Supporting Statement for the
Risk Based Capital Standards: Advanced Capital Adequacy Framework
(FR 4200; OMB No. 7100-0313)
(Basel III Rule; Docket: R-1442)

Summary

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), is extending, with revision, the Risk-Based Capital Standards: Advanced Capital Adequacy Framework Information Collection (FR 4200; OMB No. 7100-0313). The Paperwork Reduction Act (PRA) classifies reporting, recordkeeping, or disclosure requirements of a regulation as an "information collection."[1]

The Federal Reserve is adopting a final rule that revises its risk-based and leverage capital requirements for banking organizations.[2] The final rule consolidates three separate notices of proposed rulemaking that the Office of the Comptroller of the Currency (OCC), Federal Reserve, and Federal Deposit Insurance Corporation (FDIC) (the agencies) published in the Federal Register on August 30, 2012, with selected changes.[3] The final rule implements a revised definition of regulatory capital, 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 risk-based capital rules, a supplementary leverage ratio that incorporates a broader set of exposures in the denominator. The final rule incorporates these new requirements into the agencies' prompt corrective action framework. In addition, the final rule establishes 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. Further, the final rule amends the methodologies for determining risk-weighted assets for all banking organizations, and introduces disclosure requirements that would apply to top-tier banking organizations domiciled in the United States with $50 billion or more in total assets. The final rule also adopts changes to the agencies' regulatory capital requirements that meet the requirements of section 171 and section 939A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).[4]

The final rule also codifies the agencies' regulatory capital rules, which have previously resided in various appendices to their respective regulations, into a

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[1] 44 U.S.C. § 47501 et seq.

[2] Banking organizations include national banks, state member banks, Federal savings associations, and top-tier bank holding companies domiciled in the United States not subject to the Federal Reserve'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, except certain savings and loan holding companies that are substantially engaged in insurance underwriting or commercial activities, as described in this preamble.

[3] (77 FR 52792, 52888, and 52978)

[4] Pub. L. 111–203, 124 Stat. 1376, 1435–38 (2010).

harmonized integrated regulatory framework. In addition, the Federal Reserve is amending the advanced approaches and market risk rules to apply to top-tier savings and loan holding companies domiciled in the United States, except for certain savings and loan holding companies that are substantially engaged in insurance underwriting or commercial activities. The final rule is effective January 1, 2014, with mandatory compliance January 1, 2014 for advanced approaches banking organizations that are not savings and loan holding companies; January 1, 2015 for all other covered banking organizations.

The final rule contains reporting,[5] recordkeeping, and disclosure requirements subject to PRA. The Federal Reserve is revising the FR 4200 to implement the requirements and revising the respondent panel to add Savings and Loan Holding Companies (SLHCs). See the Description of Information Collection section for a detailed discussion of the revisions to the FR 4200. The Federal Reserve's total annual burden for this information collection is estimated to be 113,793 hours and would increase by 300,193 hours to 413,986 hours for the financial institutions it supervises that are subject to the final rule.

Background and Justification

Section 1831o(c) of the Federal Deposit Insurance Act requires each federal banking agency to adopt a risk-based capital requirement, which is based on the prompt corrective action framework in that section. The International Lending Supervision Act of 1984 (ILSA), (12 U.S.C. § 3907(a)(1)), mandates that each federal banking agency require banks to achieve and maintain adequate capital by establishing minimum levels of capital or by other methods that the applicable federal banking agency may deem appropriate. Section 908 of the ILSA, (12 U.S.C. §47907(b)(47)(C)), also directs the Chairman of the Federal Reserve and the Secretary of the Treasury to encourage governments, central banks, and regulatory authorities of other major banking countries to work toward maintaining and, where appropriate, strengthening the capital bases of banking institutions involved in international lending.

On December 7, 2007, the OCC, the Federal Reserve, the FDIC, and the Office of Thrift Supervision issued the joint final rule (December 2007 final rule) titled Risk-Based Capital Standards: Advanced Capital Adequacy Framework (rule) implementing a risk-based regulatory capital framework for institutions in the United States (72 FR 69288). The rule was based on the June 2004 Basel Committee on Banking Supervision's document, "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" (New Accord). Along with the rule, each agency adopted the information collection referred to above.

[5] Reporting burden associated with this final rule will be incorporated into the Consolidated Reports of Income and Condition for banks (FFIEC 031 and 041; OMB No. 7100-0036), the Financial Statements for Bank Holding Companies (FR Y–9; OMB No. 7100–0128), and the Capital Assessments and Stress Testing information collection (FR Y–14A/Q/M; OMB No. 7100–0341).

The December 2007 final rule implemented the New Accord in the United States and builds on improvements to risk assessment approaches that a number of large banks have adopted over the last two decades. In particular, the rule required banks to assign risk parameters to exposures and provides specific risk-based capital formulas that are used to transform these risk parameters into risk-based capital requirements. The collection of information contained in the rule was necessary to ensure that the new risk-based regulatory capital framework is implemented in the United States in a safe and sound manner.

Description of Information Collection

A bank is required to comply with the December 7, 2007 final rule if it meets either of two independent threshold criteria: (i) consolidated total assets of $250 billion or more, as reported on the most recent year-end regulatory reports; or (ii) consolidated total on-balance sheet foreign exposure of $10 billion or more at the most recent year-end. To determine total on-balance sheet foreign exposure, a bank would sum its adjusted cross-border claims, local country claims, and cross-border revaluation gains (calculated in accordance with the Federal Financial Institutions Examination Council (FFIEC) Country Exposure Report (FFIEC 009; OMB No. 7100-0035). Adjusted cross-border claims would equal total cross-border claims less claims with the head office/guarantor located in another country, plus redistributed guaranteed amounts to the country of head office/guarantor. A bank is also required to comply if it is a subsidiary of another financial institution that uses the advanced approaches.

A BHC is required to comply with the rule if the BHC has: (i) consolidated total assets (excluding assets held by an insurance underwriting subsidiary) of $250 billion or more, as reported on the most recent year-end regulatory reports; (ii) consolidated total on-balance sheet foreign exposure of $10 billion or more at the most recent year-end; or (iii) a subsidiary depository institution that applies the advanced approaches. In addition, banks and BHCs may voluntarily decide to adopt the framework. Currently fourteen top-tier banking organizations meet these criteria and an additional five BHCs have indicated that they are voluntarily adopting the framework.

The December 7, 2007 final rule requires respondents to adopt a written implementation plan, update that plan for any mergers, obtain prior written approvals for the use of certain approaches, and make certain public disclosures regarding its capital ratios, their components, and information on implicit support provided to a securitization. These requirements are described in Sections 21 through 247, 42, 44, 547, and 71 of the December 7, 2007 final rule. Details of the requirements for each section are provided below.

Written Implementation Plan (Sections 21, 22, and 23) - Sections 21 and 22 require that a respondent adopt a written implementation plan that addresses how it will comply with the rule's qualification requirements, including incorporation of a comprehensive and sound planning and governance process to oversee the implementation efforts. The respondent must also develop processes for assessing capital

adequacy in relation to an organization's risk profile. It must have in place internal risk rating and segmentation systems for wholesale and retail risk exposures, including comprehensive risk parameter quantification processes and processes for annual reviews and analyses of reference data to determine its relevance. It must document its process for identifying, measuring, monitoring, controlling, and internally reporting operational risk; verify the accurate and timely reporting of risk-based capital requirements; and monitor, validate, and refine its advanced systems. Section 247 requires a respondent to update its implementation plan after any mergers.

Prior Written Approvals (Sections 44 and 53) - Sections 44 and 547 require prior written approval by supervisors. Section 44 describes the internal assessment approach (IAA). Prior written approval is required for use of the IAA. A respondent must review and update each internal credit assessment whenever new material is available, but at least annually. It must validate its internal credit assessment process on an ongoing basis. Section 53 outlines the internal models approach (IMA). Prior written approval is required for use of the IMA.

Disclosures (Sections 42 and 71) - Section 42 requires a respondent to publicly disclose that it has provided implicit support to a securitization and the regulatory capital impact to the bank of providing such implicit support. Section 71 specifies that each consolidated bank must publicly disclose its total and tier 1 risk-based capital ratios and their components quarterly.

Basel III Revisions

The Basel III final rule applies to all insured banks and savings associations, top-tier BHCs domiciled in the United States with more than $500 million in assets, and SLHCs that are domiciled in the United States. Provisions of this final rule that apply to these banking organizations 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. Additionally, consistent with Basel III, the Federal Reserve is applying limits on a banking organization's capital distributions and certain discretionary bonus payments if the banking organization does not hold a specified "buffer" of common equity tier 1 capital in addition to the minimum risk-based capital requirements. The revisions set forth in this final rule are consistent with section 171 of the Dodd-Frank Act, which requires the agencies to establish minimum risk-based and leverage capital requirements. The Federal Reserve is also revising the prompt corrective action framework by incorporating the new regulatory capital minimums and updating the definition of tangible common equity.

In general, the Advanced Approaches and Market Risk final rule applies to institutions with $250 billion or more in consolidated assets or $10 billion or more in foreign exposure, and the market risk rule applies to SLHCs with significant trading activity. In the Advanced Approaches and Market Risk final rule, the Federal Reserve is revising the advanced approaches risk-based capital rules consistent with Basel III and

other changes to the Basel Committee's capital standards. The Federal Reserve also is revising the advanced approaches risk-based capital rules to be consistent with section 9479A and section 171 of the Dodd-Frank Act. Additionally, in this final rule, the Federal Reserve is revising the advanced approaches and market risk capital rules that apply to top-tier SLHCs domiciled in the United States, if stated thresholds for trading activity are met.

In the Standardized Approach final rule, the Federal Reserve is revising and harmonizing rules for calculating risk-weighted assets to enhance risk sensitivity and address weaknesses identified over recent years, including by incorporating aspects of the Basel II standardized framework, and alternatives to credit ratings, consistent with section 9479A of the Dodd-Frank Act. The Federal Reserve is revising methods for determining risk-weighted assets for residential mortgages, securitization exposures, and counterparty credit risk. The Federal Reserve is also implementing disclosure requirements that would apply to U.S. banking organizations with $50 billion or more in total assets.

The final rule contains recordkeeping and disclosure requirements subject to the PRA found in sections: _.3, _.22, _.35, _.37, _.41, _.42, _.62, _.63 (including tables 1 through 10), _.121 through _.124, _.132, _.141, _.142, _.153, __.171, _.173 (including tables: 4, 5, 9, and 12).

Minimum Capital Ratios

Section .3(c) 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.

Section .22(h)(2)(iii)(A) 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.

Standardized Approach

Section .35 sets forth requirements for cleared transactions. Section _.35(b)(3)(i)(A) requires, 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.

Section .37 addresses requirements for collateralized transactions. Section _.37(c)(4)(i)(E) requires 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.

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.

Section .42 addresses risk-weighted assets for securitization exposures. Section _.42(e)(2) requires 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) allows 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) requires 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 is required to address the associated internal controls and disclosure controls and procedures. Section .62(c) requires 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 is 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) requires a bank to make the disclosures in Tables 1 through 10 to Section_.63 and in section .63(b) for each of the last three years beginning on the effective date of the rule. Section .63(b) requires 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.

Tables 1 through 10 to Section .63 Table 1 sets forth scope of application qualitative and quantitative disclosure requirements; Table 2 sets forth capital structure qualitative and quantitative disclosure requirements; Table 3 sets forth capital adequacy qualitative and quantitative disclosure requirements; Table 4 sets forth capital conservation buffer qualitative and quantitative disclosure requirements; Table 5 sets forth general qualitative and quantitative disclosure requirements for credit risk; Table 6 sets forth general qualitative and quantitative disclosure requirements for counterparty credit risk-related exposures; Table 7 sets forth qualitative and quantitative disclosure requirements for credit risk mitigation; Table 8 sets forth qualitative and quantitative disclosure requirements for securitizations; Table 9 sets forth qualitative and quantitative disclosure requirements for equities not subject to Subpart F of the rule; and Table 10 sets forth qualitative and quantitative disclosure requirements for interest rate risk for non-trading activities.

Advanced Approach

Sections .121 and .122 requires that an institution adopt a written implementation plan that addresses how it will comply with the advanced capital adequacy framework's qualification requirements, including incorporation of a comprehensive and sound planning and governance process to oversee the implementation efforts. The institution must also develop processes for assessing capital adequacy in relation to an organization's risk profile. It must establish and maintain internal risk rating and segmentation systems for wholesale and retail risk exposures, including comprehensive risk parameter quantification processes and processes for annual reviews and analyses of reference data to determine their relevance. It must document its process for identifying, measuring, monitoring, controlling, and internally reporting operational risk; verify the accurate and timely reporting of risk-based capital requirements; and monitor, validate, and refine its advanced systems.

Section .123 sets forth ongoing qualification requirements that require an institution to notify its Federal supervisor of changes to advance systems and requires submission of a plan for returning to compliance with qualification requirements.

Section .124 requires an institution to notify its primary Federal supervisor when it makes a material change to its advanced systems and to develop an implementation plan after any mergers.

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 (H_s

and H_{fx}) using its own internal estimates of the volatilities of market prices and foreign exchange rates. To receive Board approval to use its own internal estimates, an institution must satisfy the minimum quantitative standards outlined in this section.

Section .132(b)(3) Counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts, Simple VaR methodology. With the prior written approval of the agency, an institution may estimate EAD for a netting set using a VaR model that meets certain requirements.

Section .132(d)(1) allows the use of the internal models methodology to determine EAD for counterparty credit risk for derivative contracts with prior written approval. Section .132(d)(1)(iii) allows the use of the internal models methodology for derivative contracts, eligible margin loans, and repo-style transactions subject to a qualifying cross-product netting agreement with prior written approval.

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.

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.

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.

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 back testing program for its model that includes a process by which unacceptable model performance will be determined and remedied.

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.

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.

Section .141 Operational Criteria for Recognizing the Transfer of Risk. Section .141(b)(3) requires a well-reasoned legal opinion confirming the enforceability of the credit risk mitigant in all relevant jurisdictions. 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. Sections .141(c)(2)(i) and (ii) require that institutions, 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.

Section .142 outlines the capital treatment for securitization exposures. A bank must disclose publicly that it has provided implicit support to the securitization and the regulatory capital impact to the bank of providing such implicit support.

Section .153 outlines the Internal Models Approach (IMA). A bank must receive prior written approval from its primary Federal supervisor before it can use IMA.

Section .171 specifies that each consolidated bank must publicly disclose its total and tier 1 risk-based capital ratios and their components.

Section .173 Disclosures by Banks that are Advanced Approaches Banks. An institution that is an advanced approaches bank must make the disclosures described in Tables 1 through 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 4 to Section .173 Capital Conservation and Countercyclical Buffers: An institution must comply with the qualitative and quantitative public disclosures outlined in this table.

Table 5 to Section .173 Credit Risk: General Disclosures. An institution must comply with the qualitative and quantitative public disclosures outlined in this table.

Table 9 to Section_.173 Securitization: An institution must comply with the qualitative and quantitative public disclosures outlined in this table.

Table 12 to Section .173 Interest Rate Risk for Non-trading Activities: An institution must comply with the qualitative and quantitative public disclosures outlined in this table.

Time Schedule for Information Collection

This information collection contains recordkeeping and disclosure requirements, as described above. The final rule is effective January 1, 2014, with mandatory compliance January 1, 2014 for advanced approaches banking organizations that are not savings and loan holding companies; January 1, 2015 for all other covered banking organizations.

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Consultation Outside the Agency and Discussion of Public Comments

On August 30, 2012, the agencies published three NPRMs in the *Federal Register* (77 FR 52792, 52888, and 52978) requesting public comment. The comment period for the NPRMs originally expired on September 7, 2012, however, was later extended until October 22, 2012. Each agency received over 2,500 public comments on the proposals from banking organizations, trade associations, supervisory authorities, consumer advocacy groups, public officials (including members of the U.S. Congress), private individuals, and other interested parties.

A total of nine comments were received concerning paperwork. Seven expressed concern regarding the increase in paperwork resulting from the rule. They addressed the concept of paperwork generally and not within the context of the PRA. One comment addressed cost, competitiveness, and qualitative impact statements, and noted the lack of cost estimates. It was unclear whether the commenter was referring to cost estimates for regulatory burden, which are included in the preamble to the rule, or cost estimates regarding the PRA burden, which are included in the submissions (information collection requests) made to OMB by the agencies regarding the final rule. One commenter seemed to indicate that the agencies' burden estimates are overstated. The commenter stated that, for their institution, the PRA burden will parallel that of interest rate risk (240 hours per year). The agencies' estimates far exceed that figure, so no change to the estimates would be necessary. The agencies' continue to believe that their estimates are reasonable

averages and are not overstated. For a detailed discussion of the comments received and the agencies' responses, please refer to the "Summary of General Comments on the Basel III Notice of Proposed Rulemaking and on the Standardized Approach Notice of Proposed Rulemaking; Overview of the Final Rule" section of the final rule *Federal Register* (78 FR 62018) notice published October 11, 2013.

Legal Status

The Board's Legal Division has determined that the Federal Deposit Insurance Act, 12 U.S.C. 1831*o*(c), the International Lending Supervision Act of 1983, 12 U.S.C. 3907(a)(1), the Federal Reserve Act, 12 U.S.C. 324, and the Bank Holding Company Act, 12 U.S.C. 1844(c) authorize the Board to require the information collection. If a respondent considers the information to be trade secrets and/or privileged such information could be withheld from the public under the authority of the Freedom of Information Act, 5 U.S.C. 552(b)(4). Additionally, to the extent that such information may be contained in an examination report such information maybe also be withheld from the public, 5 U.S.C. 552 (b)(8).

Estimate of Respondent Burden

The total annual burden for the report is estimated to be 113,793 hours and would increase to 413,986 hours with the proposed revisions, as shown in the burden table below. The net increase of 300,193 hours is attributed to a change in the: 1) estimated number of respondents subject to Basel III, 2) the number of record-keeping and disclosure requirements implemented by Basel III, and 3) estimated average hours per response for each requirement. The requirement tables below provide a detailed breakdown of burden estimates for each requirement. These recordkeeping and disclosure requirements represent 3.07 percent of total Federal Reserve System paperwork burden.

PRA Burden Table	***Number of respondents***	***Estimated annual frequency***	***Estimated hours per response***	***Estimated annual burden hours***
Current				
Written Implementation Plan	7	1	13,268	92,876
Prior Written Approvals	18	1	1,009	18,162
Disclosures	19	4	36.25	2,755
Total				**113,793**
Proposed				
Advanced Approach Ongoing *(Old Written Implementation Plan)*	37	1	404.77	14,976
Advanced Approach Ongoing *(Old Prior Written Approvals)*	37	1	40	1,480
Advanced Approach Ongoing *(Old Disclosures)*	37	1	5.78	214
Minimum Capital Ratios *(Ongoing Recordkeeping)*	2,202	1	16	35,232
Standardized Approach (Ongoing Recordkeeping)	2,202	1	20	44,040
Standardized Approach *(One-time Recordkeeping)*	2,202	1	122	268,644
Standardized Approach (Ongoing Disclosure)	47	1	131.25	6,169
Standardized Approach *(One-time Disclosure)*	47	1	226.25	10,634
Advanced Approach (Ongoing Recordkeeping)	37	1	146	5,402
Advanced Approach *(One-time Recordkeeping)*	37	1	420	15,540
Advanced Approach (Ongoing Disclosure)	37	1	35	1,295
Advanced Approach *(One-time Disclosure)*	37	1	280	10,360
Ongoing Sub-total				108,808
One-time Sub-total				305,178
Total				**413,986**
Net Change				300,193
Program Change Due to Agency Discretion				397,316
Change Due to Adjustment in Agency Estimate				-97,123

The current annual cost to the public of this information collection is estimated to be $5,678,271 and with the revisions would increase to $20,657,901.[6]

Estimate of Cost to the Federal Reserve System

Federal Reserve System supervision staff would review the written implementation plans and prior approvals as part of their normal work assignments and there would be no additional staffing costs.

[6] Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Office & Administrative Support at $18, 45% Financial Managers at $59, 15% Lawyers at $63, and 10% Chief Executives at $85). Hourly rate for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2012, www.bls.gov/news.release/ocwage.nr0.htm Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/