

Supporting Statement
Extensions of Credit to Insiders and Transactions with Affiliates
OMB Control No. 1557-0336

A. Justification.

1. Circumstances that make the collection necessary:

National banks and Federal savings associations must comply with rules of the Federal Reserve Board (Board) regarding extensions of credit to insiders (Regulation O)¹ and transactions with affiliates (Regulation W),² which implement section 22 and sections 23A and 23B, respectively, of the Federal Reserve Act (FRA).³ Twelve CFR part 31 addresses these transactions for national banks and Federal savings associations. Specifically, 12 CFR 31.2 requires national banks and Federal savings associations to comply with Regulation O, and 12 CFR 31.3 requires national banks and Federal savings associations to comply with Regulation W. Appendix A to part 31 provides interpretive guidance on the application of Regulation W to deposits between affiliated banks. Appendix B to part 31 provides a comparison of selected provisions of parts 32 and 215. Both national banks and Federal savings associations must comply with Regulation O and Regulation W.

Section 31.3(c) implements the statutory standards for authorizing an exemption from section 23A of the FRA or section 11 of the Home Owners' Loan Act (HOLA)⁴ in accordance with section 608 of the Dodd Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Section 608, which became effective on July 21, 2012, amends section 23A of the FRA and section 11 of the HOLA to authorize the OCC to exempt, by order, a transaction of a national bank or Federal savings association, respectively, from the affiliate transaction requirements of section 23A and section 11 of the HOLA if: (1) the OCC and the Board jointly find the exemption to be in the public interest and consistent with the purposes of section 23A or section 11, and (2) within 60 days of receiving notice of such finding, the Federal Deposit Insurance Corporation does not object in writing to the finding based on a determination that the exemption presents an unacceptable risk to the Deposit Insurance Fund.⁵

The information collection requirement is found in 12 CFR 31.3(d), which sets forth procedures that a national bank and Federal savings association must follow to request such exemptions. These procedures are modeled after the Board's procedures in Regulation W.

¹ 12 CFR part 215.

² 12 CFR part 223.

³ 12 U.S.C. 371c, 371c-1, 375a, and 375b. In addition, section 11 of the Home Owners' Loan Act, 12 U.S.C. 1468, includes certain restrictions on transactions with affiliates that are not included in FRA section 23A.

⁴ 12 U.S.C. 1468.

⁵ See section 608(a)(4)(A)(iv) of the Dodd-Frank Act (exemptive authority for national banks); see also section 608(c) of the Dodd-Frank Act (exemptive authority for Federal savings associations).

2. Use of the information:

A national bank or Federal savings association may request an exemption from the requirements of section 23A or section 11 of the HOLA, as applicable, and 12 CFR part 223 for a national bank or Federal savings association by submitting a written request to the Deputy Comptroller for Licensing with a copy to the appropriate Federal Reserve Bank. Such a request must:

(1) Describe in detail the transaction or relationship for which the national bank or Federal savings association seeks exemption;

(2) Explain why the OCC should exempt the transaction or relationship;

(3) Explain how the exemption would be in the public interest and consistent with the purposes of section 23A or section 11 of the HOLA, as applicable; and

(4) Explain why the exemption does not present an unacceptable risk to the Deposit Insurance Fund.

3. Consideration of the use of improved information technology:

An institution may use any improved information technology that meets the requirements of part 31.

4. Efforts to identify duplication:

The information required is generally not otherwise available to the public or the OCC.

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 further 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:

Not applicable. The information collected would be one-time submissions, and not periodic filings.

7. Special circumstances that would cause an information collection to be conducted in a manner inconsistent with 5 CFR part 1320:

Not applicable.

8. Efforts to consult with persons outside the agency:

On December 12, 2019, the OCC issued a notice for 60 days of comment concerning the collection, 84 FR 68010. No comments were received.

9. Payment or gift to respondents:

None.

10. Any assurance of confidentiality:

The information is kept private to the extent permitted by law.

11. Justification for questions of a sensitive nature:

Not applicable.

12. Burden estimate:

Estimated Number of Respondents: 1 respondent.

Estimated Total Annual Burden: 10 hours.

Cost of Hour Burden to Respondents

10 hours x \$114 = \$1,140

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 (excluding the cost of hour burden in Items 12 and 14):

None.

14. Estimate of annualized costs to the Federal government:

Not applicable.

15. Change in burden:

The increase in burden is due to the fact that this is a new collection.

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

Not applicable.

17. *Display of expiration date:*

Not applicable.

18. *Exceptions to certification statement:*

None.

B. *Collections of Information Employing Statistical Methods.*

Not applicable.