

**OMB Supporting Statement for the
Policy Impact Survey
(FR 3075; OMB No. 7100-0362)**

Summary

The Board of Governors of the Federal Reserve System (Board), under delegated authority from the Office of Management and Budget (OMB), proposes to implement the Policy Impact Survey (FR 3075; OMB No. 7100-to be assigned). This survey would collect information from select institutions regulated by the Board in order to assess the effects of proposed, pending, or recently-adopted policy changes at the domestic and international levels.¹ For example, the survey would collect information used for certain quantitative impact studies (QISs) sponsored by bodies such as the Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB). Recent QISs have included the Basel III monitoring exercise, which monitors the global impact of the Basel III framework,² and the global systemically important bank (G-SIB) exercise, which assesses a firm's systemic risk profile.³ Since the collected data may change from survey to survey, there would be no fixed reporting form.

The Board expects the majority of surveys to be conducted on a voluntary basis; however, the Board is authorized to make surveys mandatory under certain statutes and regulations.⁴ While the number of respondents may fluctuate between surveys, the survey would be conducted up to 15 times per year. The annual reporting burden for the FR 3075 is estimated to be 58,500 hours.

Background and Justification

The BCBS, through its subcommittees, sponsors a wide range of data collections that are designed to test, calibrate, or monitor new and potential changes to regulatory policy. These QISs cover a wide range of topics and can involve solitary ad hoc collections or repetitive iterations of the same or similar collection for the purposes of constructing a time series. Recent QISs have captured data related to capital, leverage, liquidity, counterparty credit risk, securitization, large exposures, and systemic risk.

The Board has maintained a commitment to participating in these data collections so that the impact of proposed policy changes on domestic institutions can be appropriately evaluated prior to their adoption. Furthermore, the Board has, at times, conducted independent collections that examine U.S.-specific policy matters. The data collections have led to numerous policy

¹ Respondents may include bank holding companies (BHCs), savings and loan holding companies (SLHCs), non-BHC/SLHC systemically important financial institutions as designated by the Financial Stability Oversight Council, and the combined domestic operations of certain foreign banking organizations.

² For more information on the Basel III monitoring exercise, see www.bis.org/bcbs/qis/.

³ For more information on the G-SIB exercise, see www.bis.org/bcbs/gsib/.

⁴ The Board may require information submissions under section 9 of the Federal Reserve Act (12 U.S.C. § 324); section 5(c) of the Bank Holding Company Act (12 U.S.C. § 1844(c)); from Edge and agreement corporations under sections 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 602 and 625); and from U.S. branches and agencies of foreign banks under section 7(c)(2) of the International Banking Act of 1978 (12 U.S.C. § 3105(c)(2)) and under section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. § 1817(a)).

adjustments in the past and continue to play a critical role in informing rulemaking going forward.

Due to the speed with which the QISs are conducted, there is not enough time to incorporate them into the standardized regulatory reporting framework. In fact, some collections have been completed in as little as two weeks. Moreover, the collections are not strong candidates for permanent adoption into the regulatory reporting framework due to their dynamic and transient nature. In the past, QISs involving ten or more respondents have been collected through the Supervisory and Regulatory Survey (FR 3052; OMB No. 7100-0322). However, the FR 3052 survey was designed to respond to unanticipated regulatory developments and is intended to be used for non-recurring information collections. In cases where the BCBS has moved toward using recurring data templates to collect information, the FR 3052 is no longer an appropriate collection vehicle.

Description of Information Collection

The survey would allow regulators to estimate the effects of potential changes to regulatory policy and monitor the impact of decisions already taken. Since the survey would reflect the most current policy variants being considered, the number, type, and definition of specific data items cannot be predicted well in advance. Qualitative data collected might include questions that are categorical, yes-no, ordinal, and open-ended. Quantitative data collected might include dollar amounts, percentages, numbers of items, interest rates, and other such information pertaining to the activities of a financial institution. The Board anticipates conducting up to 15 surveys per year, from as many as 65 respondents per survey.

Time Schedule for Information Collection and Publication

The data submission timeline for each survey would be determined prior to the distribution of the survey materials. In soliciting participation, the Board would explain to respondents the purpose of the survey and how the data would be used.

The Board would choose whether to publish survey data that it obtains from respondents and would inform the respondents beforehand if the data are to be published on an individual-institution basis. The Board may choose to keep survey data confidential, depending upon the nature of the data collection. Aggregate survey information may be cited in published material such as Board studies or working papers, professional journals, the *Federal Reserve Bulletin*, testimony and reports to the Congress, or other vehicles.

Legal Status

The Board's Legal Division has determined that the FR 3075 survey is generally authorized under sections 2A and 12A of the Federal Reserve Act. Section 2A requires that the Board of Governors of the Federal Reserve System and the Federal Open Market Committee (FOMC) maintain long run growth of the monetary and credit aggregates commensurate with the economy's long run potential to increase production, so as to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates. 12 U.S.C. § 225a. In addition, under section 12A of the Federal Reserve Act, the FOMC is required to implement regulations relating to the open market operations conducted by Federal Reserve Banks with a

view to accommodating commerce and business and with regard to the regulations' bearing upon the general credit situation of the country. 12 U.S.C. § 263. The authority of the Federal Reserve to collect economic data to carry out the requirements of these provisions is implicit. Accordingly, the Federal Reserve is authorized to use the FR 3075 by sections 2A and 12A of the Federal Reserve Act.

Additionally, depending upon the survey respondent, the information collection may be authorized under a more specific statute. Specifically, the Board is authorized to collect information from bank holding companies (and their subsidiaries) under section 5(c) of the Bank Holding Company Act (12 U.S.C. § 1844(c)); from savings and loan holding companies under section 10(b)(2) of the Home Owners Loan Act (12 U.S.C. § 1467a(b)(2)); from non-BHC/SLHC SIFIs under section 161(a) of the Dodd-Frank Act (12 U.S.C. § 5361(a)); from the combined domestic operations of certain foreign banking organizations under section 8(a) of the International Banking Act of 1978 (12 U.S.C. § 3106(a)) and section 5(c) of the Bank Holding Company Act (12 U.S.C. § 1844(c)); from state member banks under section 9 of the Federal Reserve Act (12 U.S.C. § 324); from Edge and agreement corporations under sections 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 602 and 625) and from U.S. branches and agencies of foreign banks under section 7(c)(2) of the International Banking Act of 1978 (12 U.S.C. § 3105(c)(2)) and under section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. § 1817(a)).

Obligation to Respond: The Federal Reserve expects the majority of surveys to be conducted on a voluntary basis. However, with respect to collections of information from BHCs (and their subsidiaries), SLHCs, non-BHC/SLHC SIFIs, the combined domestic operations of certain foreign banking organizations, state member banks, Edge and agreement corporations, and U.S. branches and agencies for foreign banks authorized under the specific statutes noted above, the Federal Reserve could make the obligation to respond mandatory.

Confidentiality Status: The ability of the Federal Reserve to maintain the confidentiality of information provided by respondents to the FR 3075 surveys will have to be determined on a case-by-case basis depending on the type of information provided for a particular survey. Depending upon the survey questions, confidential treatment may be warranted under exemptions 4, 6, and 8 of the Freedom of Information Act (FOIA). Exemption 4 protects from disclosure trade secrets and commercial or financial information, while exemption 6 protects information “the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.” *See* 5 U.S.C. § 552(b)(4) and (b)(6). If the survey is mandatory and is undertaken as part of the supervisory process, information could be protected under FOIA exemption 8, which protects information relating to examination reports. 5 U.S.C. § 552(b)(8).

Consultation Outside of Agency

At this time there has been no consultation outside of the Federal Reserve System regarding the proposed FR 3075. That said, the survey may include data collections sponsored by bodies such as the BCBS and the FSB. In addition to sharing the information with the sponsoring organization, the data may be shared with other U.S. regulatory agencies such as the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency.

On June 18, 2014, the Federal Reserve published a notice in the *Federal Register* (79 FR 34751) requesting public comment for 60 days on the proposal to implement the Policy Impact Survey. The comment period for this notice expired on August 18, 2014. The Federal Reserve did not receive any comments. On September 9, 2014, the Federal Reserve published a final notice in the *Federal Register* (79 FR 53426) implementing the FR 3075 as proposed.

Sensitive Questions

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

Estimate of Respondent Burden

The annual burden for the proposed FR 3075 survey is estimated to be 58,500 hours as shown in the table below. The number of respondents is based on the average number of responses anticipated per survey conducted. Because the number of surveys will fluctuate depending on the number and types of policies being developed, it is not possible to predict exactly how many will be conducted in a given year. For the purposes of this estimate, it is assumed that the survey will be conducted up to 15 times per year. Based on previous data collections, the Board estimates that the average time per response will be about 60 hours. The proposed FR 3075 would represent less than 1 percent of total Federal Reserve System paperwork burden.

| | <i>Estimated average number of respondents</i> | <i>Annual frequency</i> | <i>Estimated average hours per response</i> | <i>Estimated annual burden hours</i> |
|---------|--|-------------------------|---|--------------------------------------|
| FR 3075 | 65 | 15 | 60 hours | 58,500 |

The total cost to the public is estimated to be \$2,977,650.⁵

Estimate of Cost to the Federal Reserve System

The cost of the surveys depends on the size of the sample, the number of questions asked, the type and complexity of the questions asked, and the frequency of the surveys. There are no anticipated costs outside of the Board.

⁵ Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$18, 45% Financial Managers at \$61, 15% Lawyers at \$63, and 10% Chief Executives at \$86). Hourly rate for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2013, www.bls.gov/news.release/ocwage.nr0.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.