

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.

This supporting statement is being filed in connection with a final rule issued by the OCC, the Board of Governors of the Federal Reserve System (Board), and the Federal Deposit Insurance Corporation (FDIC) (collectively, “the agencies”). The final rule requires depository institution subsidiaries of certain U.S. intermediate holding companies of foreign banking organizations to calculate a Liquidity Coverage Ratio.

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:

The reporting and recordkeeping requirements are found in §§ 50.22 and 50.40. Compliance with the information collections is mandatory. There is no mandatory retention period for the collections of information.

Section 50.22 requires that, with respect to each asset eligible for inclusion in a national bank or federal savings association’s (FSA’s) HQLA amount, the national bank or FSA must implement policies that require eligible HQLA to be under the control of the management function in the national bank or FSA responsible for managing liquidity risk. The management function must evidence its control over the HQLA by segregating the HQLA from other assets, with the sole intent to use the HQLA as a source of liquidity or demonstrating the ability to monetize the assets and making the proceeds available to the liquidity management function without conflicting with a business or risk management strategy of the national bank or FSA. In addition, § 50.22 requires that a national bank or FSA must have a documented methodology that results in a consistent treatment for determining that the national bank or FSA’s eligible HQLA meet the requirements of § 50.22.

Section 50.40 requires that a national bank or FSA must notify its appropriate federal

banking agency on any day when its liquidity coverage ratio is calculated to be less than the minimum requirement in § 50.10. If a national bank or FSA's liquidity coverage ratio is below the minimum requirement in § 50.10 for three consecutive days, or if its appropriate federal banking agency has determined that the institution is otherwise materially noncompliant, the national bank or FSA must promptly provide a plan for achieving compliance with the minimum liquidity requirement in § 50.10 and all other requirements of § 50.40 to its appropriate Federal banking agency.

The liquidity plan must include, as applicable, (1) an assessment of the national bank or FSA's liquidity position; (2) the actions the national bank or FSA has taken and will take to achieve full compliance, including a plan for adjusting the national bank or FSA's risk profile, risk management, and funding sources in order to achieve full compliance and a plan for remediating any operational or management issues that contributed to noncompliance; (3) an estimated time frame for achieving full compliance; and (4) a commitment to provide a progress report to its appropriate federal banking agency at least weekly until full compliance is achieved.

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 two notices of proposed rulemaking concerning the collection, 83 FR 66024 (December 21, 2018) and 84 FR 24296 (May 24, 2019). 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), (a)(5)	Policies that require eligible HQLA to be under control of liquidity risk management function.	Recordkeeping – Ongoing	19	40	1	760
§ 50.22(a)(5)	Documented methodology providing consistent treatment for determining whether eligible HQLA meets operational requirements.	Recordkeeping	19	10	1	190
§§ 50.40(a)	Notification that liquidity coverage ratio is less than minimum in § 50.10.	Reporting - Ongoing	19	.5	12	114
§§ 50.40(b)	Notification that liquidity coverage ratio is less than minimum in § 50.10 for 3 consecutive days or otherwise noncompliant.	Reporting – Ongoing	19	.5	1	9.5
§§ 50.40(b)	Plan for achieving compliance.	Recordkeeping - Ongoing	19	200	1	3,800
§§ 50.40(b)(3)(iv)	Commitment to Report	Reporting	19	.5	4	38
Totals			19			4,911.5

Cost of Hour Burden:

4,911.5 hours x \$114 = \$ 559,911.

To estimate wages we reviewed May 2018 data for wages (by industry and occupation) from the U.S. Bureau of Labor Statistics (BLS) for credit intermediation and related activities excluding nondepository credit intermediaries (NAICS 5220A1). To estimate compensation costs associated with the rule, we use \$114 per hour, which is based on the average of the 90th percentile for nine occupations adjusted for inflation (2.8 percent as of Q1 2019 according to the BLS), plus an additional 33.2 percent for benefits (based on the percent of total compensation allocated to benefits as of Q4 2018 for NAICS 522: credit intermediation and related 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: 2,485 hours.

Revised Burden: 4,911.5 hours.

Difference: 2,426.5 hours.

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.