

Supporting Statement
Financial Management Policies – Interest Rate Risk
OMB Control No. 1557-0299

A. Justification.

1. *Circumstances that make the collection necessary:*

This information collection covers the recordkeeping burden for maintaining data in accordance with the OCC's regulation on interest rate risk procedures for Federal savings associations, 12 CFR 163.176.

2. *Use of the information:*

The purpose of the collection is to ensure that Federal savings associations are managing their exposure to interest rate risk appropriately. To comply with this recordkeeping requirement, institutions need to maintain records sufficient for determining how they monitor and manage interest rate risk exposure internally.

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

The OCC encourages Federal savings associations to use any advanced technology available to them.

4. *Efforts to identify duplication:*

This information collection does not duplicate any other information collection.

5. *If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.*

This information collection impacts all Federal savings associations, including small Federal savings associations. Federal savings associations can minimize burden by scaling their policies and procedures to the size of the institution and level of interest rate risk present.

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

The OCC will be unable to determine whether an institution is managing its interest rate risk in a safe and sound manner absent this data.

7. *Special circumstances necessitating the collection to be conducted in a manner inconsistent with 5 CFR part 1320:*

The information collection is conducted in accordance with OMB's guidelines in 5 CFR part 1320.

8. Efforts to consult with persons outside the agency:

The OCC issued a notice for 60 days of comment on December 27, 2016, 81 FR 95302. The OCC received one comment from an individual. The commenter stated that the OCC should rescind 12 CFR 163.176 or, if the OCC determines that it is important and should not be removed, it should be amended to also apply to national banks. The commenter stated that, while interest rate risk exposure at one time was different for savings associations and commercial banks, today there is no difference and the two charter types should be subject to similar regulation. The commenter also stated that the regulation is outdated and unnecessary and should be rescinded, citing several OCC bulletins that the commenter claims state expectations for interest rate risk management at federal savings associations and national banks. The commenter also stated that 12 CFR part 30, appendix A, also requires federal savings associations to manage interest rate risk and requires periodic reporting to the board of directors, making 12 CFR 163.176 redundant and unnecessary. The commenter concluded by suggesting that the OCC should discuss 12 CFR 563.176, a provision the commenter asserts is duplicative of 12 CFR 163.176, in its final rulemaking.

The OCC, pursuant to section 2222 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996,¹ published several notices (EGRPRA) to identify outdated or otherwise unnecessary regulatory requirements imposed on insured depository institutions, one of which included 12 CFR 163.176.² No comments were received regarding this regulation during that process and, as a result, no changes were made in the final rule.³ In addition, the change requested by the commenter cannot be made in this PRA notice as it would require a rulemaking. The OCC bulletins cited by the commenter as duplicative only provide non-binding guidance, which is legally distinct from binding requirements set forth in a rule. Lastly, 12 CFR 563.176 was adopted by the former Office of Thrift Supervision (OTS). The OCC adopted the language of that rule as 12 CFR 163.176.⁴ While the OCC agrees that 12 CFR 563.176 is unnecessary, authority to revise or remove that rule reverted from the OTS to the Department of Treasury, not to the OCC. The OCC communicated the commenter's concern regarding 12 CFR 563.176 to the Department of the Treasury.

The OCC issued a notice for 30 days of comment on March 16, 2017, 82 FR 14108. One comment was received. The commenter urged OMB not to renew the collection of information because they believed that their prior comments were not considered.

The commenter responded to a 60-day *Federal Register* notice urging the OCC to rescind 12 CFR 163.176 and the OCC addressed the comment in the subsequent 30-day *Federal Register* notice.⁵ The OCC's response indicated that the change requested cannot be made through a PRA notice as it would require a rulemaking. The OCC also indicated that, pursuant to section 2222 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996,⁶ the banking agencies published several notices (EGRPRA) to identify outdated or otherwise unnecessary

¹ Pub. L. 104–208 (1996), codified at 12 U.S.C. 3311(b).

² 80 FR 79729, at 79729 (December 23, 2015).

³ 82 FR 8082 (January 23, 2017).

⁴ 75 FR 48949, at 49058 (August 9, 2011).

⁵ 82 FR 14108 (March 16, 2017).

⁶ Pub. L. 104–208 (1996), codified at 12 U.S.C. 3311(b).

regulatory requirements imposed on insured depository institutions, one of which included 12 CFR 163.176.⁷ No comments were received regarding 12 CFR 163.176 during that process and, as a result, no changes were made in the final rule.⁸ The OCC also stated that the bulletins cited by the commenter as allegedly duplicative only provide non-binding guidance, which is legally distinct from a binding rule.

The commenter's response to the OCC's 30-day Federal Register notice indicated that their comment should have been considered as part of the OCC's final rule titled "Economic Growth and Regulatory Paperwork Reduction Act" published on January 23, 2017,⁹ because their comment pre-dated the final rule. In order for their comment to have been considered as part of the final rule, it would have had to be received by the close of the rule's comment period on May 13, 2016, and the comment should have referenced the rulemaking activity, rather than this unrelated PRA notice.

The commenter stated that in OCC Bulletins 2010-1, *Interagency Advisory on Interest Rate Risk Management*, and 2012-5, *FAQs on 2010 Interagency Advisory on Interest Rate Risk Management*, the OCC sets forth its expectations for interest rate risk management at Federal savings associations and national banks, which make 12 CFR 163.176 redundant. However, this does not change the OCC's prior response that unlike a rule, the guidance cited by the commenter is not legally binding. Finally, the commenter believes that the OCC should address the duplication of 12 CFR 163.176 and 12 CFR 30 (Appendix A). The OCC does not believe there is duplication between these rules or in the PRA collections related to these rules because 12 CFR 163.176 includes detailed requirements for monitoring and reporting interest rate risk while 12 CFR 30 only requires a broader framework.

9. *Payment to respondents:*

None.

10. *Any assurance of confidentiality:*

Responses will be kept confidential to the extent permitted by law.

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

Not Applicable. No personally identifiable information is collected.

12. *Burden estimate:*

Estimated Number of Respondents: 372.

Estimated Annual Burden per Respondent: 40 hours.

Estimated Total Burden: 14,880 hours.

⁷ 80 FR 79729, at 79729 (December 23, 2015).

⁸ 82 FR 8082 (January 23, 2017).

⁹ 82 FR 8082.

Cost of Hour Burden:

14,880 x \$107 = \$1,592,160

To estimate average hourly wages we reviewed data from May 2015 (released in March 2016) 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 \$107 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 the total annualized cost to respondents:

Not applicable.

14. Estimate of annualized cost to the Federal government:

Not applicable.

15. Changes in burden:

Prior Burden: 500 respondents, 20,000.

Current Burden: 372 respondents; 14,880 hours.

Difference: - 128 respondents; - 5,120 hours.

The decrease in burden is due to the decrease in the number of Federal savings associations.

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.