

**Annual Stress Test Rule and  
Company-Run Annual Stress Test Reporting Template and Documentation for Covered  
Institutions with Total Consolidated Assets of over \$50 Billion under the Dodd-Frank Wall  
Street Reform and Consumer Protection Act**

Supporting Statement A  
OMB CONTROL NO. 1557-0319

**A. Justification**

1. Circumstances Making the Collection of Information Necessary

OMB Control No. 1557-0319 currently encompasses information collection requirements contained in the OCC's stress testing reporting templates for covered institutions with over \$50 billion in total consolidated assets. The OCC has separately requested to revise the collection under OMB Control No. 1557-0311 to reflect changes to the 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>

2. Purpose and Use of the Information Collection

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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).

The OCC intends to use the data collected through the current 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 uses 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 are 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 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.

The revisions to the DFAST-14A reporting templates consist of adding data items, deleting data items, and redefining existing data items. These changes will (1) provide additional information to greatly enhance the ability of the OCC to analyze the validity and integrity of firms' projections, (2) improve comparability across firms, and (3) increase consistency between the FR Y-14A reporting templates and DFAST-14A reporting templates. The OCC has conducted a thorough review of the changes and believes that the incremental burden of these changes is justified given the need for these data to properly conduct the OCC's supervisory responsibilities related to the stress testing.

3. Use of Improved Information Technology and Burden Reduction

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

4. Efforts to Identify Duplication and Use of Similar Information

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 Small Businesses or Other Small Entities

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

6. Consequences of Collecting the Information 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 Relating to the Guidelines of 5 CFR 1320.5

The information collection would be conducted in a manner consistent with 5 CFR Part 1320.5.

8. Comments in Response to the Federal Register Notice and Efforts to Consult Outside the Agency

On November 8, 2017, the OCC published notice of its intention to revise these templates. 82 FR 51936. The OCC received one comment in response to this Federal Register notice.

The commenter suggested that the effective date for changes to the OCC reporting templates align with changes to the Board's reporting forms. The commenter also suggested that there should be a minimum of six months between the publication of final changes to the reporting templates and the effective date of the changes. According to the commenter, it is important to factor in the amount of time necessary to resolve clarifying questions.

The OCC recognizes the challenges with implementing changes in a timely and controlled manner. The OCC continues to balance the need to collect additional information with the objective of providing as much time as is feasible in advance of implementation. With respect to the changes in this notice, the OCC has sought to align effective dates for reporting requirements to the extent practical with synonymous changes to the Board's Y-14A. For example, the OCC is eliminating the Regulatory Capital Transitions Schedule and the Retail Repurchase Schedule to parallel the Board's changes to the Y-14A. The addition of one item to the counterparty worksheet to collect information on FVAs is consistent with changes made by the Board. The OCC believes that many of the reporting template changes are either burden-neutral or burden-reducing. In addition to eliminating the two schedules referenced above, the OCC is also reducing the number of data items in the Supplemental Schedule by approximately half. The OCC continually seeks to clarify and improve the DFAST-14A reporting instructions; nevertheless, as is the case with all reporting templates, there will always be clarifying

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

questions from the industry, and the OCC seeks to respond to questions in a timely manner.

The commenter also suggested that the technical instructions accompanying any changes in the reporting templates be subject to public notice and comment. The OCC will continue to publish technical instructions as early as feasible. The technical changes do not alter the burden associated with the reporting forms and do not impose additional requirements. The technical instructions provide procedures for the submission of DFAST-14A data, covering matters such as file format and other technical specifications. While the OCC publishes the technical instructions as early as possible, the OCC and the Board have historically not published the technical instructions for notice and comment.

The commenter also questioned the need for the OCC Supplemental Schedule. The commenter suggested that the Supplemental Schedule did not serve a supervisory purpose. The commenter also opposed the elimination of the materiality thresholds for certain items, which the commenter believed would increase the reporting burden. The OCC considers those items included in the OCC Supplemental Schedule as material risks that are necessary for monitoring and assessing a covered institution's capital adequacy and capital planning process. By requiring only subsidiaries of large, complex firms, as defined by the Board, to complete this schedule, these requirements now align with reporting exceptions for a number of summary and operational risk subschedules. To minimize reporting burden the OCC has reduced the number of Supplemental Schedule reporting items in half as part of its process to continually ensure that only key risk elements are included within this schedule. As these items represent key risks, relatively smaller amounts of exposures within individual firms could represent material aggregate risks to the banking system. Therefore, the OCC has substituted materiality thresholds for reporting exemptions based on the size and complexity of the parent holding company, thereby aligning the reporting exceptions with a number of summary and operational risk subschedules.

Regarding data collection challenges posed by the Supplemental Schedule for covered institutions, as noted in the instructions, covered institutions that cannot use existing models and methodologies to furnish requested information on the OCC Supplemental Schedule may use allocations, expert judgment, or other methods for projections of balances, losses, and allowances if data is not available at the requested level of granularity. Covered institutions should supply appropriate documentation explaining their approach.

9. Explanation of Any Payment or Gift to Respondents

OCC has not provided and has no intention to provide any payment or gift to respondents under this information collection.

10. Assurance of Confidentiality Provided to Respondents

The information collection request will be kept confidential to the extent permissible by law.

11. Justification for Sensitive Questions

There are no questions of a sensitive nature.

12. Estimates of Annualized Burden Hours and Costs

Reporting Templates	No. of Respondents	No. of Responses	Estimated average hours per Response	Total Hours
OCC DFAST-14A Summary Schedule	26	1	493.5	12831
OCC DFAST-14A OCC Supplemental Schedule	26	1	11.5	299
OCC DFAST-14A Regulatory Capital Template	26	1	10	260
OCC DFAST-14A Operational Risk Template	26	1	6	156
OCC DFAST-14A Scenario Template	26	1	15.5	403
<b>50B or More Template Total</b>				<b>13949</b>

13. Estimates of Annual Cost Burden to Respondents and Record Keepers

Total annual cost burden:

- (a) Total annualized capital and start-up costs associated with the Templates are estimated to be \$0 (zero dollars). In general, reporting on the Templates requires neither specialized capital equipment, nor fixed or variable costs that are not already associated with the customary and usual business practices of respondents.
- (b) Total annualized operations, maintenance, and purchases of services costs are estimated to be \$0 (zero dollars). Reporting on the forms does not in general impose operations, maintenance, or specialized services costs that are not already associated with the customary and usual practices of respondents.

The above cost estimates are not expected to vary widely among respondents.

14. Annualized Cost to the Federal Government

OCC estimates no annualized cost to the Federal government.

15. Explanation for Program Changes or Adjustments

Prior Burden: 13,412.5 hours.

Proposed Burden: 13,949 hours.

Difference: +536.5 hours.

The change in burden is due to the fact that one additional respondent is expected to complete the templates. Also, the OCC's burden estimate is based upon the Board's estimate of the burden of completing the FR Y-14A reporting form, which is very similar to these reporting templates. To the extent the burden of completing the FR Y-14A increases or decreases, the burden of completing the OCC's reporting templates will also increase or decrease.

16. Plans for Tabulation and Publication and Project Time Schedule

There are no publications.

17. Reason(s) Display of OMB Expiration Date is Inappropriate

The agency is not seeking to display the expiration date of OMB approval of the information collection.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

There are no exceptions to the certification.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

The collection of this information does not employ statistical methods. Statistical methods are not appropriate for the type of information collected and would not reduce burden or improve accuracy of results.