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

INTRODUCTION

This submission is being made in connection with a final rule published in the *Federal Register* with the Office of the Comptroller of the Currency (OCC) and the Board of Governors of the Federal Reserve System (FRB), and the Federal Deposit Insurance Corporation[1] (FDIC) (collectively, the agencies). The final rule revises certain reporting and recordkeeping requirements in the LCR rule found at 12 C.F.R. part 329 therefore changing the burden associated with the current information collection titled, "Liquidity Coverage Ratio: Liquidity Risk Measurement, Standards, And Monitoring (LCR)" (OMB No. 3064-0197), which expires on April 30, 2021.

A. JUSTIFICATION

1. Circumstances and Need

In 2014, the OCC, the FRB 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.

Final Rule

The final rule revises the criteria for determining the applicability of liquidity requirements for large U.S. banking organizations and the U.S. intermediate holding companies of certain foreign banking organizations. The final rule establishes four risk-based categories for determining the applicability of requirements under the agencies' LCR rule. Under the final rule, such requirements increase in stringency based on measures of size, cross-

1 Changes to Applicability Thresholds for Regulatory Capital and Liquidity Requirements; Final Rule, 84 FR 59230 (Nov. 1, 2019). The FDIC issued the final rule under its authorities under Sections 12 U.S.C. 1828 and 1831o of the Federal Deposit Insurance Act.

jurisdictional activity, weighted short-term wholesale funding, nonbank assets, and off-balance sheet exposure. The final rule applies tailored liquidity requirements to depository institution holding companies and U.S. intermediate holding companies with $100 billion or more in total consolidated assets as well as to certain depository institutions. In particular, the final rule revises Sections 329.1, .3, .10, .30, and .50 of the FDIC's LCR rule.

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, 2018, there were 3,489 FDIC-supervised institutions. Only two of these FDIC-supervised institutions are affected by the final rule and do not have total assets of less than $600 million, 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

On May 24, 2019, the agencies published the proposed rule in the *Federal Register* (84 FR 24296). No comments were received with respect to the Paperwork Reduction Act.

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

2019 Summary of Annual Burden							
	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	Reporting	Mandatory					
§ 329.40(a) Notification that liquidity coverage ratio is less than minimum in § 329.10	Reporting	Mandatory	2	12	0.50	On Occasion	12.00
§ 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	0.50	On Occasion	1.00
§ 329.40(b) Plan for achieving compliance	Recordkeeping	Mandatory	2	1	200.00	On Occasion	400.00
§ 329.40(b)(4) Weekly report of progress toward achieving compliance	Reporting	Mandatory	2	4	0.50	On Occasion	4.00
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	20.00	On Occasion	40.00
§ 329.22(a)(5) Documented methodology providing consistent treatment for determining whether eligible HQLA meets operational requirements	Recordkeeping	Mandatory	2	1	20.00	On Occasion	40.00
TOTAL HOURLY BURDEN							497 hours

Annualized Cost of Internal Hourly Burden:
497 hours x $73 per hour[2] = $36,281.00.

Estimated Category of Personnel Responsible for Complying with the PRA Burden	Total Estimated Hourly Compensation	Estimated Weights	Estimated Total Weighted Labor Cost Component
Executives and Managers*	$122	0%	$0
Lawyers**	$156	0%	$0
Compliance Officer***	$63	50%	$32
IT Specialists†	$89	0%	$0
Financial Analysts††	$83	50%	$42
Clerical‡	$32	0%	$0
Total Estimated Weighted Average Hourly Compensation Rate		100%	$73

Source: Bureau of Labor Statistics: "National Industry-Specific Occupational Employment and Wage Estimates: Depository Credit Intermediation Sector: hourly 75th percentile wage" (May 2017), Employer Cost of Employee Compensation (December 2018), Consumer Price Index (December 2018).

Note: The wage information reported by the BLS in the Specific Occupational Employment and Wage Estimates does not include health benefits and other non-monetary benefits. According to the December 2018 Employer Cost of Employee Compensation data compensation rates for health and other benefits are 33.7 percent of total compensation. Additionally, the wage has been adjusted for inflation according BLS data on the Consumer Price Index for Urban Consumers (CPI-U) so that it is contemporaneous with the non-wage compensation statistic. The inflation rate was 3.59 percent between May 2017 and December 2018.

* Occupation (SOC Code): Management Occupations (110000)

** Occupation (SOC Code): Lawyers, Judges, and Related Workers(231000)

*** Occupation (SOC Code): Compliance Officers(131041)

† Occupation (SOC Code): Computer and Mathematical Occupations (150000)

†† Occupation (SOC Code): Financial Analyst (132051)

‡ Occupation (SOC Code): Office and Administrative Support Occupations(430000)

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

None.

2 The wage information reported by the BLS in the Specific Occupational Employment and Wage Estimates does not include health benefits and other non-monetary benefits. According to the December 2018 Employer Cost of Employee Compensation data compensation rates for health and other benefits are 33.7 percent of total compensation. Additionally, the wage has been adjusted for inflation according BLS data on the Consumer Price Index for Urban Consumers (CPI-U) so that it is contemporaneous with the non-wage compensation statistic. The inflation rate was 3.59 percent between May 2017 and December 2018.

14. Estimate of annualized costs to the government

None.

15. Change in burden

There is a 248 increase in hourly burden as a result of the final rule. As discussed above, the final rule revises certain LCR reporting and recordkeeping requirements found at 12 C.F.R. part 329.

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.