Supporting Statement for the
Recordkeeping and Disclosure Requirements Associated with the
Capital Adequacy of Board-Related Institutions (Regulation Q)
(FR 4200; OMB No. 7100-0313)

Regulatory Capital Rules:
Regulatory Capital, Revisions to the Supplementary Leverage Ratio Summary
(Docket No. R-1487) (RIN 7100-AD16)

Summary

The Board of Governors of the Federal Reserve System (Board), under delegated authority from the Office of Management and Budget (OMB), proposes to extend, with revision, the Recordkeeping and Disclosure Requirements Associated with the Capital Adequacy of Board-Related Institutions (Regulation Q) (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]

On September 26, 2014, the Office of the Comptroller of the Currency (OCC), the Board, and the Federal Deposit Insurance Corporation (FDIC) (collectively, the agencies) published a joint final rule in the *Federal Register* (79 FR 57725). The final rule revises total leverage exposure as defined in the 2013 revised capital rule to include the effective notional principal amount of credit derivatives and other similar instruments through which a banking organization provides credit protection (sold credit protection); modifies the calculation of total leverage exposure for derivative and repo-style transactions; and revises the credit conversion factors applied to certain off-balance sheet exposures. The final rule also changes the frequency with which certain components of the supplementary leverage ratio are calculated and establishes the public disclosure requirements of certain items associated with the supplementary leverage ratio.

The final rule applies to all banks, savings associations, bank holding companies, and savings and loan holding companies (banking organizations) that are subject to the agencies' advanced approaches risk-based capital rules, as defined in the 2013 revised capital rule (advanced approaches banking organizations), including advanced approaches banking organizations that are subject to the enhanced supplementary leverage ratio standards that the agencies finalized in May 2014 (eSLR standards). Consistent with the 2013 revised capital rule, advanced approaches banking organizations will be required to disclose their supplementary leverage ratios beginning January 1, 2015, and will be required to comply with a minimum supplementary leverage ratio capital requirement of 3 percent and, as applicable, the eSLR standards beginning January 1, 2018.

The final rule contains requirements subject to the PRA. The disclosure requirements are found in section 217.173. The disclosure requirements in section 217.172 are accounted for in section 217.173. This information collection requirement would be consistent with the Basel Committee on Banking Supervision 2014 revisions to the Basel III leverage ratio.

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[1] See 44 U.S.C. § 3501 et seq.

The Board's total annual burden for the FR 4200 is estimated to be 413,986 hours and would increase by 400 hours to 414,386 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 (OTS) 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).

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.

On October 11, 2013, the OCC and the Board adopted a final rule that revised its risk-based and leverage capital requirements for banking organizations.[2] The final rule consolidated three separate notices of proposed rulemaking that the OCC, Board, and FDIC published in the *Federal Register* on August 30, 2012, with selected changes.[3] The final rule implemented 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

[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 Board's Small Bank Holding Company Policy Statement (12 C.F.R. 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.
[3] See 77 FR 52792, 77 FR 52888, and 77 FR 52978.

incorporates a broader set of exposures in the denominator. The final rule incorporated these new requirements into the agencies' prompt corrective action framework. In addition, the final rule established 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 amended the methodologies for determining risk-weighted assets for all banking organizations, and introduced 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 adopted 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 codified the agencies' regulatory capital rules, which had previously resided in various appendices to their respective regulations, into a harmonized integrated regulatory framework. In addition, the Board amended 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. This final rule became effective January 1, 2014, with mandatory compliance January 1, 2014, for advanced approaches banking organizations that are not savings and loan holding companies and January 1, 2015, for all other covered banking organizations.

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: (1) consolidated total assets of $250 billion or more, as reported on the most recent year-end regulatory reports or (2) 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 bank holding company (BHC) is required to comply with the rule if the BHC has: (1) 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; (2) consolidated total on-balance sheet foreign exposure of $10 billion or more at the most recent year-end; or (3) 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.

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[4] See Public Law 111–203, 124 Stat. 1376, 1435–38 (2010).

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 217.21 through 23, 42, 44, 53, and 71 of the December 7, 2007, final rule.

Written Implementation Plan (Sections 217.21, 22, and 23). Sections 217.21 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 217.23 requires a respondent to update its implementation plan after any mergers.

Prior Written Approvals (Sections 217.44 and 53). Sections 217.44 and 53 require prior written approval by supervisors. Section 217.44 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 217.53 outlines the internal models approach (IMA). Prior written approval is required for use of the IMA.

Disclosures (Sections 217.42 and 71). Section 217.42 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 217.71 specifies that each consolidated bank must publicly disclose its total and tier 1 risk-based capital ratios and their components quarterly.

The Basel III portion of the October 11, 2013, 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 savings and loan holding companies (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 Board is now 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 Board also revised 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 portion of the October 11, 2013, 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 this portion of the final rule, the Board revised the advanced approaches risk-based capital rules consistent with Basel III and other changes to the Basel Committee's capital standards. The Board also revised the advanced approaches risk-based capital rules to be consistent with section 171 and section 939A of the Dodd-Frank Act. Additionally, in this final rule, the Board revised 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 portion of the October 11, 2013, final rule, the Board revised and harmonized 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 939A of the Dodd-Frank Act. The Board revised methods for determining risk-weighted assets for residential mortgages, securitization exposures, and counterparty credit risk. The Board also implemented disclosure requirements that would apply to U.S. banking organizations with $50 billion or more in total assets.

The October 11, 2013, final rule contains recordkeeping and disclosure requirements found in sections 217.3, 22, 35, 37, 41, 42, 62, 63 (including tables 1 through 10), 121 through 124, 132, 141, 142, 153, 171, and 173 (including tables 4, 5, 9, and 12).

Minimum Capital Ratios - Recordkeeping

Section 217.3(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 217.22(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 - Recordkeeping

Section 217.35 sets forth requirements for cleared transactions. Section 217.35(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 217.37 addresses requirements for collateralized transactions. Section 217.37(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 217.41 addresses operational requirements for securitization exposures. Section 217.41(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 217.41(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.

Standardized Approach - Disclosure

Section 217.42 addresses risk-weighted assets for securitization exposures. Section 217.42(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 217.62 sets forth disclosure requirements related to a bank's capital requirements. Section 217.62(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 217.62(a) also would require the bank to disclose as soon as practicable thereafter, a brief discussion of the change and its likely impact. Section 217.62(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 217.62(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 217.62(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 217.62 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 217.63 sets forth disclosure requirements for banks with total consolidated assets of $50 billion or more that are not advanced approaches banks. Section 217.63(a) requires a bank to make the disclosures in Tables 1 through 10 to section 217.63 and in section 217.63(b) for each of the last three years beginning on the effective date of the rule. Section 217.63(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.

Section 217.63 (Tables 1 through 10). 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 - Recordkeeping

Sections 217.121 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 217.123 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 217.124 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 217.132(b)(2)(iii)(A) is counterparty credit risk of repo-style transactions, eligible margin loans, and over-the-counter (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 217.132(b)(3) is counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts, simple value-at-risk (VaR) methodology. With the prior written approval of the agency, an institution may estimate exposure at default (EAD) for a netting set using a VaR model that meets certain requirements.

Section 217.132(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 217.132(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 217.132(d)(2)(iv) is counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts, risk-weighted assets using internal models methodology (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 217.132(d)(3)(vi). 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 217.132(d)(3)(viii). 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 credit default swap (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 217.132(d)(3)(ix). 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 217.132(d)(3)(x). An institution must have policies for the measurement, management and control of collateral and margin amounts.

Section 217.132(d)(3)(xi). 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 217.141 is operational criteria for recognizing the transfer of risk. Section 217.141(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 217.141(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 217.141(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 217.153 outlines the internal models approach (IMA). A bank must receive prior written approval from its primary Federal supervisor before it can use IMA.

Advanced Approach - Disclosure

Section 217.142 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 217.171 specifies that each consolidated bank must publicly disclose its total and tier 1 risk-based capital ratios and their components.

Section 217.173 is disclosures by certain 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 January 1, 2014.

Section 217.173 (Table 4) is Capital Conservation and Countercyclical Capital Buffers. An institution must comply with the qualitative and quantitative public disclosures outlined in this table.

Section 217.173 (Table 5) is Credit Risk: General Disclosures. An institution must comply with the qualitative and quantitative public disclosures outlined in this table.

Section 217.173 (Table 9) is Securitization. An institution must comply with the qualitative and quantitative public disclosures outlined in this table.

Section 217.173 (Table 12) is Interest Rate Risk for Non-Trading Activities. An institution must comply with the qualitative and quantitative public disclosures outlined in this table.

Proposed Revisions

Supplementary Leverage Ratio Revisions

All banking organizations that are subject to the agencies' advanced approaches risk-based capital rules (advanced approaches banking organizations), as defined in the 2013 revised capital rule, are required to disclose their supplementary leverage ratios beginning January 1, 2015. Advanced approaches banking organizations must report their supplementary leverage ratios on the applicable regulatory reports. Under the final rule, advanced approaches banking organizations would disclose two parts of a supplementary leverage ratio table beginning January 1, 2015. The disclosure requirements are consistent with the calculation of the supplementary leverage ratio in the final rule and with the BCBS 2014 revisions to the Basel III leverage ratio. The agencies believe that the disclosures would enhance the transparency and consistency of reporting requirements for the supplementary leverage ratio by all internationally active organizations.

Advanced Approach - Disclosure

Section 217.173 (Table 13) is Supplementary Leverage Ratio. Section 217.173 states that advanced approaches banking organizations that have successfully completed parallel run must make the disclosures described in Tables 1 through 12. Under the final rule, advanced approaches banking organizations would be required to make the disclosures described in Table 13 beginning January 1, 2015, regardless of the parallel run status. The agencies do not anticipate an additional initial setup burden for complying with the disclosure requirements because advanced approaches banking organizations are already subject to reporting the supplementary leverage ratio on the applicable regulatory reports.

Time Schedule for Information Collection

This information collection contains recordkeeping and disclosure requirements, as mentioned above. The recordkeeping requirements are required annually and the disclosure requirements are required annually and quarterly.

Legal Status

The Board's Legal Division has determined that section 38(o) of the Federal Deposit Insurance Act (12 U.S.C. § 1831o(c)), section 908 of the International Lending Supervision Act of 1983 (12 U.S.C. § 3907(a)(1)), section 9(6) of the Federal Reserve Act (12 U.S.C. § 324), and section 5(c) of the Bank Holding Company Act (12 U.S.C. § 1844(c)) authorize the Board to require the information collection. The obligation to respond to this information collection is mandatory. 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).

Consultation Outside the Agency

On May 1, 2014, the agencies published a notice of proposed rulemaking in the *Federal Register* (79 FR 24596) requesting public comment on the FR 4200. The comment period for this notice expired on June 13, 2014. The agencies received 5 public comment letters that addressed PRA.

The agencies received two comments on the disclosure requirements. One comment letter recommended that the final rule clarify that Part 1, line 2 of the disclosure table include associated entities reflected on a banking organization's balance sheet on the basis of proportionate consolidation. The commenter noted that it sent the same suggestion to the BCBS to revise the Basel III leverage ratio disclosure requirements. The agencies decided not to revise the disclosure table in response to this comment because proportionate consolidation generally does not apply to the U.S. banking organizations subject to the supplementary leverage ratio.

Another comment letter expressed the view that the required disclosures do not appear to provide a meaningful breakout of off-balance sheet exposures beyond derivative and repo-style transactions. The comment letter recommended that the agencies consider a more detailed breakout of off-balance sheet exposures for Part 2, lines 17 and 18. The agencies believe that the table is sufficiently granular, particularly when viewed in combination with the other regulatory disclosure requirements, including the Call Report and FR Y-9C. Therefore, under the final rule, the agencies are finalizing the disclosure requirements as proposed.

The agencies also received three supportive comments regarding the disclosure requirements. These commenters supported the agencies' efforts to increase transparency and consistency in identifying and collecting off-balance sheet activity, aiding both market equity and regulatory oversight.

On September 26, 2014, the agencies published a final rule in the *Federal Register* (79 FR 57725) and is effective on January 1, 2015.

Estimate of Respondent Burden

The total annual burden for the report is estimated to be 413,986 hours and would increase to 414,386 hours with the proposed revisions, as shown in the burden table below. The net increase of 400 hours is attributed to a change in the disclosure requirements implemented by Basel III. These recordkeeping and disclosure requirements represent 3.2 percent of the total Federal Reserve System paperwork burden.

FR 4200	*Number of respondents*	*Annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
Current				
Recordkeeping Written Implementation Plan (Sections 217.21, 22, and 23)	37	1	404.77	14,976
Recordkeeping Prior Written Approvals (Sections 217.44 and 53)	37	1	40	1,480
Disclosures (Sections 217.42 and 71)	37	1	5.78	214
Minimum Capital Ratios				
Recordkeeping Sections 217.3(c) and 22(h)(2)(iii)(A)	2202	1	16	35,232
Standardized Approach				
Recordkeeping – Ongoing 217.35, 37, and 41	2,202	1	20	44,040
Recordkeeping – One-Time 217.35, 37, and 41	2,202	1	122	268,644
Disclosure – Ongoing 217.42, 62, 63, and Tables 1 through 10	47	1	131.25	6,169
Disclosure – One-Time 217.42, 62, and 63	47	1	226.25	10,634
Advanced Approach				
Recordkeeping – Ongoing 217.121, 122, 123, 124, 132(b)(2)(iii)(A), 132(b)(3), 132(d)(1), 132(d)(2)(iv), 132(d)(3)(ix), 132(d)(3)(xi), and 141	37	1	146	5,402
Recordkeeping – One-Time 217.132(b)(2)(iii)(A), 132(d)(2)(iv), 132(d)(3)(vi), 132(d)(3)(viii), 132(d)(3)(ix), 132(d)(3)(x), 132(d)(3)(xi), 141, and 153	37	1	420	15,540
Disclosure – Ongoing 217.142, 171, 173, and Tables 4, 5, 9, and 12	37	1	35	1,295
Disclosure – One-Time 217.173 and Tables 4, 5, 9, and 12	37	1	280	10,360
Total				413,986

Proposed				
Recordkeeping Written Implementation Plan (Sections 217.21, 22, and 23)	37	1	404.77	14,976
Recordkeeping Prior Written Approvals (Sections 217.44 and 53)	37	1	40	1,480
Disclosures (Sections 217.42 and 71)	37	1	5.78	214
Minimum Capital Ratios				
Recordkeeping Sections 217.3(c) and 22(h)(2)(iii)(A)	2202	1	16	35,232
Standardized Approach				
Recordkeeping – Ongoing 217.35, 37, and 41	2,202	1	20	44,040
Recordkeeping – One-Time 217.35, 37, and 41	2,202	1	122	268,644
Disclosure – Ongoing 217.42, 62, 63, and Tables 1 through 10	47	1	131.25	6,169
Disclosure – One-Time 217.42, 62, and 63	47	1	226.25	10,634
Advanced Approach				
Recordkeeping – Ongoing 217.121, 122, 123, 124, 132(b)(2)(iii)(A), 132(b)(3), 132(d)(1), 132(d)(2)(iv), 132(d)(3)(ix), 132(d)(3)(xi), and 141	37	1	146	5,402
Recordkeeping – One-Time 217.132(b)(2)(iii)(A), 132(d)(2)(iv), 132(d)(3)(vi), 132(d)(3)(viii), 132(d)(3)(ix), 132(d)(3)(x), 132(d)(3)(xi), 141, and 153	37	1	420	15,540
Disclosure – Ongoing 217.142, 171, 173, and Tables 4, 5, 9, and 12	37	1	35	1,295
Disclosure – One-Time 217.173 and Tables 4, 5, 9, and 12	37	1	280	10,360
Disclosure 217.173 (Table 13)	20	4	5	400
Total				414,386
Change				400

The current annual cost to the public of this information collection is estimated to be $22,003,356 and would increase to $22,024,616 with the proposed revisions.[5]

Sensitive Questions

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

Estimate of Cost to the Federal Reserve System

The cost to the Federal Reserve System is negligible.

[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 $17, 45% Financial Managers at $65, 15% Lawyers at $66, and 10% Chief Executives at $89). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2015*, published March 30, 2016 www.bls.gov/news.release/ocwage.t01.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.