

Supporting Statement for Interagency Statement on Complex Structured Finance Transactions

The Office of the Comptroller of the Currency (OCC) is seeking extension of its approval for the Interagency Statement on Sound Practices Concerning Elevated Risk Complex Structured Finance Activities (statement), issued in conjunction with the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, and the Securities and Exchange Commission (Agencies). The statement describes the types of internal controls and risk management procedures that the Agencies believe are particularly effective in assisting financial institutions to identify and address the reputational, legal, and other risks associated with complex structured finance transactions.

A. Justification

1. Circumstances that make the collection necessary:

As financial intermediaries, financial institutions play a critical role in ensuring the integrity of financial markets and maintaining the trust and public confidence essential to the proper functioning of the capital markets. Structured finance products normally serve the legitimate business interests of customers and are an essential part of U.S. and international capital markets. Financial institutions need effective policies and procedures in place to identify those complex structured finance transactions that may involve heightened reputational and legal risk, to ensure that these transactions receive enhanced scrutiny by the institution, and to ensure that the institution does not participate in illegal or inappropriate transactions.

2. Use of the information:

Financial institutions policies and procedures should ensure that an institution's operations are conducted in compliance with applicable law and regulations. This is critical to the institution's well being since an institution may face substantial legal risk including enforcement action by an Agency and lawsuits by private parties if it participates in structured finance transactions that are used by a customer to circumvent regulatory or financial reporting requirements, evade tax liabilities, or further other illegal or improper behavior. The policies and procedures also help the institution avoid reputational risk where the transactions involved are structured to technically comply with existing laws and regulations.

3. Consideration of the use of improved information technology:

National banks may adopt any existing technology relevant to producing or retaining the information.

4. Efforts to identify duplication:

There is no duplication. This collection is unique in that it involves policies and procedures specific to a particular institution and appropriate to the types of structured finance transactions that the institution conducts.

5. Methods used to minimize burden if the collection has a significant impact on substantial number of small entities:

Small institutions are not involved in transactions of this type. Therefore, this collection of information imposes no burden on them.

6. Consequences to the Federal program if the collection were conducted less frequently:

This collection involves only usual and customary recordkeeping and requires no submission to the OCC.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320:

Not applicable. This collection is conducted consistent with the guidelines in 5 CFR 1320.6.

8. Efforts to consult with persons outside the agency:

The OCC published a Federal Register notice for 60 days of comment on May 21, 2007 (72 FR 28553). No comments were received.

9. Payment to respondents:

None.

10. Any assurance of confidentiality:

No assurance of confidentiality is made.

11. Justification for questions of a sensitive nature:

There are no questions of a sensitive nature.

12. Burden estimate:

The OCC believes that 11 national banks and 10 Federal branches are involved in complex structured finance transactions activities. The OCC is providing an estimate of 25 burden hours per institution to cover updating the policies and procedures needed regarding these activities. Therefore, recordkeeping burden for this information collection is as follows:

21 recordkeepers @ 1 response = 21 responses
21 responses @ 25 hours = 525 burden hours

The OCC estimates the cost of the hour burden to respondents as follows:

Clerical:	25% x 525	=	131.25	@ \$ 25 = \$	3,281.25
Managerial/Technical:	25% x 525	=	131.25	@ \$ 60 = \$	7,875.00
Senior Management /Professional	50% x 525	=	262.50	@ \$100 = \$	<u>26,250.00</u>
Total:					= \$ 37,406.25

13. Estimates of annualized costs to respondents:

Not applicable.

14. Estimate of annualized costs to the government:

Not applicable.

15. Change in burden:

There is no change in burden.

16. Information regarding collections whose results are planned to be published for statistical use:

This is a recordkeeping and no data are submitted to the OCC. Therefore, the OCC has no plans to publish data for statistical purposes.

17. Display of expiration date:

The OCC requests OMB permission to omit the expiration date. The Final Interagency Statement will continue in effect until cancelled or modified.

18. Exceptions to certification statement:

None.

B. Collections of Information Employing Statistical Methods

Not applicable.