

Seed Capital Invested in Mutual Funds

The Board did not temporarily revise or propose to revise the reporting of seed capital invested in mutual funds. The current FR Y-14Q, Schedule F (Trading) instructions require firms to report seed capital invested in mutual funds as private equity exposures. One commenter noted that this treatment may subject firms to unfavorable stressed losses, as the underlying investments of seed capital invested in mutual funds are in liquid, marketable securities across multiple asset classes, including fixed income and equity. Given the liquid, marketable nature of these underlying investments, the commenter recommended that these exposures should not be reported as private equity exposures, but rather reported within the respective sub-schedules of Schedule F, according to the underlying exposure.

The Board intends to consider revising the reporting of seed capital invested in mutual funds as part of a future notice.

Legal authorization and confidentiality: The Board has the authority to require BHCs to file the FR Y-14 reports pursuant to section 5(c) of the Bank Holding Company Act (“BHC Act”), 12 U.S.C. 1844(c), and pursuant to section 165(i) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), 12 U.S.C. 5365(i), as amended by section 401(a) and (e) of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA).¹³ The Board has authority to require SLHCs to file the FR Y-14 reports pursuant to section 10(b) of the Home Owners’ Loan Act (12 U.S.C. 1467a(b)), as amended by section 369(8) and 604(h)(2) of the Dodd-Frank Act. Lastly, the Board has authority to require U.S. IHCs of FBOs to file the FR Y-14 reports pursuant to section 5 of the BHC Act, as well as pursuant to sections 102(a)(1) and 165 of the Dodd-Frank Act, 12 U.S.C. 5311(a)(1) and 5365.¹⁴ In addition, section 401(g) of

EGRRCPA, 12 U.S.C. 5365 note, provides that the Board has the authority to establish enhanced prudential standards for foreign banking organizations with total consolidated assets of \$100 billion or more, and clarifies that nothing in section 401 “shall be construed to affect the legal effect of the final rule of the Board . . . entitled ‘Enhanced Prudential Standard for [BHCs] and Foreign Banking Organizations’ (79 FR 17240 (March 27, 2014)), as applied to foreign banking organizations with total consolidated assets equal to or greater than \$100 million.”¹⁵ The FR Y-14 reports are mandatory. The information collected in the FR Y-14 reports is collected as part of the Board’s supervisory process, and therefore, such information is afforded confidential treatment pursuant to exemption 8 of the Freedom of Information Act (FOIA), 5 U.S.C. 552(b)(8). In addition, confidential commercial or financial information, which a submitter actually and customarily treats as private, and which has been provided pursuant to an express assurance of confidentiality by the Board, is considered exempt from disclosure under exemption 4 of the FOIA, 5 U.S.C. 552(b)(4).¹⁶

Board of Governors of the Federal Reserve System, December 22, 2020.

Margaret Shanks,

Deputy Secretary of the Board.

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5(c) of the BHC Act authorizes the Board to require reports from subsidiaries of BHCs, section 5(c) provides additional authority to require U.S. IHCs to report the information contained in the FR Y-14 reports.

¹³ The Board’s Final Rule referenced in section 401(g) of EGRRCPA specifically stated that the Board would require IHCs to file the FR Y-14 reports. See 79 FR 17240, 17304 (March 27, 2014).

¹⁶ Please note that the Board publishes a summary of the results of the Board’s CCAR testing pursuant to 12 CFR 225.8(f)(2)(v), and publishes a summary of the results of the Board’s DFAST stress testing pursuant to 12 CFR 252.46(b) and 12 CFR 238.134, which includes aggregate data. In addition, under the Board’s regulations, covered companies must also publicly disclose a summary of the results of the Board’s DFAST stress testing. See 12 CFR 252.58; 12 CFR 238.146. The public disclosure requirement contained in 12 CFR 252.58 for covered BHCs and covered IHCs is separately accounted for by the Board in the Paperwork Reduction Act clearance for FR YY (OMB No. 7100-0350) and the public disclosure requirement for covered SLHCs is separately accounted for in by the Board in the Paperwork Reduction Act clearance for FR LL (OMB No. 7100-0380).

¹³ Public Law 115-174, Title IV 401(a) and (e), 132 Stat. 1296, 1356-59 (2018).

¹⁴ Section 165(b)(2) of the Dodd-Frank Act, 12 U.S.C. 5365(b)(2), refers to “foreign-based bank holding company.” Section 102(a)(1) of the Dodd-Frank Act, 12 U.S.C. 5311(a)(1), defines “bank holding company” for purposes of Title I of the Dodd-Frank Act to include foreign banking organizations that are treated as bank holding companies under section 8(a) of the International Banking Act of 1978, 12 U.S.C. 3106(a). The Board has required, pursuant to section 165(b)(1)(B)(iv) of the Dodd-Frank Act, 12 U.S.C. 5365(b)(1)(B)(iv), certain foreign banking organizations subject to section 165 of the Dodd-Frank Act to form U.S. intermediate holding companies. Accordingly, the parent foreign-based organization of a U.S. IHC is treated as a BHC for purposes of the BHC Act and section 165 of the Dodd-Frank Act. Because Section

FEDERAL RESERVE SYSTEM

Corporation To Do Business Under Section 25A of the Federal Reserve Act

The companies listed in this notice have applied to the Board for approval, pursuant to Section 25A of the Federal Reserve Act (Edge Corporation) (12 U.S.C. 611 *et seq.*), and all other applicable statutes and regulations to establish an Edge Corporation. The Edge Corporation will operate as a subsidiary of the applicant, First-Citizens Bank & Trust Company, Raleigh, North Carolina. The factors that are to be considered in acting on the application are set forth in the Board’s Regulation K (12 CFR 211.5).

The public portions of the applications listed below, as well as other related filings required by the Board, if any, are available for immediate inspection at the Federal Reserve Bank(s) indicated below and at the offices of the Board of Governors. This information may also be obtained on an expedited basis, upon request, by contacting the appropriate Federal Reserve Bank and from the Board’s Freedom of Information Office at <https://www.federalreserve.gov/foia/request.htm>. Interested persons may express their views in writing on the standards enumerated in Section 25A of the Federal Reserve Act.

Comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors, Ann E. Misback, Secretary of the Board, 20th Street and Constitution Avenue NW, Washington, DC 20551-0001, not later than January 14, 2021.

A. Federal Reserve Bank of Richmond (Adam M. Drimer, Assistant Vice President) 701 East Byrd Street, Richmond, Virginia 23219. Comments can also be sent electronically to or Comments.applications@rich.frb.org:

1. *First-Citizens Bank & Trust Company, Raleigh, North Carolina*; to establish FC International, Inc., Raleigh, North Carolina, as an Edge Corporation.

Board of Governors of the Federal Reserve System, December 23, 2020.

Margaret McCloskey Shanks,

Deputy Secretary of the Board.

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