Supporting Statement

BASEL III

OMB CONTROL NO. 1557-0234

**A. Justification.**

**1. Circumstances that make the collection necessary:**

The Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (Board), and the Federal Deposit Insurance Corporation (FDIC) (collectively, the agencies) are seeking comment on three notices of proposed rulemaking (NPRs) that would revise and replace the agencies’ current capital rules.

In the first NPR, entitled “Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, Transition Provisions, and Prompt Corrective Action,” (Basel III), the agencies are proposing to revise their risk-based and leverage capital requirements consistent with agreements reached by the Basel Committee on Banking Supervision (BCBS) in “Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems” (Basel III). The proposed revisions would include implementation of a new common equity tier 1 minimum capital requirement, a higher minimum tier 1 capital requirement, and, for banking organizations subject to the advanced approaches capital rules, a supplementary leverage ratio that incorporates a broader set of exposures in the denominator measure. Additionally, consistent with Basel III, the agencies are proposing to apply limits on a banking organization’s capital distributions and certain discretionary bonus payments if the banking organization does not hold a specified amount of common equity tier 1 capital in addition to the amount necessary to meet its minimum risk-based capital requirements. This NPR also would establish more conservative standards for including an instrument in regulatory capital. As discussed in the proposal, the revisions set forth in this NPR are consistent with section 171 of the Dodd-Frank Act, which requires the agencies to establish minimum risk-based and leverage capital requirements.

In the second NPR, entitled “Regulatory Capital Rules: Standardized Approach for Risk-weighted Assets; Market Discipline and Disclosure Requirements” (Standardized Approach NPR), the agencies are proposing to revise and harmonize their rules for calculating risk-weighted assets to enhance risk sensitivity and address weaknesses identified over recent years, including by incorporating aspects of the BCBS’s Basel II standardized framework in the “International Convergence of Capital Measurement and Capital Standards: A Revised Framework,” including subsequent amendments to that standard, and recent BCBS consultative papers. The Standardized Approach NPR also includes alternatives to credit ratings, consistent with section 939A of the Dodd-Frank Act. The revisions include methodologies for determining risk-weighted assets for residential mortgages, securitization exposures, and counterparty credit risk. The Standardized Approach NPR also would introduce disclosure requirements that would apply to top-tier banking organizations domiciled in the United States with $50 billion or more in total assets, including disclosures related to regulatory capital instruments.

The proposals in the first NPR and the Standardized Approach NPR would apply to all banking organizations that are currently subject to minimum capital requirements (including national banks, state member banks, state nonmember banks, state and federal savings associations, and top-tier bank holding companies domiciled in the United States not subject to the Board’s Small Bank Holding Company Policy Statement (12 CFR part 225, Appendix C)), as well as top-tier savings and loan holding companies domiciled in the United States (together, banking organizations).

In the NPR titled “Regulatory Capital Rules: Advanced Approaches Risk-based Capital Rule; Market Risk Capital Rule,” (Advanced Approaches and Market Risk NPR) the agencies are proposing to revise the advanced approaches risk-based capital rules consistent with Basel III and other changes to the BCBS’s capital standards. The agencies also propose to revise the advanced approaches risk-based capital rules to be consistent with section 939A and section 171 of the Dodd-Frank Act. Additionally, in the Advanced Approaches and Market Risk NPR, the OCC and FDIC are proposing that the market risk capital rules be applicable to federal and state savings associations and the Board is proposing that the advanced approaches and market risk capital rules apply to top-tier savings and loan holding companies domiciled in the United States, in each case, if stated thresholds for trading activity are met.

The agencies also propose to codify their regulatory capital rules, which currently reside in various appendices to their respective regulations. The three NPRs reflect the distinct objectives of each proposal, to allow interested parties to better understand the various aspects of the overall capital framework, including which aspects of the rules would apply to which banking organizations, and to help interested parties better focus their comments on areas of particular interest.

**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.

NPR 1

Section .2 allows the use of a conservative estimate of the amount of a bank’s investment in the capital of unconsolidated financial institutions held through the index security with prior approval by the appropriate agency. It also provides for termination and close-out netting across multiple types of transactions or agreements if the bank obtains a written legal opinion verifying the validity and enforceability of the agreement under certain circumstances and maintains sufficient written documentation of this legal review.

The recordkeeping requirements are found in sections \_.35, \_.37, \_and .41. The disclosure requirements are found in sections \_.42, \_.62, and \_.63. These recordkeeping and disclosure requirements are necessary for the agencies’ assessment and monitoring of the risk-sensitivity of the calculation of a banking organization’s total risk-weighted assets and for general safety and soundness purposes.

Standardized Approach NPR

Section .35 sets forth requirements for cleared transactions. Section \_.35(b)(3)(i)(A) would require for a cleared transaction with a qualified central counterparty (QCCP) that a client bank apply a risk weight of 2 percent, provided that the collateral posted by the bank to the QCCP is subject to certain arrangements and the client bank has conducted a sufficient legal review (and maintains sufficient written documentation of the legal review) to conclude with a well-founded basis that the arrangements, in the event of a legal challenge, would be found to be legal, valid, binding and enforceable under the law of the relevant jurisdictions. The agencies estimate that respondents would take on average 2 hours to reprogram and update systems with the requirements outlined in this section. In addition, the agencies estimate that, on a continuing basis, respondents would take on average 2 hours annually to maintain their internal systems.

Section .37 addresses requirements for collateralized transactions. Section \_.37(c)(4)(i)(E) would require that a bank have policies and procedures describing how it determines the period of significant financial stress used to calculate its own internal estimates for haircuts and be able to provide empirical support for the period used. The agencies estimate that respondents would take on average 80 hours (two business weeks) to reprogram and update systems with the requirements outlined in this section. In addition, the agencies estimate that, on a continuing basis, respondents would take on average 16 hours annually to maintain their internal systems.

Section .41 addresses operational requirements for securitization exposures. Section \_.41(b)(3) would allow for synthetic securitizations a bank’s recognition, for risk-based capital purposes, of a credit risk mitigant to hedge underlying exposures if certain conditions are met, including the bank’s having obtained a well-reasoned opinion from legal counsel that confirms the enforceability of the credit risk mitigant in all relevant jurisdictions. Section \_.41(c)(2)(i) would require that a bank support a demonstration of its comprehensive understanding of a securitization exposure by conducting and documenting an analysis of the risk characteristics of each securitization exposure prior to its acquisition, taking into account a number of specified considerations. The agencies estimate that respondents would take on average 40 hours (one business week) to reprogram and update systems with the requirements outlined in this section. In addition, the agencies estimate that, on a continuing basis, respondents would take on average 2 hours annually to maintain their internal systems.

Section .42 addresses risk-weighted assets for securitization exposures. Section \_.42(e)(2) would require that a bank publicly disclose that is has provided implicit support to the securitization and the risk-based capital impact to the bank of providing such implicit support.

Section .62 sets forth disclosure requirements related to a bank’s capital requirements. Section \_.62(a) specifies a quarterly frequency for the disclosure of information in the applicable tables set out in section 63 and, if a significant change occurs, such that the most recent reported amounts are no longer reflective of the bank’s capital adequacy and risk profile, section \_.62(a) also would require the bank to disclose as soon as practicable thereafter, a brief discussion of the change and its likely impact. Section 62(a) would allow for annual disclosure of qualitative information that typically does not change each quarter, provided that any significant changes are disclosed in the interim. Section \_.62(b) would require that a bank have a formal disclosure policy approved by the board of directors that addresses its approach for determining the disclosures it makes. The policy would be required to address the associated internal controls and disclosure controls and procedures. Section 62(c) would require a bank with total consolidated assets of $50 billion or more that is not an advanced approaches bank, if it concludes that specific commercial or financial information required to be disclosed under section \_.62 would be exempt from disclosure by the agency under the Freedom of Information Act (5 U.S.C. 552), to disclose more general information about the subject matter of the requirement and the reason the specific items of information have not been disclosed.

Section .63 sets forth disclosure requirements for banks with total consolidated assets of $50 billion or more that are not advanced approaches banks. Section \_.63(a) would require a bank to make the disclosures in Tables 14.1 through 14.10 and in section \_.63(b) for each of the last three years beginning on the effective date of the rule.

Section .63(b) would require quarterly disclosure of a bank’s common equity tier 1 capital, additional tier 1 capital, tier 2 capital, tier 1 and total capital ratios, including the regulatory capital elements and all the regulatory adjustments and deductions needed to calculate the numerator of such ratios; total risk-weighted assets, including the different regulatory adjustments and deductions needed to calculate total risk-weighted assets; regulatory capital ratios during any transition periods, including a description of all the regulatory capital elements and all regulatory adjustments and deductions needed to calculate the numerator and denominator of each capital ratio during any transition period; and a reconciliation of regulatory capital elements as they relate to its balance sheet in any audited consolidated financial statements.

Table 14.1 sets forth scope of application qualitative and quantitative disclosure requirements; Table 14.2 sets forth capital structure qualitative and quantitative disclosure requirements; Table 14.3 sets forth capital adequacy qualitative and quantitative disclosure requirements; Table 14.4 sets forth capital conservation buffer qualitative and quantitative disclosure requirements; Table 14.5 sets forth general qualitative and quantitative disclosure requirements for credit risk; Table 14.6 sets forth general qualitative and quantitative disclosure requirements for counterparty credit risk-related exposures; Table 14.7 sets forth qualitative and quantitative disclosure requirements for credit risk mitigation; Table 14.8 sets forth qualitative and quantitative disclosure requirements for securitizations; Table 14.9 sets forth qualitative and quantitative disclosure requirements for equities not subject to Subpart F of the rule; and Table 14.10 sets forth qualitative and quantitative disclosure requirements for interest rate risk for non-trading activities.

Advanced Approaches and Market Risk NPR:

Section .132(b)(2)(iii)(A). Counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts, Own internal estimates for haircuts. With the prior written approval of the agency, an institution may calculate haircuts (Hs and Hfx) using its own internal estimates of the volatilities of market prices and foreign exchange rates. To receive OCC approval to use its own internal estimates, an institution must satisfy the minimum quantitative standards outlined in this section. The agencies estimate that respondents would take on average 80 hours (two business weeks) to reprogram and update systems with the requirements outlined in this section. In addition, the agencies estimate that, on a continuing basis, respondents would take on average 16 hours annually to maintain their internal systems.

Section .132(d)(2)(iv). Counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts, Risk-weighted assets using IMM. Under the IMM, an institution uses an internal model to estimate the expected exposure (EE) for a netting set and then calculates EAD based on that EE. An institution must calculate two EEs and two EADs (one stressed and one unstressed) for each netting as outlined in this section. The agencies estimate that respondents would take on average 80 hours (two business weeks) to update their current model with the requirements outlined in this section. In addition, the agencies estimate that, on a continuing basis, respondents would take on average 40 hours annually to maintain their internal model.

Section .132(d)(3)(vi). Counterparty Credit Risk of Repo-style Transactions, Eligible Margin Loans, and OTC Derivative Contracts. To obtain agency approval to calculate the distributions of exposures upon which the EAD calculation is based, the institution must demonstrate to the satisfaction of the agency that it has been using for at least one year an internal model that broadly meets the minimum standards, with which the institution must maintain compliance. The institution must have procedures to identify, monitor, and control wrong-way risk throughout the life of an exposure. The procedures must include stress testing and scenario analysis. The agencies estimate that respondents would take on average 80 hours (two business weeks) to implement a model with the requirements outlined in this section.

Section .132(d)(3)(viii). Counterparty Credit Risk of Repo-style Transactions, Eligible Margin Loans, and OTC Derivative Contracts. When estimating model parameters based on a stress period, the institution must use at least three years of historical data that include a period of stress to the credit default spreads of the institution’s counterparties. The institution must review the data set and update the data as necessary, particularly for any material changes in its counterparties. The institution must demonstrate at least quarterly that the stress period coincides with increased CDS or other credit spreads of the institution’s counterparties. The institution must have procedures to evaluate the effectiveness of its stress calibration that include a process for using benchmark portfolios that are vulnerable to the same risk factors as the institution’s portfolio. The agency may require the institution to modify its stress calibration to better reflect actual historic losses of the portfolio. The agencies estimate that respondents would take on average 80 hours (two business weeks) to implement procedures with the requirements outlined in this section.

Section .132(d)(3)(ix). Counterparty Credit Risk of Repo-style Transactions, Eligible Margin Loans, and OTC Derivative Contracts. An institution must subject its internal model to an initial validation and annual model review process. The model review should consider whether the inputs and risk factors, as well as the model outputs, are appropriate. As part of the model review process, the institution must have a backtesting program for its model that includes a process by which unacceptable model performance will be determined and remedied. The agencies estimate that respondents would take on average 40 hours (one business week) to implement a model with the requirements outlined in this section. In addition, the agencies estimate that, on a continuing basis, respondents would take on average 40 hours annually to maintain their internal model.

Section .132(d)(3)(x). Counterparty Credit Risk of Repo-style Transactions, Eligible Margin Loans, and OTC Derivative Contracts. An institution must have policies for the measurement, management and control of collateral and margin amounts. The agencies estimate that respondents would take on average 20 hours to implement policies with the requirements outlined in this section.

Section .132(d)(3)(xi). Counterparty Credit Risk of Repo-style Transactions, Eligible Margin Loans, and OTC Derivative Contracts. An institution must have a comprehensive stress testing program that captures all credit exposures to counterparties, and incorporates stress testing of principal market risk factors and creditworthiness of counterparties. The agencies estimate that respondents would take on average 40 hours (one business week) to implement a program with the requirements outlined in this section. In addition, the agencies estimate that, on a continuing basis, respondents would take on average 40 hours annually to maintain their program.

Sections .141(c)(2)(i) and (ii). Operational Criteria for Recognizing the Transfer of Risk. An institution must demonstrate its comprehensive understanding of a securitization exposure under section 141(c)(1), for each securitization exposure by conducting an analysis of the risk characteristics of a securitization exposure prior to acquiring the exposure and document such analysis within three business days after acquiring the exposure. On an on-going basis (no less frequently than quarterly), evaluate, review, and update as appropriate the analysis required under this section for each securitization exposure. The agencies estimate that respondents would take on average 40 hours (one business week) to implement a program with the requirements outlined in this section. The agencies estimate that, on a continuing basis, respondents would take on average 10 hours quarterly to evaluate, review, and update the program requirements.

Section .173. Disclosures by Banks that are Advanced Approaches Banks. A institution that is an advanced approaches bank must make the disclosures described in Tables 11.1 through 11.12. The institution must make these disclosures publicly available for each of the last three years (that is, twelve quarters) or such shorter period beginning on the effective date of this subpart E.

Table 11.4 – Capital Conservation and Countercyclical Buffers. The institution must comply with the qualitative and quantitative public disclosures outlined in this table. The agencies estimate that respondents would take on average 80 hours (two business weeks) to comply with the disclosure requirements outlined in this table. The agencies estimate that, on a continuing basis, respondents would take on average 40 hours annually comply with the disclosure requirements outlined in this table.

Table 11.5 – Credit Risk: General Disclosures. The institution must comply with the qualitative and quantitative public disclosures outlined in this table. The agencies estimate that respondents would take on average 80 hours (two business weeks) to comply with the disclosure requirements outlined in this table. The agencies estimate that, on a continuing basis, respondents would take on average 40 hours annually to comply with the disclosure requirements outlined in this table.

Table 11.9 – Securitization. The institution must comply with the qualitative and quantitative public disclosures outlined in this table. The agencies estimate that respondents would take on average 60 hours to comply with the disclosure requirements outlined in this table. The agencies estimate that, on a continuing basis, respondents would take on average 30 hours annually comply with the disclosure requirements outlined in this table.

Table 11.12 – Interest Rate Risk for Non-trading Activities. The institution must comply with the qualitative and quantitative public disclosures outlined in this table. The agencies estimate that respondents would take on average 60 hours to comply with the disclosure requirements outlined in this table. The agencies estimate that, on a continuing basis, respondents would take on average 30 hours annually comply with the disclosure requirements outlined in this table.

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

National banks and Federal savings associations 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 in which duplicative information is produced for a limited period. This is necessary to implement the rule.

**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 August 30, 2012, the Federal banking agencies jointly issued three NPRs for comment in the Federal Register (77 FR 52792, 52888, 52978).

**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:**

The burden estimates below exclude any regulatory reporting burden associated with changes to the Consolidated Reports of Income and Condition for banks (FFIEC 031 and FFIEC 031; OMB Nos. 7100– 0036, 3064–0052, 1557–0081) and the Financial Statements for Bank Holding Companies (FR Y–9; OMB No. 7100–0128). The agencies are still considering whether to revise these information collections or to implement a new information collection for the regulatory reporting requirements. In either case, a separate notice would be published for comment on the regulatory reporting requirements.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **NPR 1**  Regulatory Capital, Minimum Regulatory Capital Ratios, Capital Adequacy, Transition Provisions | Estimated  Number of  respondents[[1]](#footnote-1) | Estimated  annual  frequency | Estimated  average time per response | Estimated  annual burden  hours |
| **Recordkeeping**: |  |  |  |  |
| § \_.2: allows the use of a conservative estimate of the amount of a bank’s investment in the capital of unconsolidated financial institutions held through the index security with prior approval by the appropriate agency. Provides for termination and close-out netting across multiple types of transactions or agreements if the bank obtains a written legal opinion verifying the validity and enforceability of the agreement under certain circumstances and maintains sufficient written documentation of this legal review. | 775 | 1 | 16 hours | 12,400 |
| **Total** |  |  |  | **12,400** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Standardized Approach NPR** | Estimated  number  of  respondents | Estimated  annual  frequency | Estimated  average time per response | Estimated  annual burden  hours |
| **Recordkeeping**: |  |  |  |  |
| (**QCCP**)  § \_.35(b)(3)(i)(A): One-time | 775 | 1 | 2 hours | 1,550 |
| (**QCCP**)  § \_.35(b)(3)(i)(A): Ongoing | 775 | 1 | 2 hours | 1,550 |
| (**CT**)  § \_.37(c)(4)(i)(E): One-time | 775 | 1 | 80 hours | 62,000 |
| (**CT**)  § \_.37(c)(4)(i)(E): Ongoing | 775 | 1 | 16 hours | 12,400 |
| (**SE**)  § \_.41(c)(2)(i): One-time | 775 | 1 | 40 hours | 31,000 |
| (**SE**)  § \_.41(c)(2)(i): Ongoing | 775 | 1 | 2 hours | 1,550 |
| **Disclosures:[[2]](#footnote-2)** |  |  |  |  |
| **One-time**  (**S.E.**) § \_.42(e)(2),  (**C.R.**) §§\_.62(a),(b),& (c),  (**Q&Q**) §§\_.63(a) & (b): | 3 | 1 | 226.25 hours | 678.75 |
| **Ongoing**  (**S.E.**) § \_.42(e)(2),  (**C.R.**) §§\_.62(a),(b),& (c),  (**Q&Q**) §§\_.63(a) & (b): | 3 | 4 | 131.25 hours | 1,575 |
| **Total** |  |  |  | **112,303.75** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Advanced Approaches NPR** | Estimated  number  of  respondents | Estimated  annual  frequency | Estimated  average time  per response | Estimated  annual burden  hours |
| **Recordkeeping**: |  |  |  |  |
| Implementation plan  § \_.121(b) | 45 | 1 | 330 hours | 14,850 |
| Documentation of operational risk process -- § \_.122(h) | 45 | 1 | 19 hours | 855 |
| Systems maintenance  §§ \_.122(a) and \_123(a) | 45 | 1 | 27.9 hours | 1,255.5 |
| Supervisory approvals  §§\_.122(d), (e), (f), (g), (h) | 45 | 1 | 16.82 hours | 756.9 |
| Control, oversight and verification of systems – §§ \_.122 and \_.123 | 45 | 1 | 11.05 hours | 497.25 |
| §\_.132(b)(2)(iii)(A):One-time | 45 | 1 | 80 hours | 3,600 |
| §\_.132(b)(2)(iii)(A): Ongoing | 45 | 1 | 16 hours | 720 |
| §\_.132(d)(2)(iii)(A): One-time | 45 | 1 | 80 hours | 3,600 |
| §\_.132(d)(2)(iii)(A): Ongoing | 45 | 1 | 16 hours | 720 |
| § \_.132(d)(2)(iv): One-time | 45 | 1 | 80 hours | 3,600 |
| § \_.132(d)(2)(iv): Ongoing | 45 | 1 | 40 hours | 1,800 |
| § \_.132(d)(3)(vi): One-time | 45 | 1 | 80 hours | 3,600 |
| § \_.132(d)(3)(viii): One-time | 45 | 1 | 80 hours | 3,600 |
| § \_.132(d)(3)(ix): One-time | 45 | 1 | 40 hours | 1,800 |
| § \_.132(d)(3)(ix): Ongoing | 45 | 1 | 40 hours | 1,800 |
| § \_.132(d)(3)(x): One-time | 45 | 1 | 20 hours | 900 |
| § \_.132(d)(3)(xi): One-time | 45 | 1 | 40 hours | 1,800 |
| § \_.132(d)(3)(xi): Ongoing | 45 | 1 | 40 hours | 1,800 |
| §§\_.141(c)(2)(i) & (ii): One-time | 45 | 1 | 40 hours | 1,800 |
| §§ \_.141(c)(2)(i) & (ii): Ongoing | 45 | 4 | 10 hours | 1,800 |
| **Disclosures:** |  |  |  |  |
| §§\_.142 and 171 | 45 | 1 | 5.78 hours | 260.1 |
| Tables 11.4, 11.5. 11.9 and 11.12 Ongoing | 45 | 4 | 35 hours | 6,300 |
| §\_\_.173, Tables 11.4, 11.5, 11.9, and 11.2: One-time | 45 | 1 | 280 hours | 12,600 |
| **Total** |  |  |  | **70,314.75** |

**Total Burden: 195,018.50 hours**

**Cost to Respondents:**

The OCC estimates the cost to respondents as follows:

195,018.50 x $100/hour (combination of various levels of staff) = $ 19,043,840

**Total Hour Burden Cost:** $ 19,501,850

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

The estimated start-up costs (new systems) and first year costs are as follows:

NPR 1 $      6,581 x 775 entities = $ 5,100,275

NPR 2 (Standardized Approach) $  120,258 x 775 entities = $ 93,199,950

NPR 3 (Advanced Approaches) $ 1,040,00 x 45 entities = $ 46,800,000

**Total $145,100,225**

**14. Estimate of annualized costs to the Federal government:**

Not applicable.

***15. Change in burden:***

Current burden: 821,640 hours

New burden: 195,018.50 hours

Change: - 626,621.50 hours

The following table lists the requirements of Basel II and Basel III (that contain information collection requirements) in the first column and the associated burden for Basel II and III in the second and third columns, for easy comparison. The latter part of the table includes provisions found only in Basel III, as these are new requirements.

| Requirement | Basel II  Total Estimated Burden  Hours | Basel III  Total  Estimated  Burden Hours |
| --- | --- | --- |
| Qualification Process. | 220,480.00 | 14,850.00 |
| Qualification Requirements and Ongoing Qualification. | 511,680.00 | 3,364.65 |
| Counterparty Credit Risk of Repo-style transactions, eligible margin loans, and OTC derivative contracts. | 0 | 29,340.00  (Policies & procedures added) |
| Merger and Acquisition Transitional Arrangements – Implementation Plan. | 4,680.00 | 0  (Start-up burden phased out) |
| Bank qualification criteria; Use of Internal Assessment Approach; Internal credit assessment; Credit analysis of exposures. | 37,440.00 | N/A  (Removed) |
| Qualification for use of Internal Models Approach; Specified criteria; Proxies. | 14,560.00 | 0  (Start-up burden phased out) |
| Consolidated banks risk-based capital disclosures. Capital Requirement for Securitization Exposures. Disclosure of implicit support. | 20,800.00 | 19,160.10 |
| Operational Criteria for Recognizing the Transfer of Risk. | 0 | 3,600.00  (Due diligence requirements added) |
| Qualifying Central Counterparty –Recordkeeping. | N/A | 3,100.00  (new) |
| Cleared Transactions – Recordkeeping. | N/A | 74,400.00  (new) |
| Securitization Exposure – Recordkeeping. | N/A | 32,550.00  (new) |
| Securitization Exposures, Capital Requirements, Qualitative & Quantitative One-Time Disclosures. | N/A | 678.75  (new) |
| Securitization Exposures, Capital Requirements, Qualitative & Quantitative Ongoing-Time Disclosures. | N/A | 1,575.00  (new) |
| Estimate of investment in capital of unconsolidated financial institutions held through index security. Termination and close-out netting across multiple types of transactions or agreements - legal opinion and sufficient documentation. | N/A | 12,400.00  (new) |
| **Totals** | **809,640.00** | **195,018.50** |

The qualification process/requirements and ongoing qualification for Basel III and Basel II are substantially the same. The significantly higher estimates for Basel II are due to the fact that, at the time the rule was adopted, banks had to create from scratch a system of rating every exposure. In addition, the OCC had no experience with assisting them and providing clear expectations. With Basel III, five years later, few banks are coming in. Banks coming now in have an easier time coming up to speed, as we are able to assist them better and provide a clear set of expectations. Therefore, the replacement of the Basel II qualification process/requirements and ongoing qualification with that of Basel III resulted in an adjustment of -751,325 hours. The addition of the regulatory capital and standardized approach provisions resulted in a program increase (agency discretion) of +124,704 hours. This results in an overall decrease in burden of -626,621.50 hours.

**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.

1. Independent national banks, 172; federally chartered savings banks, 603. [↑](#footnote-ref-1)
2. Banks with total consolidated assets of $50 billion or more that is not an advanced approaches bank [↑](#footnote-ref-2)