

**Supporting Statement**  
**Annual Stress Test Rule and Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of \$10 Billion to \$50 Billion and over \$50 Billion under the Dodd-Frank Wall Street Reform and Consumer Protection Act**  
**OMB Control No. 1557-0311**

**A. Justification**

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

This collection of information currently encompasses information collection requirements contained in the OCC’s annual stress testing rule and its stress testing templates for covered institutions with over \$50 billion in total consolidated assets. The OCC is expanding this collection to include templates for institutions with total consolidated assets of \$10 billion to \$50 billion.

The annual stress test rule<sup>1</sup> implemented Section 165(i) of the Dodd-Frank Wall Street Reform and Consumer Protection Act<sup>2</sup> (“Dodd-Frank Act”) which requires certain companies to conduct annual stress tests. National banks and Federal savings associations with total consolidated assets of more than \$10 billion are be required to conduct annual stress tests and comply with reporting and disclosure requirements under the rule. The reporting templates for institutions with total consolidated assets of over \$50 billion were finalized in 2012.<sup>3</sup>

Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) requires certain financial companies, including national banks and Federal savings associations, to conduct annual stress tests<sup>4</sup> and requires the primary financial regulatory agency<sup>5</sup> of those financial companies to issue regulations implementing the stress test requirements.<sup>6</sup> A national bank or Federal savings association is a “covered institution” and therefore subject to the stress test requirements if its’ total consolidated assets are more than \$10 billion.

Under section 165(i)(2), a covered institution is required to submit to the Board of Governors of the Federal Reserve System (Board) and to its primary financial regulatory agency a report at such time, in such form, and containing such information as the primary financial regulatory agency may require.<sup>7</sup>

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<sup>1</sup> October 9, 2012 – Final Rule (77 FR 61238)

<sup>2</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010).

<sup>3</sup> 77 FR 49485 (August 16, 2012); 77 FR 66663 (November 6, 2012).

<sup>4</sup> 12 U.S.C. 5365(i)(2)(A).

<sup>5</sup> 12 U.S.C. 5301(12).

<sup>6</sup> 12 U.S.C. 5365(i)(2)(C).

<sup>7</sup> 12 U.S.C. 5365(i)(2)(B).

## **2. *Use of the information:***

The OCC uses the data collected through these templates to assess the reasonableness of the stress test results of covered institutions and to provide forward-looking information to the OCC regarding a covered institution's capital adequacy. The OCC also may use the results of the stress tests to determine whether additional analytical techniques and exercises could be appropriate to identify, measure, and monitor risks at the covered institution. The stress test results support ongoing improvement in a covered institution's stress testing practices with respect to its internal assessments of capital adequacy and overall capital planning.

The Dodd-Frank Act stress testing requirements apply to all covered institutions, but the OCC recognizes that many covered institutions with consolidated total assets of \$50 billion or more have been subject to stress testing requirements under the Board's Comprehensive Capital Analysis and Review (CCAR). The OCC also recognizes that these institutions' stress tests will be applied to more complex portfolios and therefore warrant a broader set of reports to adequately capture the results of the company-run stress tests. These reports will necessarily require more detail than would be appropriate for smaller, less complex institutions. Therefore, the OCC has specified separate reporting templates for covered institutions with total consolidated assets between \$10 and \$50 billion and for covered institutions with total consolidated assets of \$50 billion or more. In cases where a covered institution with assets less than \$50 billion is affiliated with a banking organization with assets of \$50 billion or more, the OCC reserves the authority to require that covered institution to use the reporting template for larger institutions with total consolidated assets of \$50 billion or more. The OCC may also, on a case-by-case basis, require a covered institution with assets of \$50 billion or more to report stress test results using a simpler format to be specified by the OCC.

Through this submission the OCC is finalizing the following revisions and clarifications for the OCC DFAST 10-50 report, effective for the 2016 stress test cycle: changing the dates on the reporting templates to match the revised "as of" date from September 30 to December 31, changing the reporting submission due date from March to July, and modifying the reporting instructions to clarify a number of items. Additionally, the line item "Qualifying subordinated debt and redeemable preferred stock" will be eliminated in the capital section of the balance sheet, and the report form will include updated references to specific reporting items on the Reports of Condition and Income.

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

Respondents may use any method of improved technology that meets the requirements of the collection.

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

The required information is unique and is not duplicative of any other information already collected.

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

The information collection does not have a significant impact on a substantial number of small businesses or other small entities.

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

The collection of information is required by Federal Statute. The consequences of collecting the information less frequently would prevent OCC from implementing Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.<sup>8</sup>

**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:***

In the Federal Register of October 20, 2015 (80 FR 63636), OCC published a 60-day notice requesting public comment on the templates and the collection of information. OCC received one comment from a financial services consulting firm. The comment letter requested updates to several Call Report references in the reporting templates and clarification to the balance sheet capital section of the instructions. In response to this comment, the templates and instructions have been updated with revised references that the OCC believes will provide additional clarity.

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

None.

**10. *Any assurance of confidentiality:***

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

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

There are no questions of a sensitive nature.

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<sup>8</sup> Public Law 111-203, 124 Stat. 1376, July 2010

**12. Burden estimate:**

Reporting Templates	No. of Respondents	No. of Responses per Respondent	Annual No. of Responses	Burden per Response	Total Hours
Reporting Templates for Institutions with \$10-\$50B in Assets					
DFAST 10-50B Results Template	36	3	1	148.33	16,020
DFAST 10-50B Scenario Variables Template	36	1	1	24	864
<b>10B-50B Template Total</b>					<b>16,884</b>
<b>Annual Stress Test Final Rule Total</b>					<b>63,440</b>
<b>Total Burden for Collection</b>					<b>80,324</b>

**Cost of Hour Burden**

**80,324 x \$101 = \$8,112,724.**

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

None.

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

OCC estimates no annualized cost to the Federal government.

**15. Change in burden:**

Prior Burden: 77,041 hours.

Proposed Burden: 80,324 hours.

Difference: +3,283 hours.

The change in burden is due to an increase in the number of respondents.

**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:**

There are no exceptions to the certification.

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

Not applicable.