

Supporting Statement
International Regulation --12 CFR Part 28
OMB Control No. 1557-0102

A. *Justification.*

1. *Circumstances that make the collection necessary:*

The International Banking Act of 1978, 12 U.S.C. 3101 *et seq.* (IBA), requires that the OCC collect information necessary to supervise the consolidated U.S. operations of foreign banks and certain national bank operations. The notice and reporting provisions of Subpart A (12 CFR 28.1 – 28.5) are needed by the OCC to ascertain that bank activities comply with the IBA and the Foreign Bank Supervision Enhancement Act of 1991, (Pub. L. 102-242, title II, 105 Stat. 2286) and to help maintain the safety and soundness of national bank operations in the United States and abroad.

The information in Subpart B (12 CFR 28.10 – 28.26) is required under the IBA. The IBA requires the collection of specific information relating to licensing applications of federal branches and agencies of foreign banks in the United States. The IBA similarly mandates the recordkeeping requirements for capital equivalency deposits, voluntary liquidations, and asset pledge and asset maintenance requirements. Further, the statute emphasizes the need for regular and comprehensive information on the consolidated operations of foreign banks operating in the United States, as necessary to maintain the health of the U. S. banking industry. The Subpart B reporting requirements are consistent with this identified statutory need for information.

The International Lending Supervision Act of 1983, (Pub. L. 98-181, title IX, 97 Stat. 1153, 12 U.S.C. 3906), mandates the reporting and disclosure requirements for international assets as well as the recordkeeping requirements for accounting for fees on international loans in Subpart C (12 CFR 28.50 – 28.54).

2. *Use of the information:*

The OCC uses the information required by part 28 to evaluate national banks with international operations and federal branches and agencies for supervisory, prudential, and legal purposes. The OCC uses the information to establish that a national bank or federal branch or agency is capable of conducting certain business activities in a safe and sound manner and in accordance with applicable law. The OCC also uses the information to analyze national bank and federal branch or agency exposure to overseas lending.

Additionally, the OCC uses the information in part 28 examination purposes. This information provides the basis for special examinations and for the issuance of appropriate instructions to national banks, federal branches and agencies, and examiners.

3. Consideration of the use of improved information technology:

Most of the information required by part 28 is submitted on an "as occurs" basis. National banks or federal branches or agencies may use any information technology they have available that facilitates review of the submission. Further, federal branches and agencies may keep the information in their language of choice, but must provide an English translation if specifically requested by OCC examiners.

4. Efforts to identify duplication:

Since most of the information required by part 28 is submitted on an "as occurs" basis, there is no duplication. However, to meet the OCC's supervisory information needs, the regulation requires that federal branches and agencies provide to the OCC copies of certain reports that are filed with other federal banking regulators. These reports generally contain information necessary for the OCC to properly supervise federal branches and agencies that is not available from other sources.

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

There are no alternatives that would result in lowering the burden on small institutions, while still accomplishing the purpose of the rule.

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

Part 28 imposes the minimum burden necessary for the OCC to operate an effective, meaningful program to ensure compliance with applicable statutes and regulations and to ensure bank safety and soundness.

7. Special circumstances that would cause an information collection to be conducted in a manner inconsistent with 12 CFR part 1320:

Not applicable.

8. Efforts to consult with persons outside the agency:

The OCC issued a notice for 60 days of comment regarding the collection on February 2, 2018, 83 FR 4956. No comments were received.

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:

There are no questions of a sensitive nature.

12. Burden estimate:

Cite and Burden Type	Information Collection Requirements in 12 CFR Part 28	Number of Respondents/Recordkeepers	Average Hours Per Response/Record	Estimated Burden Hours
12 CFR 28.3 Reporting	<p><i>Filing Requirements for Foreign Operations of a National Bank – Notice Requirement</i> A national bank shall notify the OCC when it:</p> <ul style="list-style-type: none"> • Files an application, notice, or report with the FRB to establish or open a foreign branch, or acquire or divest of an interest in, or close, an Edge corporation, Agreement corporation, foreign bank, or other foreign organization. • Opens a foreign branch, and no application or notice is required by the FRB for such transaction. <p>In practice, the OCC has also required an application pursuant to § 28.3(c) from a national bank to join a foreign exchange, clearinghouse, or similar type of organization. In lieu of a notice, the OCC may accept a copy of an application, notice, or report submitted to another federal agency that covers the proposed action and contains substantially the same information required by the OCC. A national bank shall furnish the OCC with any additional information the OCC may require in connection with the national bank’s foreign operations.</p>	48	1 hour	48 hours
12 CFR 28.14(c) Recordkeeping	<p><i>Limitations Based upon Capital of a Foreign Bank – Aggregation</i> A foreign bank shall aggregate business transacted by all federal branches and agencies with the business transacted by all state branches and agencies controlled by the foreign bank in determining its compliance with limitations based upon the capital of the foreign bank. A foreign bank</p>	30	5	150 hours

Cite and Burden Type	Information Collection Requirements in 12 CFR Part 28	Number of Respondents/ Recordkeepers	Average Hours Per Response/ Record	Estimated Burden Hours
	shall designate one federal branch or agency office in the United States to maintain consolidated information so that the OCC can monitor compliance.			
12 CFR 28.15(d), (d) (2), and (f) Recordkeeping	<p>Capital Equivalency Deposits – Deposit Arrangements</p> <ul style="list-style-type: none"> • A foreign bank should require its depository bank to segregate its capital equivalency deposits on the depository bank’s books and records. • The instruments making up the capital equivalency deposit that are placed in safekeeping at a depository bank to satisfy a foreign bank’s capital equivalency deposit requirement must be maintained pursuant to an agreement prescribed by the OCC that shall be a written agreement entered into with the OCC. • Each federal branch or agency shall maintain a capital equivalency account and keep records of the amount of liabilities requiring capital equivalency coverage in a manner and form prescribed by the OCC. 	31	30	930 hours
12 CFR 28.15(d)(1) Reporting	<p>Capital Equivalency Deposits – Deposit Arrangements</p> <p>A foreign bank’s capital equivalency deposits may not be reduced in value below the minimum required for that branch or agency without the prior approval of the OCC, but in no event below the statutory minimum.</p>	22	.5	11 hours

Cite and Burden Type	Information Collection Requirements in 12 CFR Part 28	Number of Respondents/ Recordkeepers	Average Hours Per Response/ Record	Estimated Burden Hours
12 CFR 28.16(c) Reporting	<p><i>Deposit-taking by an Uninsured Federal branch – Application for an Exemption</i> A foreign bank may apply to the OCC for an exemption to permit an uninsured federal branch to accept or maintain deposit accounts that are not listed in paragraph (b) of this section. The request should describe:</p> <ul style="list-style-type: none"> • The types, sources, and estimated amount of such deposits and explain why the OCC should grant an exemption; • How the exemption maintains and furthers the policies described in paragraph (a) of this section. 	1 respondent 1 responses	1	1 hour
12 CFR 28.16(d) Recordkeeping	<p><i>Deposit-taking by an Uninsured Federal branch – Aggregation of Deposits</i> A foreign bank that has more than one Federal branch in the same state may aggregate deposits in all of its Federal branches in that state, but exclude deposits of other branches, agencies or wholly owned subsidiaries of the bank. The federal branch shall compute the average amount by using the sum of deposits as of the close of business of the last 30 calendar days ending with and including the last day of the calendar quarter, divided by 30. The federal branch shall maintain records of the calculation until its next examination by the OCC.</p>	29	7	203 hours
12 CFR 28.18(c)(1) Recordkeeping	<p><i>Recordkeeping and Reporting – Maintenance of Accounts, Books, and Records</i> Each federal branch or agency shall maintain a set of accounts and records reflecting its transactions that are separate from those of the foreign bank and any other branch or agency. The federal branch or agency shall keep a set of accounts and records in English sufficient to permit the OCC to examine the condition of the federal branch or agency and its compliance with applicable laws and regulations.</p>	31	28.5	883 hours (rounded)

Cite and Burden Type	Information Collection Requirements in 12 CFR Part 28	Number of Respondents/Recordkeepers	Average Hours Per Response/Record	Estimated Burden Hours
12 CFR 28.20(a)(1) Reporting	<i>Maintenance of Assets – General Rule</i> The OCC may require a foreign bank to hold certain assets in the state in which its federal branch or agency is located.	4	15	60 hours
Total		52		2,286 Hours

Cost of Hour Burden

$$2,286 \times 114 = \$ 260,604$$

To estimate average hourly wages we reviewed data from May 2016 (released in March 31, 2017) 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 \$114 per hour, which is based on the average of the 90th percentile for seven occupations adjusted for inflation (two 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 cost to respondents (excluding cost of hour burden in Item #12):

Not applicable.

14. Estimates of annualized costs to the federal government:

Not applicable.

15. Change in burden:

Previous Burden: 2,284 hours.

Current Burden: 2,286 hours.

Difference: + 2 hours.

The increase is due to the increase in the number of national banks with foreign branches.

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

Not applicable.

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

Not applicable.

18. *Exceptions to the certification statement:*

Not applicable.

B. Collections of Information Employing Statistical Methods.

Not applicable.