that the current reporting requirements for bank holding companies are appropriate and provide the Federal Reserve with information necessary to meet its supervisory responsibilities.

Another bank holding company questioned why they were required to file detailed information pertaining to risk-based capital on the FR Y-9C report when they were not required to file such detailed information about risk-based capital on the commercial bank Report of Condition and Income (Call Report) (FFIEC 031-034; OMB No. 7100-0036).<sup>1</sup> The Federal Reserve's risk-based capital guidelines apply on a consolidated basis to bank holding companies with consolidated assets of \$150 million or more. Standardized data from all bank holding companies subject to the capital guidelines provide consistency in reporting and are necessary for analytical purposes. Furthermore, the risk-based capital information not separately reported by some banks on the Call Report must still be calculated by all banks in order to complete other mandatory regulatory capital items on the Call Report.

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 sources of financial information on bank holding companies and their nonbanking activities between on-site inspections. Financial information, as well as ratios developed from these 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 supervisory responsibilities.

### **Final Approval Under OMB Delegated Authority of the Revision of the Following Reports**

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

*Agency form number:* FR Y-9C.

*OMB control number:* 7100-0128.

*Frequency:* Quarterly.

*Reporters:* Bank holding companies.

*Annual reporting hours:* 196,578.

*Estimated average hours per response:* Ranges from 5 to 1,250 hours.

*Number of respondents:* 1,457.

Small businesses are affected.

*General description of report:* The 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. Data reported 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).

The FR Y-9C consists of standardized financial statements similar to the Call Report. The FR Y-9C is filed quarterly by top-tier bank holding companies with total consolidated assets of \$150 million or more and by lower-tier bank holding companies with total consolidated assets of \$1 billion or more. In addition, multibank holding companies with total consolidated assets of less than \$150 million with debt outstanding to the general public or engaged in certain nonbank activities must file the FR Y-9C.

The Board approved the following changes to the FR Y-9C effective with the March 31, 1998, reporting date to parallel changes to the Call Report.

*Schedule HC-B, Part II—Trading Assets and Liabilities.* Eliminate the separate reporting of item 6, "Certificates of deposit in domestic offices," item 7, "Commercial paper in domestic offices," and item 8, "Bankers acceptances in domestic offices." Instead, existing items 6 and 8 will be included in existing item 9, "Other trading assets in domestic offices." Commercial paper held for trading will begin to be reported as part of the bank holding company's trading account securities, in existing item 5, "Other debt securities in domestic offices," consistent with the change in balance sheet classification of commercial paper not held for trading and the elimination

of the loan schedule memorandum item for commercial paper, both of which took effect as of March 31, 1997.

#### *Schedule HC-I—Risk-Based Capital.*

(1) Add an item for the reporting of the "Maximum contractual dollar amount of recourse exposure in low level recourse transactions" to allow respondents to report low level recourse for capital purposes under the "direct reduction method." Currently, bank holding companies can only report their low level recourse transactions using the "gross-up" method. In general, the gross-up method requires the bank holding company to multiply the maximum amount of their recourse exposure by the reciprocal of the full effective minimum risk-based capital requirement for the assets transferred and to report the resulting dollar amount as an off-balance sheet credit equivalent amount in the risk weight category appropriate to the assets transferred. However, the greater the volume of a bank holding company's low level recourse transactions and the higher the bank holding company's risk-based capital in relation to the minimum requirement, the more the bank holding company's calculated risk-based capital ratios become distorted as a result of applying the gross-up method. In these situations, another method of handling the bank holding company's low level recourse transactions, the so-called direct reduction method, results in a more accurate measure of the bank holding company's risk-based capital ratios.

(2) Add two items to incorporate new capital requirements for the measurement of market risk. These items are: "Market risk equivalent assets" and "Tier 3 Capital." In addition, include an item to report the amount of "Tier 2 Capital."

(3) Revise the caption of Item 3 of Part III to read "Net risk-weighted assets (gross risk-weighted assets less excess allowance (amount that exceeds 1.25% of gross risk-weighted assets) and all other deductions)."

*Allowance for Credit Losses.* The American Institute of Certified Public Accountants' (AICPA) Industry Audit Guide for Banks and Savings Institutions, issued as of April 1, 1996, requires the allocation on the balance sheet of the allowance for credit losses between on-balance sheet financial instruments and off-balance sheet credit exposures. Previously, these allowance components often were reported in the aggregate in the allowance for loan and lease losses (ALLL).

Bank holding companies have been advised to allocate the allowance for credit losses on Schedule HC—Balance

<sup>1</sup> A bank with total assets under \$1 billion is not required to complete certain regulatory capital items if the bank has total capital greater than or equal to 8 percent of adjusted total assets.

Sheet consistent with their allocation methodology for other financial reporting purposes. For example, portions of the allowance for credit losses related to off-balance sheet exposures that are reported as liabilities are to be included in Schedule HC, item 23, "Other liabilities." Bank holding companies have also been advised to aggregate these components of the allowance for credit losses when completing Schedule HI-B, Part II,—Allowance for Loan and Lease Losses. In addition, bank holding companies were advised to disclose the amounts of these components in the "Notes to the Balance Sheet."

The Federal Reserve will retain this methodology of reporting the allowance for credit losses. In doing so, Schedule HI-B, Part II will be retitled "Allowance for Credit Losses," and item 4.a, of Schedule HI—Income Statement will be recaptioned "Provision for credit losses." However, Schedule HI-B, Part I—Charge Offs and Recoveries on Loans and Leases will not be changed, that is, bank holding companies will continue to disclose their loan and lease charge-offs and recoveries only.

**Schedule HI—Income Statement.** Add a memorandum item to determine whether the bank holding company has made a Subchapter S selection for the purposes of the current tax year.

**Instructions.** Instructional revisions and clarifications will be made as necessary, particularly with respect to implementing certain deferred provisions of Financial Accounting Standards Board Statement No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," that become effective in 1998. Instructional revisions and clarifications will be done in accordance with changes made to the Call Report instructions and revisions, if any, to the Capital Guidelines.

## 2. Report title: Parent Company Only Financial Statements for Large Bank Holding Companies

**Agency form number:** FR Y-9LP.  
**OMB control number:** 7100-0128.

**Frequency:** Quarterly.

**Reporters:** Bank holding companies.

**Annual reporting hours:** The changes are estimated to increase the annual reporting burden from 32,454 hours to 33,032 hours.

**Estimated average hours per response:** Range from 2.0 to 13.5 hours.

**Number of respondents:** 1,807.

Small businesses are affected.

**General description of report:** The 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 information in these reports. However, confidential treatment for the report information, in whole or in part, can be requested in accordance with the instructions to the form.

The FR Y-9LP includes standardized financial statements filed quarterly on a parent company only basis from each bank holding company that files the FR Y-9C. In addition, for tiered bank holding companies, a separate FR Y-9LP must be filed for each lower tier bank holding company.

The Board approved the following revisions to the FR Y-9LP effective with the March 31, 1998, reporting date.

**Schedule PC-B—Memoranda.** Revise item 9, "Total combined nonbank assets of nonbank subsidiaries," and expand the information reported about nonbank subsidiaries. In addition, instructional clarifications will be made to the existing item related to combined nonbank assets of nonbank subsidiaries. Existing item 9 will be moved to a new item (item 15), and additional reporting items will be included.

However, all of these items will only be reported by the top-tier bank holding company in a multi-tier bank holding company. In addition to reporting the total combined nonbank assets of nonbank subsidiaries, the top-tier bank holding company will report separately the amount of combined thrift assets and the combined foreign subsidiary assets that are included in the total combined nonbank assets of nonbank subsidiaries. The top-tier bank holding company will also report the total number of nonbank subsidiaries that are included in the combined total assets, combined thrift, and combined foreign nonbank asset balances.

**Schedule PI—Income Statement.** Change item 2(c)(1), "Provision for possible loan and lease losses" to the "Provision for credit losses" to parallel the revision made to Schedule HI—Income Statement of the FR Y-9C.

**Instructions.** Instructional revisions and clarifications will be made as necessary, particularly with respect to the reporting of goodwill, negative goodwill, and other identifiable intangible assets on Schedule PC and Schedule PC-A.

## 3. Report title: Parent Company Only Financial Statements for Small Bank Holding Companies

**Agency form number:** FR Y-9SP.

**OMB control number:** 7100-0128.

**Frequency:** Semiannual.

**Reporters:** Bank holding companies.

**Annual reporting hours:** The changes are estimated to increase the annual

reporting burden from 31,245 hours to 31,912 hours.

**Estimated average hours per response:** Range from 1.5 to 6.0 hours.

**Number of respondents:** 4,166.

Small businesses are affected.

**General description of report:** The 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 information in these reports. However, confidential treatment for the report information, in whole or in part, can be requested in accordance with the instructions to the form.

The FR Y-9SP is a parent company only financial statement filed on a semiannual basis by one-bank holding companies with total consolidated assets of less than \$150 million, and multibank holding companies with total consolidated assets of less than \$150 million that meet certain other criteria. This report, an abbreviated version of the more extensive FR Y-9LP, is designed to obtain basic balance sheet and income statement information for the parent company, information on intercompany transactions, and data for capital adequacy evaluation.

The Board approved the following revisions to the FR Y-9SP effective with the June 30, 1998, reporting date.

**Balance Sheet.** Expand memorandum item 8 for the reporting of additional information about nonbank subsidiaries. Specifically, existing memorandum item 8 will be moved to memorandum item 16, and this item will be completed only by the top-tier bank holding company in a multi-tiered bank holding company. In addition, the top-tier bank holding company will disclose the combined thrift assets included in total combined nonbank assets, as well as the total number of nonbank entities (and separately the number of thrifts) that are included in the amount of total combined nonbank assets reported. Instructional clarifications will also be made to the existing item related to combined nonbank assets of nonbank subsidiaries.

**Income Statement.** Add a memorandum item to ask whether the bank holding company has made a Subchapter S selection for the purposes of the current tax year.

**Instructions.** Instructional revisions and clarifications will be made as necessary, particularly with respect to the reporting of goodwill, negative goodwill, and other identifiable intangible assets on the balance sheet.

**Final Approval Under OMB Delegated Authority to the Extension for Three Years, With Revision, of the Following Reports:**

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

Agency form number: FR Y-11Q.

OMB control number: 7100-0244.

Frequency: Quarterly.

Reporters: Bank holding companies.

Annual reporting hours: 7,589.

Estimated average hours per response: Range from 3.0 to 8.0 hours.

Number of respondents: 306.

Small businesses are affected.

**General description of report:** The 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 most of the data in these reports. However, confidential treatment for the report information, in whole or in part, can be requested in accordance with the instructions to the form. FR Y-11Q, memorandum item 7.a, "loans and leases past due 30 through 89 days" and FR Y-11Q, memorandum item 7.d, "loans and leases restructured and included in past due and nonaccrual loans" are confidential pursuant to Section (b)(8) of the Freedom of Information Act 5 U.S.C. 552(b)(8).

The FR Y-11Q is filed quarterly by the top tier bank holding companies for each nonbank subsidiary of a bank holding company with total consolidated assets of \$150 million or more in which the nonbank subsidiary has total assets of 5 percent or more of the top-tier bank holding company's consolidated Tier 1 capital, or where the nonbank subsidiary's total operating revenue equals 5 percent or more of the top-tier bank holding company's consolidated total operating revenue. The report consists of a balance sheet, income statement, off-balance-sheet items, information on changes in equity capital, and a memoranda section.

The Board approved the following minor revision to the FR Y-11Q effective with the March 31, 1998, reporting date.

**Income Statement.** Item 4, "Provision for loan and lease losses" will be changed to "Provision for credit losses." This revision, which will parallel a proposed change to the FR Y-9C, will conform with the requirements of the American Institute of Certified Public Accountants' (AICPA) *Industry Audit Guide for Banks and Savings Institutions* that was issued as of April 1, 1996.

**2. Report title: Annual Financial Statements of Nonbank Subsidiaries**

Agency form number: FR Y-11I.

OMB control number: 7100-0244.

Frequency: Annual.

Reporters: Bank holding companies.

Annual reporting hours: 6,720.

Estimated average hours per response: Range from .4 to 8.0 hours.

Number of respondents: 2,100.

Small businesses are affected.

**General description of report:** The 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 report information, in whole or in part, can be requested in accordance with the instructions to the form. FR Y-11I, Schedule A, item 7.a, "loans and leases past due 30 through 89 days" and FR Y-11I, Schedule A, item 7.d, "loans and leases restructured and included in past due and nonaccrual loans" are confidential pursuant to Section (b)(8) of the Freedom of Information Act 5 U.S.C. 552(b)(8).

The FR Y-11I is filed annually by the top tier bank holding companies for each of their nonbank subsidiaries that are not required to file a quarterly FR Y-11Q. The FR Y-11I report consists of similar balance sheet, income statement, off-balance-sheet, and change in equity capital information that is included on the FR Y-11Q. In addition, the FR Y-11I also includes a loan schedule to be submitted only by respondents engaged in credit extending activities.

The Board approved the following minor revision to the FR Y-11I effective with the December 31, 1998, reporting date.

**Income Statement.** Item 4, "Provision for loan and lease losses" will be changed to "Provision for credit losses." This revision, which will parallel a proposed change to the FR Y-9C, will conform with the requirements of the American Institute of Certified Public Accountants' (AICPA) *Industry Audit Guide for Banks and Savings Institutions* that was issued as of April 1, 1996.

**Administrative Procedure Act**

Because the data collections referred to herein are contained in a substantive rule, the Board has chosen to follow the more detailed notice and comment procedures of substantive rulemaking that are contained in the Administrative Procedure Act and the Paperwork Reduction Act. The Administrative Procedure Act (5 U.S.C. 553(d))

provides that the required publication or service of a substantive rule shall be made not less than 30 days before its effective date, except as otherwise provided by the agency for good cause found and published with the rule. The substantive changes to these reports are proposed to keep the reporting requirements consistent with those changes being incorporated in the Call Report to be filed by commercial banks as of March 31, 1998. In the past, bank holding companies have commented that the reporting burden is minimized by keeping the Call Report and the bank holding company reports consistent and by implementing the changes on the same date. Furthermore, the effective date of the revisions was published in the initial notice and no comments were received addressing the effective date. For these reasons, in accordance with 5 U.S.C. 553(d)(3), the Board finds there is good cause not to follow the 30-day notice requirements of 5 U.S.C. 553(d) and to make the implementation date for the revised FR Y-9C, FR Y-9LP, and FR Y-11Q reports effective for March 31, 1998.

**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.

Board of Governors of the Federal Reserve System, April 9, 1998.

**William W. Wiles,**

*Secretary of the Board.*

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