

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, and the FDIC adopted a final rule that implements a stable funding requirement, known as the net stable funding ratio (NSFR), for certain large banking organizations. The final rule establishes a quantitative metric, the NSFR, to measure the stability of the funding profile of certain large banking organizations and requires these banking organizations to maintain minimum amounts of stable funding to support their assets, commitments, and derivatives exposures over a one-year time horizon.

The NSFR is designed to reduce the likelihood that disruptions to a banking organization's regular sources of funding will compromise its liquidity position, promote effective liquidity risk management, and support the ability of banking organizations to provide financial intermediation to businesses and households across a range of market conditions. The NSFR supports financial stability by requiring banking organizations to fund their activities with stable sources of funding on an ongoing basis, reducing the possibility that funding shocks would substantially increase distress at individual banking organizations.

The final rule applies to certain large U.S. depository institution holding companies, depository institutions, and U.S. intermediate holding companies of foreign banking organizations, each with total consolidated assets of \$100 billion or more, together with certain depository institution subsidiaries. Under the final rule, the NSFR requirement increases in stringency based on risk-based measures of the top-tier covered company.

U.S. depository institution holding companies and U.S. intermediate holding companies subject to the final rule are required to publicly disclose their NSFR and certain components of their NSFR every second and fourth calendar quarter for each of the two immediately preceding calendar quarters.

The final rule also amends certain definitions in the agencies' liquidity coverage ratio rule that are also applicable to the NSFR.

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 requirements in the final rule are found in § 50.110, the recordkeeping requirements are found in §§ 50.108(b) and 50.110(b), and the disclosure requirements are found in §§ 50.130 and 50.131.

Section 50.110 requires a covered company to take certain actions following any NSFR shortfall. A covered company would be required to notify its appropriate Federal banking agency of the shortfall no later than 10 business days (or such other period as the appropriate Federal banking agency may otherwise require by written notice) following the date that any event has occurred that would cause or has caused the covered company's NSFR to be less than 1.0. It must also submit to its appropriate Federal banking agency its plan for remediation of its NSFR to at least 1.0 and submit at least monthly reports on its progress to achieve compliance.

Section 50.108(b) 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. These procedures must document which types of transactions the institution could use to transfer assets from a consolidated subsidiary to the institution and how these types of transactions comply with applicable statutory, regulatory, contractual, supervisory, or other restrictions. Section 50.110(b) requires preparation of a plan for remediation to achieve an NSFR of at least equal to 1.0, as required under § 50.100.

Section 50.130 requires that a depository institution holding company subject to the NSFR publicly disclose on a biannual basis its NSFR calculated for each of the two immediately preceding calendar quarters, in a direct and prominent manner on its public internet site or in its public financial or other public regulatory reports. These disclosures must remain publicly available for at least five years after the date of disclosure. Section 50.131 specifies the quantitative and qualitative disclosures required and provides the disclosure template to be used.

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:

See Net Stable Funding Ratio: Liquidity Risk Measurement Standards and Disclosure Requirements, 81 FR 35124 (June 1, 2016), Proposed Changes to Applicability Thresholds for Regulatory Capital and Liquidity Requirements, 83 FR 66024 (December 21, 2018), and Changes to Applicability Thresholds for Regulatory Capital Requirements for Certain U.S. Subsidiaries of Foreign Banking Organizations and Application of Liquidity Requirements to Foreign Banking Organizations, Certain U.S. Depository Institution Holding Companies, and Certain Depository Institution Subsidiaries, 84 FR 24296 (May 24, 2019).

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	13	20	1	260
§ 50.22(a)(5)	Documented methodology providing consistent treatment for determining whether eligible HQLA meets operational requirements.	Recordkeeping	13	20	1	260
§ 50.40(a) § 50.110(a)	Notification of shortfall.	Reporting	13	0.5	12	78
§ 50.40(b) § 50.110(b)	Prepare liquidity plan.	Ongoing Recordkeeping	13	200	1	2,600
§ 50.40(b) § 50.110(b)	Submit liquidity plan and progress reports.	Ongoing Reporting	13	0.5	1	6.5
§ 50.40(b)(3)(iv) § 50.110(b)(3)	Submit progress reports.	Reporting	13	0.5	4	26
Totals			13			3,230.5

Cost of Hour Burden:

3,230.5 hours x \$115.19 = \$6,199.44

To estimate wages the OCC reviewed May 2019 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, the OCC uses \$115.19 per hour, which is based on the average of the 90th percentile for six occupations adjusted for inflation (3.1 percent as of Q1 2020 according to the BLS), plus an additional 33.4 percent for benefits (based on the percent of total compensation allocated to benefits as of Q4 2019 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: 4,911.5 hours.
Proposed Burden: 3,230.5 hours.
Difference: - 1,681 hours.

The increase in burden is due to the change in regulations.

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.