

**Annual Stress Test Rule and  
Company-Run Annual Stress Test Reporting Template and Documentation for Covered  
Institutions with Total Consolidated Assets of \$50 Billion or More under the Dodd-Frank  
Wall Street Reform and Consumer Protection Act**

Supporting Statement A  
1557-0311

**A. Justification**

1. Circumstances Making the Collection of Information Necessary

This collection of information relates to a final rule that implements Section 165(i) of the Dodd-Frank Wall Street Reform and Consumer Protection Act<sup>1</sup> (“Dodd-Frank Act”) which requires certain companies to conduct annual stress tests. National banks and Federal savings associations with total consolidated assets of more than \$10 billion would be required to conduct annual stress tests and comply with reporting and disclosure requirements under the rule.

The purpose of this information collection request is to consolidate the information collection requirements contained in the final rule<sup>2</sup> with the new information collection requirements contained in the reporting templates and reporting requirements for institutions with fifty billion or more in assets as required under section 165(i)(2) of the Dodd-Frank Act under OMB control number 1557-0311.

2. Purpose and Use of the Information Collection

Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) requires certain financial companies, including national banks and Federal savings associations, to conduct annual stress tests<sup>3</sup> and requires the primary financial regulatory agency<sup>4</sup> of those financial companies to issue regulations implementing the stress test requirements.<sup>5</sup> A national bank or Federal savings association is a “covered institution” and therefore subject to the stress test requirements if its’ total consolidated assets are more than \$10 billion.

Under section 165(i)(2), a covered institution is required to submit to the Board of Governors of the Federal Reserve System (Board) and to its primary financial regulatory agency a report at such time, in such form, and containing such information as the primary financial regulatory agency may require.<sup>6</sup>

The OCC intends to use the data collected through these templates proposal to assess the reasonableness of the stress test results of covered institutions and to provide forward-

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<sup>1</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010).

<sup>2</sup> October 9, 2012 – Final Rule (77 FR 61238)

<sup>3</sup> 12 U.S.C. 5365(i)(2)(A).

<sup>4</sup> 12 U.S.C. 5301(12).

<sup>5</sup> 12 U.S.C. 5365(i)(2)(C).

<sup>6</sup> 12 U.S.C. 5365(i)(2)(B).

looking information to the OCC regarding a covered institution's capital adequacy. The OCC also may use the results of the stress tests to determine whether additional analytical techniques and exercises could be appropriate to identify, measure, and monitor risks at the covered institution. The stress test results are expected to support ongoing improvement in a covered institution's stress testing practices with respect to its internal assessments of capital adequacy and overall capital planning.

The Dodd-Frank Act stress testing requirements apply to all covered institutions, but the OCC recognizes that many covered institutions with consolidated total assets of \$50 billion or more have been subject to stress testing requirements under the Board's Comprehensive Capital Analysis and Review (CCAR). The OCC also recognizes that these institutions' stress tests will be applied to more complex portfolios and therefore warrant a broader set of reports to adequately capture the results of the company-run stress tests. These reports will necessarily require more detail than would be appropriate for smaller, less complex institutions. Therefore, the OCC has decided to specify separate reporting templates for covered institutions with total consolidated assets between \$10 and \$50 billion and for covered institutions with total consolidated assets of \$50 billion or more. In cases where a covered institution with assets less than \$50 billion is affiliated with a banking organization with assets of \$50 billion or more, the OCC reserves the authority to require that covered institution to use the reporting template for larger institutions with total consolidated assets of \$50 billion or more. The OCC may also, on a case-by-case basis, require a covered institution with assets of \$50 billion or more to report stress test results using a simpler format to be specified by the OCC.

The information collection requirements are found in §§ 46.6-46.8 of the final rule and are unchanged since it was issued:

- § 46.6(a) specifies the calculations of the potential impact on capital that must be made during each quarter of a planning horizon.
- § 46.6(c) requires that each covered institution must establish and maintain a system of controls, oversight, and documentation, including policies and procedures that, at a minimum, describe the covered institution's stress test practices and methodologies, and processes for updating the covered institution's stress test practices. The board of directors and the senior management of the covered institution shall approve and review the controls, oversight, and documentation, including policies and procedures of the covered institution, as frequently as economic conditions or the condition of the bank may warrant, which shall be no less than annually.
- § 46.7 provides that each covered institution shall report to the OCC and to the Board of Governors of the Federal Reserve System (Board) annually the results of the stress test in the time, manner and form specified by the OCC.
- § 46.8 requires that, within 90 days of the due date of the report, a covered institution shall publish a summary of the results of its annual stress tests on its website or in any other forum that is reasonably accessible to the public. The summary must include a

description of the types of risks being included in the stress test and estimates of aggregate losses, net income, and pro forma capital levels and capital ratios (including regulatory and any other capital ratios specified by the OCC) over the planning horizon, under each scenario.

3. Use of Improved Information Technology and Burden Reduction

Respondents may use any method of improved technology that meets the requirements of the regulation.

4. Efforts to Identify Duplication and Use of Similar Information

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 a significant impact on Small Businesses or Other Small Entities

The information collection does not have a significant impact on a substantial number of small businesses or other small entities.

6. Consequences of Collecting the Information Less Frequently

The collection of information is required by Federal Statute. The consequences of collecting the information less frequently would prevent OCC from implementing Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.<sup>7</sup>

7. Special Circumstances Relating to the Guidelines of 5 CFR 1320.5

The information collection would be conducted in a manner consistent with 5 CFR Part 1320.5.

8. Comments in Response to the Federal Register Notice and Efforts to Consult Outside the Agency

In the Federal Register of August 16, 2012 (77 FR 49485), OCC published a 60-day notice requesting public comment on the templates and the collection of information. OCC received three comments on the notice. Two of the comments received were from banking organizations and one was from an industry group.

The commenters generally expressed support for stress testing and for the OCC's efforts to ensure appropriate risk management processes. In addition, two commenters acknowledged the OCC's efforts to coordinate with the other agencies and avoid duplication of efforts. However, the commenters also advocated that several changes be made to the templates. Two commenters urged the OCC to more closely align the data

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<sup>7</sup> Public Law 111-203, 124 Stat. 1376, July 2010

collection templates to those of the other agencies, with one commenter suggesting that the Board, FDIC, and OCC develop one common set of data templates to reduce cost and burden on banking organizations.

One commenter requested that the OCC provide more clarity about how the OCC will use the data collected and provide more detailed instructions, while a second requested that the OCC include a formal process for addressing questions seeking clarification of the reporting templates. Another commenter urged the OCC to permit banks which comprise nearly all material activities of the parent holding company to incorporate by reference into the bank's OCC stress test submission the results of the holding company's CCAR tests.

After carefully considering the comments received, the OCC aligned its reporting forms with those of the Federal Reserve to the extent practicable. For example, the Basel III Capital template will only collect results related to the baseline scenario on an annual basis rather than quarterly results under the adverse and severely adverse scenarios. However, some elements required by the Federal Reserve are only applicable at the bank holding company level and the Federal Reserve required some elements to fulfill its other obligations related to covered companies' stress tests. The OCC will continue to consider the practicability of a single set of reporting forms or the use of cross-references.

The OCC does not believe it is appropriate for covered institutions to simply reference holding company stress test results, even where the covered institution or institutions comprise the bulk of holding company activities. This is consistent with the treatment under the OCC's final rule implementing section 165(i)(2), which requires such covered institutions to conduct annual stress tests.<sup>8</sup> The OCC notes that under that rule, a covered institution that is a subsidiary of a holding company subject to the Board's annual stress testing rule generally may use the stress testing systems and processes of the holding company where appropriate, which will reduce the burden associated with separate reporting.

Finally, the OCC believes that established OCC processes for responding to queries from supervised entities will be adequate to address any questions related to use of these reporting templates, and that no additional formal processes are necessary.

#### 9. Explanation of Any Payment or Gift to Respondents

OCC has not provided and has no intention to provide any payment or gift to respondents under this information collection.

#### 10. Assurance of Confidentiality Provided to Respondents

The information collection request will be kept private to the extent permissible by law.

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<sup>8</sup> 77 FR 61238 (October 9, 2012); see also 77 FR 3408 (January 24, 2012) (Notice of proposed rulemaking).

## 11. Justification for Sensitive Questions

There are no questions of a sensitive nature.

## 12. Estimates of Annualized Burden Hours and Costs

OCC estimates that the burden of this collection of information as follows:

Reporting Templates for Institutions with \$50B or More in Assets	No. of Respondents	No. of Responses per Respondent	Annual No. of Responses	Burden per Response	Total Hours	Total Hours After Economies of Scale Adjustment
OCC DFAST-14A Summary Schedule	22	3	1	276	17,568	8,784
<i>Income Statement</i>	22	3	1	44	2,904	1,452
<i>Balance Sheet</i>	22	3	1	44	2,904	1,452
<i>Capital Statement</i>	22	3	1	44	2,904	1,452
<i>Retail Projections</i>	22	3	1	36	2,376	1,188
<i>Securities</i>	22	3	1	40	2,640	1,320
<i>Trading and Counterparty Risk</i>	4	3	1	12	144	72
<i>Operational Risk</i>	22	3	1	16	1,056	528
<i>PPNR</i>	22	3	1	40	2,640	1,320
OCC DFAST-14A Counterparty Risk Template	4	1	1	382	1,528	764
OCC DFAST-14A Basel III Capital Template	22	1	1	20	440	220
OCC DFAST-14A Regulatory Capital Template	22	1	1	20	440	220
OCC DFAST-14A Operational Risk Template <sup>9</sup>	22	1	1	12	192	96
OCC DFAST-14A Scenario Template	22	1	1	31	682	341
OCC DFAST-14A Contact Template	22	1	1	22	22	11
<b>50B or More Template Total</b>					<b>20,872</b>	<b>10,436</b>
<b>Annual Stress Test Final Rule Total</b>					<b>63,440</b>	
<b>Total</b>						<b>73,876</b>

<sup>9</sup> The total hours for the operational risk template requires a split calculation since only a subset of the Advanced Measurement Approach (AMA) for operational risk would be required to complete the OpRisk Historical Capital worksheet.

The OCC recognizes the Board has estimated 79,200 hours for bank holding companies to prepare their systems for submitting data for the FR Y-14. The OCC believes that these systems will also be used to submit data for the reporting templates described in this notice.

13. Estimates of Annual Cost Burden to Respondents and Record Keepers

Total annual cost burden:

- (a) Total annualized capital and start-up costs associated with the Templates are estimated to be \$0 (zero dollars). In general, reporting on the Templates requires neither specialized capital equipment, nor fixed or variable costs that are not already associated with the customary and usual business practices of respondents.
- (b) Total annualized operations, maintenance, and purchases of services costs are estimated to be \$0 (zero dollars). Reporting on the forms does not in general impose operations, maintenance, or specialized services costs that are not already associated with the customary and usual practices of respondents.

The above cost estimates are not expected to vary widely among respondents.

14. Annualized Cost to the Federal Government

OCC estimates no annualized cost to the Federal government.

15. Explanation for Program Changes or Adjustments

This information collection, which previously covered only the final rule, has been expanded to cover the reporting templates described above.

16. Plans for Tabulation and Publication and Project Time Schedule

There are no publications.

17. Reason(s) Display of OMB Expiration Date is Inappropriate

The agency is not seeking to display the expiration date of OMB approval of the information collection.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

There are no exceptions to the certification.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

The collection of this information does not employ statistical methods. Statistical methods are not appropriate for the type of information collected and would not reduce burden or improve accuracy of results.