

**Supporting Statement  
Subordinated Debt  
OMB Control No. 1557-320**

The OCC is seeking an extension of the emergency approval granted by OMB for this collection in connection with an interim final rule issued on February 28, 2014.<sup>1</sup>

1. Circumstances that make the collection necessary:

Through the interim final rule, the OCC revised the requirements of 12 CFR 5.47. Specifically, all national banks now must receive prior OCC approval in order to prepay subordinated debt that is included in tier 2 capital, and certain banks must receive prior approval to prepay subordinated debt that is not included in tier 2 capital. If the prepayment is in the form of a call option and the subordinated debt is included in tier 2 capital, a national bank must submit the information required for general prepayment requests under paragraph (n)(1)(ii)(A) and also comply with paragraph (n)(1)(ii)(B)(2), which requires a national bank to submit either: (1) a statement explaining why the bank believes that following the proposed prepayment the bank would continue to hold an amount of capital commensurate with its risk; or (2) a description of the replacement capital instrument that meets the criteria for tier 1 or tier 2 capital under 12 CFR 3.20, including the amount of such instrument and the time frame for issuance.

The OCC also revised the requirements of § 163.81 in the interim rule. Specifically, the prepayment of subordinated debt securities or mandatorily redeemable preferred stock (“covered securities”) included in tier 2 capital now requires prior OCC approval. In addition, if the prepayment is in the form of a call option, a Federal savings association must submit the information required for general prepayment requests under paragraph (j)(2)(i) and also comply with paragraph (j)(2)(ii)(A), which requires a Federal savings association to submit either: (1) a statement explaining why the Federal savings association believes that following the proposed prepayment the savings association would continue to hold an amount of capital commensurate with its risk; or (2) a description of the replacement capital instrument that meets the criteria for tier 1 or tier 2 capital under 12 CFR 3.20, including the amount of such instrument and the time frame for issuance.

2. Use of the information:

Federal law and OCC regulations require that, under certain circumstances, a national bank or Federal savings association (collectively, “institution”) must receive OCC approval to issue or prepay subordinated debt and include subordinated debt in tier 2 capital. The OCC uses information submitted by institutions to decide whether to grant approval for requests to issue or prepay subordinated debt and/or include subordinated debt in tier 2 capital.

The OCC uses the request for approval to issue or prepay subordinated debt or include

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<sup>1</sup> 79 FR 11300.

subordinated debt in tier 2 capital, outlined in 12 CFR 5.47 and 163.81, to determine whether to grant or deny an institution's request. In addition, when the prepayment is in the form of a call option and the subordinated debt is included in tier 2 capital, the OCC uses the additional information provided to determine whether to require the institution to replace the instrument with an instrument that meets the criteria for tier 1 or tier 2 capital, and, if so, whether the replacement instrument would qualify as tier 1 or tier 2 capital. The information collected is used to ensure compliance with legal and regulatory requirements. In the case of a prepayment in the form of a call option, the OCC uses the additional information collected to implement a requirement in the OCC's capital regulations.

3. Consideration of the use of improved information technology:

Any improved technology that allows respondents to meet the requirements of the regulation may be used.

4. Efforts to identify duplication:

Each submission is unique to the individual bank and situation.

5. Minimizing burden on small entities:

Only the information necessary for the OCC to fulfill its statutory responsibilities for any bank, regardless of size, is requested.

6. Consequences of less frequent collection:

The information is collected infrequently—only as the situation arises. Statutory or regulatory requirements govern these information collections. Less frequent collection is inconsistent with the underlying statutes and would not promote a safe and sound banking system.

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

The collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320.6.

8. Consultation with persons outside the agency:

The OCC issued a 60-day notice in the *Federal Register* seeking comment on the collection on April 23, 2014 (79 FR 22762). No comments were received.

9. Payment or gift to respondents:

None.

10. Any assurance of confidentiality:

The information is kept private to the extent permitted by law.

11. Information of a sensitive nature:

Not applicable. No personally identifiable information is collected.

12. Burden estimate:

Information Collection	No. of Respondents	No. of Responses	Hours per Response	Estimated Total Burden
Capital & Dividends; Subordinated Debt	184	184	1.30	239

The cost of the hour burden is as follows:

Information Collection	Wage Category	Total Burden Hours	Burden Hours by Wage Category	Wage Rate	Total Cost of Hour Burden
Capital & Dividends; Subordinated Debt	30% clerical	239	71.7	\$20	\$1,422
	30% middle mgmt		71.7	\$40	\$2,868
	20% sr mgmt		47.8	\$80	\$3,824
	20% counsel		47.8	\$100	\$4,780

13. Estimate of annualized costs to respondents:

Not applicable.

14. Estimate of annualized costs to the government:

Not applicable.

15. Changes in burden:

There is no change in burden. The OCC is renewing an emergency approval.

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

Not applicable.

17. Display of expiration date:

Not applicable.

18. Exceptions to certification statement:

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS:

Not applicable.