

**SUPPORTING STATEMENT
RISK-BASED CAPITAL STANDARDS: ADVANCED
CAPITAL ADEQUACY FRAMEWORK
OMB CONTROL NO. 1557-0234**

A. Justification.

1. *Circumstances that make the collection necessary:*

On December 7, 2007, the OCC and the other Federal banking agencies¹ issued a joint final rule titled Risk-Based Capital Standards: Advanced Capital Adequacy Framework implementing a new risk-based regulatory capital framework for institutions in the United States.² The final rule requires certain large or internationally active banks and bank holding companies to (1) adopt a written implementation plan, (2) update that plan for any mergers, (3) obtain prior written approvals for the use of certain approaches for determining risk-weighted assets, and (4) make certain public disclosures regarding their capital ratios, their components, and information on implicit support provided to a securitization.

The information collection requirements in this collection are found in 12 C.F.R. Part 3, Appendix C, §§ 21-24, 42, 44, 53 and 71. The required reporting forms are contained in a separate information collection (OMB Control No. 1557-0239.)

2. *Use of the information:*

The OCC uses the information collected to meet its statutory obligations to adopt and implement a risk-based capital requirement, determine the qualification of a bank for application of the rule, and assess the adequacy of a qualifying bank's risk-based capital. 12 U.S.C. §§ 93a, 161, 3907-3909.

3. *Consideration of the use of improved information technology:*

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

4. *Efforts to identify duplication:*

The required information is unique and is not duplicative of any other information already collected. There is, however, a transition period during the parallel run during which duplicative information is produced for a limited period. This is necessary to implement the rule.

¹ Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Office of Thrift Supervision.

² 72 FR 69288 (December 7, 2007).

5. *Methods used to minimize burden if the collection has a significant 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 OCC will not be able to adequately monitor capital levels and ensure safety and soundness if the collection were conducted less frequently.

7. *Special circumstances that would cause an information collection to be conducted in a manner 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:*

On July 17, 2009, the Federal banking agencies jointly sought comment on a 60-day *Federal Register* notice (74 FR 34865), and received no comments.

9. *Payment or gift to respondents:*

None.

10. *Any assurance of confidentiality:*

The information will be kept confidential only as permitted by means of an exemption under the Freedom of Information Act. 5 U.S.C. § 552.

11. *Justification for questions of a sensitive nature:*

There are no questions of a sensitive nature in the information collection.

12. Burden estimate:

Section Number	Section Title	Requirement	Estimated Burden Hours
Section 21	Qualification Process Timing	Paragraphs (a), (b), (c) and (e) (4): Written implementation plan, parallel run, and reporting during transitional floor periods.	4,240
Section 22	Internal Risk Rating and Segmentation Systems	Paragraph (b)(4): Identify all defaulted retail exposures and group them in segments. Describe the bank's rating philosophy and explain migration.	200
	Quantification of risk parameters for wholesale and retail exposures	Paragraph (c)(10): Annually conduct a comprehensive review and analysis of reference data to determine its relevance, quality, and consistency.	4,240
	Operational Risk management processes	Paragraphs: (h)(1)(ii) and (iii): Have and document a process to identify, measure, monitor and control operational risk and report operational risk exposures, losses, and other relevant operational risk information to management and board of directors.	400
	Operational risk quantification systems	Paragraph (h)(3)(ii): With prior written approval, a bank may generate an estimate of operational exposure using an alternative approach, included in implementation plan.	120
	Data Management	Paragraphs (i)(2) and (3): Data management and maintenance	4,240

Section Number	Section Title	Requirement	Estimated Burden Hours
	and Maintenance	systems. Retain data using an electronic format that allows timely retrieval. Retain sufficient data elements related to the key risk drivers to permit adequate monitoring, validation, and refinement of systems.	
	Control and Oversight Mechanisms	Paragraphs (j)(2) and (j)(4)(i), (ii), and (iii): Board must annually evaluate effectiveness of and approve the bank's advanced systems. The bank must validate its advanced systems on a ongoing basis with an evaluation of conceptual soundness and an ongoing monitoring system.	160
	Documentation	Paragraph (k): Bank must adequately document all material aspects of its advanced systems.	240
Section 23	Ongoing Qualification	Paragraph (a): Bank must notify the OCC of material changes in advanced system. Paragraph (b) (2): After falling out of compliance, bank must submit to the OCC a plan to return to compliance.	240
Section 24	Merger and Acquisition Transitional Arrangements	Bank must revise its implementation plan, as necessary, in the event of a merger and submit revised plan(s) to OCC.	90
Section 42	Capital Requirement for Securitization Exposures:	Paragraph (h)(2): Bank must disclose publicly that it has provided implicit support to the securitization and the regulatory capital impact to the bank of	160

Section Number	Section Title	Requirement	Estimated Burden Hours
	Implicit Support	providing such implicit support.	
Section 44	Internal Assessment Approach	Paragraph (a)(1): Bank qualification criteria, prior written approval of use of IAA, review and update each internal credit assessment whenever new material is available but at least annually, validate internal credit assessment process on an ongoing basis and at least annually.	240
		Paragraph (a)(3)(iii): In order for an exposure to qualify for use of IAA, the ABCP program must perform a detailed credit analysis of the exposures underlying the securitization exposure.	480
Section 53	Internal Models Approach (IMA)	Paragraph (b): The bank must obtain prior approval from the OCC to qualify for the used of IMA by demonstrating to the OCC that the bank meets specified criteria.	160
		Paragraph (b)(5): The bank must be able to demonstrate using theoretical and empirical evidence that proxies used in modeling are comparable to modeled equity exposures and that adjustments have been made for differences.	120
Section 71	Disclosure Requirements	Each consolidated bank must publicly disclose each quarter its total and tier 1 risk-based capital ratios and their components. If a bank is not a consolidated	240

Section Number	Section Title	Requirement	Estimated Burden Hours
		subsidiary of a bank holding company that is required to publicly disclose all the information in the FRB's Section 71, then the bank must publicly disclose all the information set forth in the FRB's Sec. 71.	
TOTAL			15,570

The burden is calculated as follows:

Number of Respondents: 52

Number of Responses Per Respondent: 24

Total Number of Responses: 1,248

Burden Per Respondent: 15,570 hours

Total Estimated Annual Burden: 809,640 hours

Cost of Hour Burden to Respondents:

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

809,640 x \$100/hour (combination of various levels of staff) = \$ 80,964,000

Total Hour Burden Cost: \$ 80,964,000

13. Estimate of total annual costs to respondents (excluding cost of hour burden in Item #12):

Not applicable.

14. Estimate of annualized costs to the Federal government:

Not applicable.

15. Change in burden:

There is no change in burden.

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

The OCC has no plans to publish the information for statistical purposes.

17. Reasons for not displaying OMB approval expiration date:

The OCC is not requesting permission to not display the OMB approval expiration date.

18. Exceptions to the certification statement in Item 19 of OMB Form 83-I:

None.

B. Collections of Information Employing Statistical Methods.

Not applicable.