SUPPORTING STATEMENT
LIQUIDITY COVERAGE RATIO:
LIQUIDITY RISK MEASUREMENT, STANDARDS, AND MONITORING (LCR)
(OMB Control No. 3064-0197)

INTRODUCTION

The Federal Deposit Insurance Corporation (FDIC) is requesting a three-year renewal of the information collection for its collection (3064-0197) associated with the Liquidity Coverage Ratio: Liquidity Risk Measurement, Standards, and Monitoring (LCR). The current clearance for the collection expires on April 30, 2018. There is no change to the substance of this information collection. However, the FDIC has reviewed its previous PRA submission and has updated its methodology for calculating the burden in order to be consistent with the methodology of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board).

A. JUSTIFICATION

1. Circumstances and Need

In 2014, the OCC, the Board and the FDIC adopted the Liquidity Coverage Ratio (LCR) rule that implemented a quantitative liquidity requirement consistent with the liquidity coverage ratio standard established by the Basel Committee on Banking Supervision. The LCR rule establishes a quantitative minimum liquidity coverage ratio that requires a company subject to the rule to maintain an amount of high-quality liquid assets (the numerator of the ratio) that is no less than 100 percent of its total net cash outflows over a prospective 30 calendar-day period (the denominator of the ratio). The LCR rule applies to all internationally active banking organizations, generally, bank holding companies, certain savings and loan holding companies, and depository institutions with more than $250 billion in total assets or more than $10 billion in on-balance sheet foreign exposure, and to their consolidated subsidiaries that are depository institutions with $10 billion or more in total consolidated assets. The LCR rule contains reporting and recordkeeping requirements that are found in Sections 329.22 and 329.40.

2. Use of the Information Collected

The LCR rule is designed to promote the short-term resilience of the liquidity risk profile of large and internationally active banking organizations, thereby improving the banking sector's ability to absorb shocks arising from financial and economic stress, and to further improve the measurement and management of liquidity risk.

3. Use of Technology to Reduce Burden

Respondents may use any type of improved information technology they have available to meet the requirements of this regulation.

4. Efforts to Identify Duplication

There is no duplication. This information is not available elsewhere.

5. Minimizing Burden on Small Entities

This collection does not have a significant impact on a substantial number of small entities. In particular, according to Call Report data as of December 31, 2017, there were 3,637 FDIC-supervised institutions. Only two of these FDIC-supervised institutions are affected by the LCR rule, one of which has total assets of less than $550 million therefore meeting the Small Business Administration's definition of a "small entity."

6. Consequences of Less Frequent Collections

Less frequent collection would result in safety and soundness concerns.

7. Special Circumstances

None.

8. Consultation with Persons Outside the FDIC

A notice seeking public comment for a 60-day period was published in the *Federal Register* on December 29, 2017 (82 FR 61758). One comment was received and was generally supportive of the requirements in the rule but did not address the paperwork burden for this information collection.

9. Payment or Gift to Respondents

None.

10. Confidentiality

Any information deemed to be of a confidential nature would be exempt from public disclosure in accordance with the provisions of the Freedom of Information Act (5 U.S.C. 552).

11. Information of a Sensitive Nature

This collection contains no sensitive information.

12. Estimates of Hour Burden and Annualized Cost

2018 Summary of Annual Burden and Internal Cost (3064-0197)							
	Type of Burden	Obligation to Respond	Estimated Number of Respondents	Estimated Frequency of Responses	Estimated Time per Response	Frequency of Response	Total Annual Estimated Burden
Liquidity Coverage Ratio (LCR) - 12 CFR 329.40(a), .40(b)	Reporting	Mandatory					
§ 329.40(a) Notification that liquidity coverage ratio is less than minimum in § 329.10	Reporting	Mandatory	2	12	0.25	On Occasion	6 hours
§ 329.40(b) Notification that liquidity coverage ratio is less than minimum in § 329.10 for 3 consecutive days or otherwise noncompliant	Reporting	Mandatory	2	1	0.25	On Occasion	0.50 hours
§ 329.40(b) Plan for achieving compliance	Recordkeeping	Mandatory	2	1	100.00	On Occasion	200 hours
§ 329.40(b)(4) Weekly report of progress toward achieving compliance	Reporting	Mandatory	2	4	0.25	On Occasion	2 hours
Liquidity Coverage Ratio (LCR) - 12 CFR 329.22(a)(2), .22(a)(5)	Recordkeeping	Mandatory					
§ 329.22(a)(2) Policies that require eligible HQLA to be under control of liquidity risk management function	Recordkeeping	Mandatory	2	1	10.00	On Occasion	20 hours
§ 329.22(a)(5) Documented methodology providing consistent treatment for determining whether eligible HQLA meets operational requirements	Recordkeeping	Mandatory	2	1	10.00	On Occasion	20 hours
TOTAL HOURLY BURDEN							248.50 hours

Annualized Cost of Internal Hourly Burden:
248.50 hours x $120.28 per hour[1] = $29,889.58.

Occupations, Depository Credit Intermediation Sector	**Estimated Hourly Compensation**
General and Operations Manager	$120.15
Financial Analyst	$81.08
Lawyer	$159.58
Average	**$120.28**

1 The total burden cost estimate for this information collection utilized data gathered from the Bureau of Labor Statistics (BLS) as of September 2017 using an average of the following three occupations: general and operations, financial analysts and lawyers. According to the May 2016 National Industry-Specific Occupational Employment and Wage Estimates for the Depository Credit Intermediation sector the 75th percentile wages for the three aforementioned occupations are as follows: General and Operations Manager, $75.29, Financial Analyst, $50.81, and Lawyer, $100.00. The hourly wage rates reported do not include non-monetary compensation. According to the September 2017 Employer Cost of Employee Compensation data compensation rates for health and other benefits are 35.5 percent of total compensation. Therefore, the hourly wage rates reported by BLS have been adjusted based on changes in the Consumer Price Index for Urban Consumers (CPI-U) from March 2016 to September 2017 (2.93%) to account for inflation and ensure that the wage information is contemporaneous with the non-monetary compensation statistic. The inflation adjusted wages were then grossed up to include non-monetary compensation.

13. Capital, Start-Up, Operating, and Maintenance Costs

None.

14. Estimate of annualized costs to the government

None.

15. Change in burden

There is no change to the substance of this information collection. However, the FDIC has reviewed its previous PRA submission and has updated its methodology for calculating the burden. The 46 increase in burden hours is, therefore, a result of the FDIC's efforts to be consistent with the methodology of the OCC and the Board.

16. Publication

The information is not published.

17. Display of expiration date

Not applicable.

18. Exceptions to certification statement

None.

B. STATISTICAL METHODS

Not applicable.