Supporting Statement

Net Stable Funding Ratio

OMB Control No. 1557-NEW

**A. Justification.**

***1. Circumstances that make the collection necessary:***

This proposed information collection is being implemented through a joint notice of proposed rulemaking (proposed rule).[[1]](#footnote-1) The proposed rule would impose a stable funding requirement, the net stable funding ratio (NSFR), for large and internationally active banking organizations. The requirement is intended to reduce the likelihood that disruptions to a banking organization’s regular sources of funding will compromise its liquidity position, as well as to promote improvements in the measurement and management of liquidity risk.

**2. Use of the information:**

Twelve CFR 50.110 would require a covered company to take certain actions following any NSFR shortfall. A covered company would be required to notify its appropriate Federal banking agency of the shortfall no later than 10 business days (or such shorter period as the appropriate Federal banking agency may otherwise require by written notice) following the date that any event has occurred that would cause or has caused the covered company’s NSFR to be less than 1.0. It must also submit to its appropriate Federal banking agency its plan for remediation of its NSFR, and submit at least monthly reports on its progress to achieve compliance.

Twelve CFR 50.108(b) provides that if an institution includes an available stable funding amount in excess of the RSF amount of the consolidated subsidiary, it must implement and maintain, written procedures to identify and monitor applicable statutory, regulatory, contractual, supervisory, or other restrictions on transferring assets from the consolidated subsidiaries. These procedures must document which types of transactions the institution could use to transfer assets from a consolidated subsidiary to the institution and how these types of transactions comply with applicable statutory, regulatory, contractual, supervisory, or other restrictions. Section 50.110(b) requires preparation of plan for remediation of its NSFR equal to or greater than 1.0.

***3. Consideration of the use of improved information technology:***

Institutions may use any form of improved technology that allows them to meet the requirements of the proposed rule.

***4. Efforts to identify duplication:***

The information collected is not available elsewhere.

**5. Methods used to minimize burden if the collection has a significant impact on a substantial number of small entities:**

Not applicable.

**6. Consequences to the Federal program if the collection were conducted less frequently:**

Conducting the collection less frequently would increase the risk that disruptions to a institution’s regular sources of funding would compromise its liquidity position.

**7. Special circumstances that would cause an information collection to be conducted in a manner inconsistent with 5 CFR part 1320:**

Not applicable.

**8. Efforts to consult with persons outside the agency:**

The collection of information was issued for comment in connection with the proposed rule.

**9. Payment or gift to respondents:**

None.

**10. Any assurance of confidentiality:**

The information will be kept private to the extent permitted by law.

**11. Justification for questions of a sensitive nature:**

None.

**12. Burden estimate:**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Section Number** | **Requirement** | **Type of Burden** | **Number of Respondents** | **Number of Responses per Respondent** | **Burden Hours per Response** | **Total Burden** |
| § 50.108(b) | Written procedures to identify and monitor restrictions on transferring assets.  Document types of transactions that could be used to transfer assets from consolidated subsidiary to institutions and how they comply with restrictions. | Recordkeeping | 17 | 1 | 20 | 340 |
| § 50.110(a) | Notify agency of NSFR shortfall within 10 business days. | Reporting | 17 | 1 | 0.25 | 4.25 |
| § 50.110(b) | Prepare plan for remediation. | Recordkeeping | 17 | 1 | 100 | 1,700 |
| § 50.110(b) | Submit plan for remediation to agency and provide progress report. | Reporting | 17 | 8 | 0.50 | 68 |
|  |  |  |  |  |  |  |
| **Total** |  |  |  |  |  | **2,112.25** |
| **ROCIS**  **Automatic**  **Rounding** |  |  |  |  |  | **2,112.00** |

Cost of Hour Burden:

2,112 x $101 = $ 213,312

To estimate average hourly wages we reviewed data from May 2014 for wages (by industry and occupation) from the U.S. Bureau of Labor Statistics (BLS) for depository credit intermediation (NAICS 522100). To estimate compensation costs associated with the rule, we use $101 per hour, which is based on the average of the 90th percentile for seven occupations adjusted for inflation (2 percent), plus an additional 30 percent to cover private sector benefits. Thirty percent represents the average private sector costs of employee benefits.

**13. Estimate of total annual costs to respondents (excluding cost of hour burden in Item #12):**

None.

**14. Estimate of annualized costs to the Federal government:**

None.

**15. Change in burden:**

The increase in burden is due to the fact that this is a new collection.

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

Not applicable.

**17. Reasons for not displaying OMB approval expiration date:**

Not applicable.

**18. Exceptions to the certification statement in Item 19 of OMB Form 83-I:**

Not applicable.

**B. Collections of Information Employing Statistical Methods.**

Not applicable.

1. The proposed rule is being issued by the OCC, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation. [↑](#footnote-ref-1)