

Office of the Comptroller of the Currency
Supporting Statement
Reporting and Recordkeeping Requirements Associated with
Liquidity Coverage Ratio: Liquidity Risk Measurement, Standards, and Monitoring
OMB Control No. 1557-0323

A. Justification.

The OCC, the Board of Governors of the Federal Reserve System (Board), and the Federal Deposit Insurance Corporation (FDIC) (collectively, “the agencies) issued a proposed rule that would require depository institution subsidiaries of certain U.S. intermediate holding companies of foreign banking organizations to calculate a Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The proposal that would determine the application of regulatory capital requirements to certain U.S. intermediate holding companies of foreign banking organizations and their depository institution subsidiaries and the application of standardized liquidity requirements with respect to certain U.S. operations of large foreign banking organizations and certain of their depository institution subsidiaries, each according to risk-based categories. For liquidity, the proposal would require a foreign banking organization that meets certain criteria to comply with liquidity coverage ratio and net stable funding ratio requirements with respect to any U.S. intermediate holding company and certain depository institution subsidiaries thereof.

1. Circumstances that make the collection necessary:

The quantitative liquidity requirement (12 CFR part 50) is designed to promote improvements in the measurement and management of liquidity risk.

Part 50 applies to large and internationally active banking organizations—generally, bank holding companies, certain savings and loan holding companies, and depository institutions with \$250 billion or more in total assets or \$10 billion or more in on-balance sheet foreign exposure—and to their consolidated subsidiaries that are depository institutions with \$10 billion or more in total consolidated assets.

2. Use of the information:

Compliance with the information collections is mandatory. There is no mandatory retention period for the collections of information.

The proposal would revise each of the agencies’ respective LCR rules to require depository institution subsidiaries of certain U.S. intermediate holding companies of foreign banking organizations to calculate an LCR and NSFR. The proposal would also add Subpart O of the Board’s regulations, which would require certain foreign banking organizations to calculate an LCR and NSFR with respect to their U.S. intermediate holding companies.

Currently, a foreign banking organization operating in the United States is not subject to the LCR rule, nor would it be subject to the NSFR proposed rule, with respect to its U.S. operations, except to the extent that a subsidiary depository institution holding company or a subsidiary depository institution of the foreign banking organization meets the relevant applicability criteria on a stand-alone basis. However, for most foreign banking organizations that would be subject to subpart O, their U.S. intermediate holding companies currently meet the relevant applicability criteria on a stand-alone basis under the current LCR rule. Subpart O contains additional reporting, recordkeeping and disclosure requirements for foreign banking organizations.

Section 249.204 would require a foreign banking organization to maintain for each U.S. intermediate holding company a net stable funding ratio that is equal to or greater than 1.0 on an ongoing basis in accordance with § 249.3 and subparts K and L of this part as if each U.S. intermediate holding company (and not the foreign banking organization subject to this subpart) were a top-tier Board-regulated institution. In complying with section 249.204, a foreign banking organization will utilize proposed section __.108(b) of each of the agencies' respective LCR rules, which provides that if an institution includes an ASF amount in excess of the RSF amount of the consolidated subsidiary, it must implement and maintain written procedures to identify and monitor applicable statutory, regulatory, contractual, supervisory, or other restrictions on transferring assets from the consolidated subsidiaries.

Section 249.205 would be consistent with section __.22 of each the agencies' respective LCR rules. Section 249.205 requires that, with respect to each asset eligible for inclusion in the foreign banking organization' HQLA amount, the foreign banking organization must implement policies that require eligible HQLA to be under the control of the management function of the foreign banking organization that is charged with managing liquidity risk. In addition, consistent with section __.22, section 249.205 would require that a foreign banking organization have a documented methodology that results in a consistent treatment for determining that the eligible HQLA meet the requirements in section 249.205.

Section 249.206 would be consistent with section __.40 of each of the agencies' respective LCR rules. These provisions describe the reporting and recordkeeping requirements related to a shortfall in a foreign banking organization's liquidity coverage ratio.

Section 249.207 would be consistent with proposed section __.110 of the proposed NSFR rule. These provisions describe the reporting and recordkeeping requirements related to a shortfall in a foreign banking organization's net stable funding ratio.

Section 249.208 would require a foreign banking organization to disclose publicly all information for a U.S. intermediate holding company as if the U.S. intermediate holding company were subject to the disclosure requirements found in the LCR rule (sections 249.90 and 91) and proposed NSFR rule (sections 249.130 and 131).

For more detail on sections __.22 and __.40, please see "Liquidity Coverage Ratio: Liquidity Risk Measurement Standards, Final Rule," 79 FR 61440 (October 10, 2014). For

more detail on sections __.90 and __.91, please see “Liquidity Coverage Ratio: Public Disclosure Requirements; Extension of Compliance Period for Certain Companies to Meet the Liquidity Coverage Ratio Requirements,” 81 FR 94922 (Dec. 27, 2016). For more detail on sections __.108, __.110, __.130, and __.131, please see “Net Stable Funding Ratio: Liquidity Risk Measurement Standards and Disclosure Requirements; Proposed Rule,” 81 FR 35124 (June 1, 2016). The disclosure requirements are only for Board supervised entities.

3. Consideration of the use of improved information technology:

The use of improved technology is permitted to meet the requirements of the information collection.

4. Efforts to identify duplication:

The information collected is not duplicated elsewhere.

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:

Less frequent collection would present safety and soundness concerns.

7. Special circumstances necessitating collection inconsistent with 5 CFR part 1320:

The information collection is conducted in accordance with OMB 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 July 19, 2017, 82 FR 33202. No comments were received.

9. Payment 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:

Section	Requirement	Type of Burden	Respondents	Burden per Response	Number of Responses	Total
§ 50.22(a)(2), (5) § 50.108(b)	Written procedures to identify/monitor restrictions on transferring assets. Document types of transactions that could be used to transfer assets and how they comply.	Ongoing Recordkeeping	19	40	1	760
§ 50.40(a) § 50.110(a)	Notification of shortfall.	Reporting	19	.50	12	114
§ 50.40(b) § 50.110(b)	Prepare liquidity plan.	Ongoing Recordkeeping	19	200	1	3,800
§ 50.40(b) § 50.110(b)	Submit liquidity plan and progress reports.	Ongoing Reporting	19	.50	1	9.5
§ 50.40(b)(3)(iv) § 50.110(b)(3)	Submit progress reports.	Reporting	19	.50	4	38
Totals			19			4,722

Cost of Hour Burden:

4,711 hours x \$117 = \$ 552,474

To estimate wages we reviewed data from May 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 \$117 per hour, which is based on the average of the 90th percentile for seven occupations adjusted for inflation (2.2 percent), plus an additional 34.2 percent to cover private sector benefits for financial activities.

13. Estimate of annualized costs to respondents:

There are no capital or start-up costs associated with this collection. In addition, there are no system and technology acquisition or operation and maintenance costs.

14. Estimate of annualized costs to the government:

None.

15. Changes in burden:

Current Burden: 2,361 hours.
Proposed Burden: 4,722 hours.
Difference: +2,361 hours.

The increase in burden is due to the proposed regulatory changes.

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

No publication for statistical use is contemplated.

17. Display of expiration date:

Not applicable.

18. Exceptions to certification statement:

Not applicable.

B. Collections of Information Employing Statistical Methods.

Not applicable.