

DEPARTMENT OF THE TREASURY
Office of the Comptroller of the Currency
FEDERAL RESERVE SYSTEM
FEDERAL DEPOSIT INSURANCE CORPORATION

Agency Information Collection Activities: Submission for OMB Review; Joint Comment Request

AGENCIES: Office of the Comptroller of the Currency (OCC), Treasury; Board of Governors of the Federal Reserve System (Board); and Federal Deposit Insurance Corporation (FDIC).

ACTION: Notice of information collections to be submitted to the Office of Management and Budget (OMB) for review and approval under the Paperwork Reduction Act of 1995.

SUMMARY: In accordance with the requirements of the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. chapter 35), the OCC, the Board, and the FDIC (the agencies) may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid OMB control number. On September 2, 2014, the agencies, under the auspices of the Federal Financial Institutions Examination Council (FFIEC), requested public comment for 60 days on the implementation of the proposed Market Risk Regulatory Report for Institutions Subject to the Market Risk Capital Rule (FFIEC 102). The proposed reporting requirements reflect the revised regulatory capital rules adopted by the agencies in July 2013 (revised regulatory capital rules) and would collect key information from respondents on how they measure and calculate market risk under the agencies' revised regulatory capital rules. The FFIEC and the agencies will proceed with the implementation of the FFIEC 102 reporting requirements substantially as proposed, with certain clarifications pertaining to the comprehensive risk capital requirement to address a comment received on the proposed new regulatory report. The proposed FFIEC 102 reporting requirements would take effect as of March 31, 2015, for institutions subject to the market risk capital rule as incorporated into Subpart F of the revised regulatory capital rules (market risk capital rule).

DATES: Comments must be submitted on or before [INSERT DATE 30 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Interested parties are invited to submit written comments to any or all of the agencies. All comments will be shared among the agencies.

OCC: Commenters are encouraged to submit comments by e-mail. Please use the title “FFIEC 102” to facilitate the organization and distribution of the comments. You may submit comments by any of the following methods:

- E-mail: regs.comments@occ.treas.gov.
- Mail: Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th Street, SW., Suite 3E-218, Mail Stop 9W-11, Washington, DC 20219.
- Hand Delivery/Courier: 400 7th Street, SW., Suite 3E-218, Mail Stop 9W-11, Washington, DC 20219.
- Fax: (571) 465-4326.

Instructions: You must include “OCC” as the agency name and “FFIEC 102” in your comment. In general, OCC will enter all comments received into the docket and publish them on the Regulations.gov Web site without change, including any business or personal information that you provide such as name and address information, e-mail addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may personally inspect and photocopy comments at the OCC, 400 7th Street, SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649-6700. 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.

Board: You may submit comments, which should refer to “FFIEC 102” by any of the following methods:

- Agency Web Site: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at: <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Email: regs.comments@federalreserve.gov. Include reporting form 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 are available from the Board's web site at

<http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm> as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room MP-500 of the Board's Martin Building (20th and C Streets, NW.) between 9:00 a.m. and 5:00 p.m. on weekdays.

FDIC: You may submit comments, which should refer to "FFIEC 102," by any of the following methods:

- Agency Web Site: <http://www.fdic.gov/regulations/laws/federal/>. Follow the instructions for submitting comments on the FDIC Web site.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Email: comments@FDIC.gov. Include "FFIEC 102" in the subject line of the message.
- Mail: Gary A. Kuiper, Counsel, Attn: Comments, Room NYA-5046, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.
- Hand Delivery: Comments may be hand delivered to the guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7:00 a.m. and 5:00 p.m.

Public Inspection: All comments received will be posted without change to <http://www.fdic.gov/regulations/laws/federal/> including any personal information provided. Paper copies of public comments may be requested from the FDIC Public Information Center by telephone at (877) 275-3342 or (703) 562-2200.

Additionally, commenters may send a copy of their comments to the OMB desk officer for the agencies by mail to the Office of Information and Regulatory Affairs, U.S. Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW., Washington, DC 20503; by fax to (202) 395-6974; or by email to oir_submission@omb.eop.gov.

FOR FURTHER INFORMATION CONTACT: For further information about the proposed market risk regulatory reporting requirements discussed in this notice, please contact any of the agency clearance officers whose names appear below. In addition, copies of the proposed

FFIEC 102 reporting forms and instructions are available on the FFIEC's web site (http://www.ffiec.gov/ffiec_report_forms.htm).

OCC: Mary H. Gottlieb, OCC Clearance Officer, (202) 649-5490, for persons who are deaf or hard of hearing, TTY, (202) 649-5597, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th Street, SW., Washington, DC 20219.

Board: John Schmidt, Federal Reserve Board Clearance Officer, (202) 728-5859, Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551. Telecommunications Device for the Deaf (TDD) users may call (202) 263-4869.

FDIC: Gary A. Kuiper, Counsel, (202) 898-3877, and John Popeo, Counsel, (202) 898-6923, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

SUPPLEMENTARY INFORMATION: The agencies are proposing to implement the following new information collection.

Report Title: Market Risk Regulatory Report for Institutions Subject to the Market Risk Capital Rule.

Form Number: FFIEC 102.

Frequency of Response: Quarterly.

Affected Public: Business or other for-profit.

OCC:

OMB Number: 1557-NEW.

Estimated Number of Respondents: 13 national banks and federal savings associations.

Estimated Time per Response: 12 burden hours per quarter to file.

Estimated Total Annual Burden: 624 burden hours to file.

Board:

OMB Number: 7100-NEW.

Estimated Number of Respondents: 27 state member banks, bank holding companies, and savings and loan holding companies.

Estimated Time per Response: 12 burden hours per quarter to file.

Estimated Total Annual Burden: 1,296 burden hours to file.

FDIC:

OMB Number: 3064-NEW.

Estimated Number of Respondents: 1 insured state nonmember bank and state savings association.

Estimated Time per Response: 12 burden hours per quarter to file.

Estimated Total Annual Burden: 48 burden hours to file.

General Description of Reports

The information collections would be mandatory for market risk institutions, defined for this purpose as those institutions that are subject to the market risk capital rule as incorporated into Subpart F of the revised regulatory capital rules (market risk institutions).¹ All data reported in the FFIEC 102 would be available to the public.

Abstract

Each market risk institution would be required to file the FFIEC 102 for the agencies' use in assessing the reasonableness and accuracy of the institution's calculation of its minimum capital requirements under the market risk capital rule and in evaluating the institution's capital in relation to its risks. Additionally, the market risk information collected in the FFIEC 102 would: (a) permit the agencies to monitor the market risk profile of and evaluate the impact and competitive implications of the market risk capital rule on individual market risk institutions and the industry as a whole; (b) provide the most current statistical data available to identify areas of market risk on which to focus for onsite and offsite examinations; (c) allow the agencies to assess and monitor the levels and components of each reporting institution's risk-based capital requirements for market risk and the adequacy of the institution's capital under the market risk capital rule; and (d) assist market risk institutions to implement and validate the market risk framework.

¹ See 12 CFR 3.201 (OCC); 12 CFR 217.201 (Board); and 12 CFR 324.201 (FDIC). The market risk capital rule generally applies to any banking institution with aggregate trading assets and trading liabilities equal to (a) 10 percent or more of quarter-end total assets or (b) \$1 billion or more. The statutory provisions that grant the agencies the authority to impose capital requirements are 12 U.S.C. 161 (national banks), 12 U.S.C. 324 (state member banks), 12 U.S.C. 1844(c) (bank holding companies (BHCs)), 12 U.S.C. 1467a(b) (savings and loan holding companies (SLHCs)), 12 U.S.C. 1817 (insured state nonmember commercial and savings banks), and 12 U.S.C. 1464 (savings associations).

Current Actions

I. Summary

The agencies previously requested public comment on the proposed new Market Risk Regulatory Report for Institutions Subject to the Market Risk Capital Rule.² The agencies received one comment on these proposed collections. The agencies are submitting the collections for OMB approval with clarifying treatment made in response to the comment received.

II. Risk-Based Capital Standards–The Market Risk Framework and Regulatory Reporting Requirements

In July 2013, the agencies adopted amendments to their capital rules, including the market risk capital rule.³ The revised market risk capital rule took effect on January 1, 2015, and contains requirements for the public disclosure of certain information at the consolidated banking organization level as well as certain additional regulatory reporting by insured depository institutions (IDIs), BHCs, and SLHCs (BHCs and SLHCs are collectively referred to as “holding companies” (HCs)).

Those IDIs and HCs that were subject to the agencies’ prior market risk capital rule⁴ have provided the amount of their market risk equivalent assets in reports, such as the Consolidated Reports of Condition and Income (Call Report) (FFIEC 031 or FFIEC 041)⁵ or the Consolidated Financial Statements for Holding Companies (FR Y-9C),⁶ as applicable. These regulatory reporting requirements reveal the end result of the market risk calculations but do not include the key components of the measurement of market risk. The agencies are proposing the expanded uniform regulatory reporting requirements described in this notice in order to assess the reasonableness and accuracy of a market risk institution’s calculation of its minimum capital requirements under the market risk capital rule and to evaluate a market risk institution’s capital in relation to its risks. Importantly, the FFIEC 102 would allow the agencies to better track

² 79 FR 52108 (September 2, 2014).

³ The agencies approved and issued the revised regulatory capital rules in July 2013. The Board and the OCC published the revised regulatory capital rules in the Federal Register on October 11, 2013. See 78 FR 62018. The FDIC published a revised regulatory capital interim final rule and a final rule with no substantive changes in the Federal Register on September 10, 2013, and April 14, 2014, respectively. See 78 FR 55340 and 79 FR 20754.

⁴ See the agencies’ prior market risk capital rule at 12 CFR part 3, appendix B (OCC); 12 CFR parts 208 and 225, appendix E (Board); and 12 CFR part 325, appendix C (FDIC).

⁵ OMB Numbers: OCC, 1557-0081; Board, 7100-0036; and FDIC, 3064-0052.

⁶ OMB Number: Board, 7100-0128.

growth in more credit-risk related, less liquid, and less actively traded products subject to the market risk capital rule. Historically, the risks of these products have been difficult to capture and measure. These reports are designed to help the agencies in ensuring that these risks are adequately identified and their impact appropriately reflected in assessments of the safety and soundness of market risk institutions.

In this regard, the reported data would improve the agencies' ability to monitor the levels of, and trends in, the components that comprise the market risk measure under the market risk capital rule within and across market risk institutions. Such component reporting would allow supervisors to better understand on an ongoing basis model-implied diversification benefits for individual market risk institutions. The data would also enhance the agencies' ability to perform institution-to-institution comparisons of the drivers underlying market risk institutions' measures for market risk, identify potential outliers through market risk institution-to-peer comparisons, track these drivers over time relative to trends in other risk indicators at market risk institutions, and focus onsite examination efforts.

III. Scope and Frequency of Regulatory Reporting

The proposed FFIEC 102 regulatory reporting requirements would apply on a consolidated basis to each HC and each IDI that is required to calculate its risk-based capital using the market risk capital rule. Reporting HCs and IDIs would submit reports quarterly in line with efforts to monitor market risk institutions' progress toward, and actions under, the market risk capital rule, which requires regular and consistent reports from all market risk institutions.

The data would be collected on a quarterly basis as of the last calendar day of March, June, September, and December. The report due dates would coincide with the report due dates currently required of IDIs and HCs when filing their respective Call Reports or FR Y-9C reports, as applicable. Market risk institutions would begin reporting effective with the March 31, 2015, report date.

IV. Overview of the Proposed Information Collections

The proposed FFIEC 102 shows the data elements within the market risk exposure class that would be reported under the market risk capital rule. The data submitted in the FFIEC 102 would be shared among the three agencies and made available to the public.

The proposed FFIEC 102 is subdivided into several sections and memoranda. The sum of the data reported in each of the sections would be used to calculate a market risk institution's risk-weighted assets (RWAs) for market risk. The first section contains data elements relating to a market risk institution's approved regulatory market risk models, including details of value-at-risk (VaR)-based measures (for the previous day's VaR measure and the average over the preceding 60 business days). The second section is similar in structure to the first section except that it includes information on a market risk institution's stressed VaR-based measures. The third section contains data elements relating to specific risk add-ons based on a market risk institution's debt, equity and non-modeled securitization positions. Securitization positions would be broken out for all market risk institutions and for advanced approaches institutions⁷ that are also market risk institutions, resulting in the separate reporting of a standardized measure and an advanced measure for specific risk. The fourth section sets forth the data for the incremental risk capital requirement. The fifth section contains data on the comprehensive risk capital measurement including the specific risk add-ons for net long and net short correlation trading positions used in determining a market risk institution's standardized comprehensive risk measure, and as applicable, its advanced comprehensive risk measure. The remaining section contains data elements for de minimis positions. Data elements from these sections combine to produce standardized market RWAs, and as applicable, advanced approaches market RWAs.

The agencies received one comment requesting clarification of the calculation of items pertaining to the comprehensive risk capital requirement. The agencies have updated the relevant items on the reporting form and instructions to align with the calculation methodology for the comprehensive risk capital requirement in the market risk capital rule.⁸

The proposed reporting form also has a Memoranda section that is comprised of 22 line items. Because these line items do not directly contribute to the determination of market RWAs, they would be reported in the separate Memoranda section. The agencies believe that these items will provide additional insight into the risk profile of a market risk institution's trading activity. For example, the first twelve lines of the Memoranda section will contribute to the

⁷ Advanced approaches institutions are institutions subject to the advanced measurement approaches as incorporated into Subpart E of the revised regulatory capital rules.

⁸ See 12 CFR part 3, subpart F (OCC); 12 CFR part 217 subpart F (Board); and 12 CFR part 324, subpart F (FDIC).

agencies' understanding of the degree to which diversification effects across the principal market risk drivers are material.

In developing this proposal, the agencies considered several tradeoffs between the reporting burden on market risk institutions and the information needs of bank supervisors. One issue that the agencies identified was that market risk institutions have exposures in certain products that might fit into more than one of the specified risk categories (e.g., interest rate, equity, foreign exchange, commodities, and credit). For example, convertible securities will mostly be subject to interest rate risk unless their value converges with that of the underlying equity. Similarly, foreign exchange swaps are primarily interest rate positions, but it is possible that a market risk institution might classify some as subject to foreign exchange risk. Accordingly, for purposes of reporting the VaR- or stressed VaR-based measures on the FFIEC 102, market risk institutions may classify their exposures in the same risk categories in which they are reported internally. Similarly, for purposes of reporting on the proposed FFIEC 102, the agencies have proposed to define diversification benefit as any adjustment to VaR- or stressed VaR-based measures that a market risk institution makes to reflect the absence of a perfect statistical correlation between the values of the underlying positions. The agencies also recognize that some market risk institutions may not adjust for diversification benefits in their VaR- or stressed VaR-based estimates, and in that case a market risk institution would not be required to estimate such benefits for purposes of reporting on the FFIEC 102.

V. Electronic Submission of Reports

Consistent with the requirements for the agencies' reports that collect data under the current regulatory capital reporting requirements,⁹ market risk institutions subject to the proposed reporting requirements would be required to submit the FFIEC 102 in an electronic format using file specifications and formats to be determined by the agencies.

VI. Request for Comment

Public comment is requested on all aspects of this joint notice. In particular, do market risk institutions expect that making any specific line items on the proposed FFIEC 102 public

⁹ Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices (FFIEC 031), Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only (FFIEC 041), Consolidated Financial Statements for Holding Companies (FR Y-9C), and Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101) (OMB Numbers: OCC, 1557-0239; Board, 7100-0319; and FDIC, 3064-0159).

would cause them competitive or other harm? If so, please identify the specific line items and describe in detail the nature of the harm.

Additionally, comments are invited on:

- (a) Whether the collections of information that are the subject of this notice are necessary for the proper performance of the agencies' functions, including whether the information has practical utility;
- (b) The accuracy of the agencies' estimates of the burden of the information collections as they are proposed to be revised, including the validity of the methodology and assumptions used;
- (c) Ways to enhance the quality, utility, and clarity of the information to be collected;
- (d) Ways to minimize the burden of information collections on respondents, including through the use of automated collection techniques or other forms of information technology; and
- (e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide the information.

Comments submitted in response to this joint notice will be shared among the agencies.

All comments will become a matter of public record.

[THIS SIGNATURE PAGE PERTAINS TO THE JOINT NOTICE AND REQUEST FOR COMMENT, “AGENCY INFORMATION COLLECTION ACTIVITIES: SUBMISSION FOR OMB REVIEW; JOINT COMMENT REQUEST,” FOR THE MARKET RISK REGULATORY REPORT FOR INSTITUTIONS SUBJECT TO THE MARKET RISK CAPITAL RULE.]

Dated:

Stuart Feldstein,
Director, Legislative and Regulatory Activities Division,
Office of the Comptroller of the Currency.

[THIS SIGNATURE PAGE PERTAINS TO THE JOINT NOTICE AND REQUEST FOR COMMENT, “AGENCY INFORMATION COLLECTION ACTIVITIES: SUBMISSION FOR OMB REVIEW; JOINT COMMENT REQUEST,” FOR THE MARKET RISK REGULATORY REPORT FOR INSTITUTIONS SUBJECT TO THE MARKET RISK CAPITAL RULE.]

Board of Governors of the Federal Reserve System, _____, 2015.

Robert deV. Frierson, Secretary of the Board.

