

Office of the Comptroller of the Currency
Supporting Statement
Risk-Based Capital Guidelines;
Capital Adequacy Guidelines;
Standardized Framework
12 CFR Part 3
OMB Control No. 1550-0NEW

A. Justification.

1. Circumstances that make the collection necessary:

The Office of Thrift Supervision (OTS), Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (Board), and Federal Deposit Insurance Corporation (FDIC), (collectively, the agencies) have proposed a new risk-based capital framework (standardized framework) based on the standardized approach for credit risk and the Basic Indicator Approach for operational risk described in the capital adequacy framework titled “International Convergence of Capital Measures and Capital Standards: A Revised Framework” (New Accord) published by the Basel Committee on Banking Supervision.

The collections of the information are necessary in order to implement the Proposed New Accord.

The new standardized framework would be available to banks, bank holding companies, and savings associations (banking organizations), unless the banking organization uses the Advanced Capital Adequacy framework described in the final rule published on December 7, 2007 (advanced approaches final rule). A banking organization that does not use the advanced approaches final rule could elect to adopt this new framework or remain subject to the agencies’ existing risk-based capital rules.

2. Use of the information:

The OTS needs the information generated to implement and monitor compliance with the New Basel Capital Accord.

The proposed rule sets forth revisions to the agencies’ existing risk-based capital rules based on the provisions in the Standardized Approach for credit risk and the Basic Indicator Approach for operational risk contained in the capital adequacy framework titled “International Convergence of Capital Measures and Capital Standards: A Revised Framework” published by the Basel Committee on Banking Supervision in June 2004.

The new information collection requirements in the proposed rule are found in Sections 1, 37, 42, and 71. The collections of information are necessary in order to

implement the proposed standardized capital adequacy framework.

Section 1 requires banking organizations to provide written notification prior to using the appendix to calculate their risk-based capital requirements (opt-in letter) or ceasing its use (opt-out letter). It also requires written notification prior to applying the principle of conservatism for a particular exposure.

Section 37 requires a banking organization's prior written notification before it can calculate its own collateral haircuts using its own internal estimates. It also requires a banking organization's prior written notification before it can estimate an exposure amount for a single product netting set of repo-style transactions and eligible margin loans when recognizing the risk-mitigating effects of financial collateral using the simple VaR methodology. The agencies believe that the notifications in Section 37 would in most cases be included in the opt-in letter discussed in Section 1.

Section 42 requires certain public disclosures if a banking organization provides support to a securitization in excess of its contractual obligation.

Section 71 requires a number of qualitative disclosures regarding a banking organization's risk-based capital ratios and their components.

3. Consideration of the use of improved information technology:

National banks may use any information technology that permits review by OTS examiners.

4. Efforts to identify duplication:

The required information is unique and is not duplicative of any other information already collected.

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

Not applicable. The collection does not have a significant impact on a substantial number of small entities.

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

The OTS will not be able to adequately monitor capital levels and ensure safety and soundness.

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

The information collection will be conducted in a manner consistent with 5 CFR Part 1320.

8. Efforts to consult with persons outside the agency:

The information collection was put out for 60 days of comment through the notice of proposed rulemaking. 73 FR 43982 (July 29, 2008).

9. Payment to respondents:

None.

10. Any assurance of confidentiality:

There is no assurance of confidentiality.

11. Justification for questions of a sensitive nature:

There are no questions of a sensitive nature.

12. Burden estimate:

Number of Respondents: 180

Estimated Burden Per Respondent: Opt-in letter and prior approvals, .5 hours; opt-out letter, 1 hour; and disclosures, 144 hours.

Total Estimated Annual Burden: 26,120 hours

13. Estimate of annualized costs to respondents:

Not applicable.

14. Estimate of annualized costs to the government:

Not applicable.

15. Changes in burden:

The increase in burden is +180 respondents and +26,120 hours due to the fact it is a new collection.

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

No publication for statistical use is contemplated.

17. Display of expiration date:

Not applicable.

18. Exceptions to certification statement:

Not applicable.

B. Collections of Information Employing Statistical Methods.

Not applicable.