

SUPPORTING STATEMENT

ADVANCED CAPITAL ADEQUACY FRAMEWORK REGULATORY REPORTING REQUIREMENTS

FFIEC 101
(OMB No. 3064-0159)

INTRODUCTION

The FDIC is requesting Office of Management and Budget (OMB) approval for a three-year extension, with revision, of the quarterly regulatory reporting requirements established by the Federal Financial Institutions Examination Council (FFIEC) for banks, savings associations, bank holding companies, savings and loan holding companies, and U.S. intermediate holding companies that must apply the advanced approaches risk-based capital rule (Advanced Capital Adequacy Framework or advanced approaches rule) for regulatory capital purposes.¹ Such institutions are referred to as advanced approaches institutions² and must submit the FFIEC 101, Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework. In addition, top-tier Category III bank holding companies, savings and loan holding companies, and insured depository institutions, and all Category III U.S. intermediate holding companies, must complete FFIEC 101 Schedule A, Supplementary Leverage Ratio Tables 1 and 2, only and would not complete or file any other part of the FFIEC 101.

The Federal Reserve Board (FRB or Board) and the Office of the Comptroller of the Currency (OCC) are also submitting requests to OMB for a three-year extension, with revision, of the FFIEC 101 for the advanced approaches institutions under their supervision. The FFIEC, of which the FDIC, the FRB, and the OCC (collectively, the agencies) are members, has approved the proposed revisions to the FFIEC 101 reporting requirements.

The agencies proposed revisions to the FFIEC 101 relate to interim final rules issued in response to disruptions related to the coronavirus disease 2019 (COVID-19) that revise the agencies' capital rule. The agencies received emergency approvals from OMB to implement these revisions starting as of the March 31 or June 30, 2020, report date.

In addition, in October 2019, the agencies proposed changes to the FFIEC 101 to implement the agencies' proposed total loss absorbing capacity (TLAC) investments rule for advanced approaches banking organizations.

¹ See the advanced approaches risk-based capital rule: 12 CFR part 3, subpart E (OCC); 12 CFR part 217, subpart E (FRB); and 12 CFR part 324, subpart E (FDIC).

² Under the agencies' recently adopted tailoring final rule (see 84 FR 59231 (November 1, 2019)), institutions subject to Category I and II capital standards, and consolidated subsidiaries of such institutions, are advanced approaches institutions.

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

The U.S. implementation of the Advanced Capital Adequacy Framework was initially detailed in the agencies' Risk Based Capital Standards: Advanced Capital Adequacy Framework – Basel II. This final rule was published on December 7, 2007 (72 FR 69288), and became effective April 1, 2008. The Basel II final rule includes an advanced internal ratings-based approach for calculating regulatory credit risk capital and advanced measurement approaches for calculating regulatory operational risk capital. The agencies approved revisions to the Advanced Capital Adequacy Framework as part of their comprehensive revisions to the regulatory capital rules adopted in July 2013: 78 FR 62018, October 11, 2013 (FRB and OCC); 78 FR 55340, September 10, 2013 (FDIC). These revisions took effect for advanced approaches institutions on January 1, 2014.

On November 1, 2019, the agencies published a final rule to revise the criteria for determining the applicability of regulatory capital and liquidity requirements for large U.S. banking organizations and the U.S. intermediate holding companies of certain foreign banking organizations (tailoring final rule).³ Under the tailoring final rule, the most stringent set of standards (Category I) applies to U.S. global systemically important banks (GSIBs). The second set of standards (Category II) applies to banking organizations that are very large or have significant international activity, but are not GSIBs. The third set of standards (Category III) applies to banking organizations with \$250 billion or more in total consolidated assets that do not meet the criteria for Category I or II. The third set of standards also applies to banking organizations with total consolidated assets of \$100 billion or more, but less than \$250 billion, that meet or exceed other specified risk-based indicators. The fourth set of standards (Category IV) applies to banking organizations with total consolidated assets of \$100 billion or more that do not meet the thresholds for one of the other categories. Under the tailoring final rule, depository institution subsidiaries generally are subject to the same category of standards that apply at the holding company level.⁴

As a result of the tailoring final rule, a bank, savings association, bank holding company, savings and loan holding company, or U.S. intermediate holding company⁵ must apply the Advanced Capital Adequacy Framework if it:

- (i) Is a U.S. global systemically important bank holding company;
- (ii) Has consolidated total assets based on the average of the four most recent calendar quarters, for the most recent quarter or the average of the most recent quarters, as applicable, equal to \$700 billion or more;

³ See 84 FR 59230 (November 1, 2019).

⁴ However, standardized liquidity requirements apply only to depository institution subsidiaries with \$10 billion or more in total consolidated assets under Categories I through III, and such requirements do not apply to depository institution subsidiaries under Category IV.

⁵ For simplicity, and unless otherwise indicated, the term “bank” includes banks, savings associations, bank holding companies, savings and loan holding companies, and U.S. intermediate holding companies.

- (iii) Has cross-jurisdictional activity based on the average of the four most recent calendar quarters, for the most recent quarter or the average of the most recent quarters, as applicable, equal to \$75 billion or more;
- (iv) Is a subsidiary of a depository institution that uses the Advanced Capital Adequacy Framework to calculate its total risk-weighted assets;
- (v) Is a subsidiary of a bank holding company or savings and loan holding company that uses the Advanced Capital Adequacy Framework its total risk-weighted assets; or
- (vi) Elects to use the Advanced Capital Adequacy Framework to calculate its total risk-weighted assets.

Such an institution must begin reporting on the FFIEC 101, Schedule A, except for a few specific line items, at the end of the quarter after the quarter in which the institution triggers one of the four threshold criteria for applying the Advanced Capital Adequacy Framework or elects to use the framework (an opt-in institution), and must begin reporting data on the remaining schedules of the FFIEC 101 at the end of the first quarter in which the institution has begun its parallel run period.

A fundamental aspect of the Advanced Capital Adequacy Framework is the use of a bank's internal risk estimates for many of the parameters used to derive risk-weighted assets. The FFIEC 101 report provides the agencies and, to a limited extent, the public a basis for comparing the main risk estimates (on an aggregated basis) that underlie a bank's risk-based capital measures across institutions and over time.

In September 2014, the agencies approved a final rule revising the definition of the denominator of the supplementary leverage ratio (SLR) (i.e., total leverage exposure) that had been adopted in July 2013 as part of comprehensive revisions to the agencies' regulatory capital rules.⁶ The final rule revised total leverage exposure as defined in the 2013 rule to include the effective notional principal amount of credit derivatives and other similar instruments through which a banking organization provides credit protection (sold credit protection); modified the calculation of total leverage exposure for derivative and repo-style transactions; and revised the credit conversion factors applied to certain off-balance sheet exposures. The final rule also changed the frequency with which certain components of the SLR are calculated and establishes public disclosure requirements for certain items associated with the SLR. The final rule was effective January 1, 2015.

Under the tailoring final rule, all banking organizations subject to the advanced approaches rule must report SLR data in SLR Tables 1 and 2 of FFIEC 101 Schedule A unless the banking organization is:

- (i) a consolidated subsidiary of a bank holding company, savings and loan holding company, or depository institution that is subject to the disclosure requirements in Table 13 of section 173 of the advanced approaches rule, or
- (ii) a subsidiary of a non-U.S. banking organization that is subject to comparable public disclosure requirements in its home jurisdiction.

⁶ See 79 FR 57725 (September 26, 2014).

In addition, under the tailoring final rule, these SLR tables are also required to be completed by top-tier Category III bank holding companies, savings and loan holding companies, and insured depository institutions, and all Category III U.S. intermediate holding companies, but these entities would not complete or file any other part of the FFIEC 101.

The proposed changes to the FFIEC 101 report that are the subject of this submission are as follows:

Changes to Implement the Money Market Mutual Fund Liquidity Facility

To enhance the liquidity and functioning of money markets, the Federal Reserve Bank of Boston (FRBB) launched the Money Market Mutual Fund Liquidity Facility, or MMLF, on March 18, 2020.⁷ On March 23, 2020, the agencies published an interim final rule, which permits banking organizations to exclude from regulatory capital requirements exposures related to the MMLF (MMLF interim final rule).⁸

The MMLF interim final rule modifies the agencies' capital rule to allow banking organizations to neutralize the effects of purchasing assets from money market mutual funds under the MMLF on their risk-based and leverage capital ratios. Specifically, a banking organization may exclude from its total leverage exposure, average total consolidated assets, standardized total risk-weighted assets, and advanced approaches total risk-weighted assets, as applicable, any exposure acquired from an eligible money market mutual fund pursuant to a non-recourse loan under the MMLF and pledged to the FRBB. The MMLF interim final rule applies only to activities under the MMLF. The facility is scheduled to terminate on December 31, 2020, unless the facility is extended by the Board.

Consistent with U.S. GAAP, the agencies would expect banking organizations to report assets purchased from money market mutual funds under the MMLF on their balance sheets. To be eligible collateral for pledging to the FRBB, assets must be purchased from an eligible money market mutual fund at either the seller's amortized cost or fair value. Thereafter, banking organizations would subsequently measure the assets at amortized cost or fair value depending on the asset category in which the assets are reported on their balance sheets. The non-recourse nature of the transaction through the MMLF would impact the valuation of the liability to the FRBB. After reflecting any appropriate discounts on the assets purchased and the associated liabilities, organizations are not expected to report any material net gains or losses (if any) at the time of purchase. Any discounts generally would be accreted over time into income and expense.

Starting with the March 31, 2020, report date, advanced approaches banking organizations should not include assets purchased from money market funds under the MMLF in the "Total risk-weighted assets" reported in the FFIEC 101, Schedule A, item 60. For banking organizations subject to the supplementary leverage ratio requirement that file the FFIEC 101, assets purchased from money market funds under the MMLF would receive similar treatment as under the "leverage ratio" and should be reported in the FFIEC 101, Schedule A, SLR Tables. The

⁷ See <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200318a.htm>.

⁸ 85 FR 16232.

outstanding balance of these assets would continue to be reported in SLR Table 1, item 1.1, “Total consolidated assets as reported in published financial statements,” and Table 2, item 2.1, “The balance sheet carrying value of all on balance sheet assets.” The average amount of these assets calculated as of each day of the reporting quarter also would be reported in SLR Table 1, item 1.7.c, “Adjustments for deductions of qualifying central bank deposits for custodial banking organizations,” and in SLR Table 2, item 2.2.b, “Deductions of qualifying central bank deposits from total on-balance sheet exposures for custodial banking organizations,” even if a banking organization is not a custodial banking organization.

Changes to Implement the Regulatory Capital Rule: Revised Transition for the Current Expected Credit Losses Methodology for Allowances

The instructions for certain items in the FFIEC 101 have been revised effective as of the March 31, 2020, report date to incorporate revisions reflected in the interim final rule, Regulatory Capital Rule: Revised Transition for the Current Expected Credit Losses Methodology for Allowances, published in the Federal Register on March 27, 2020 (CECL interim final rule).⁹ This interim final rule provides institutions that were required to adopt the current expected credit losses methodology (CECL) for accounting purposes during the 2020 calendar year with the option to delay for two years the estimated impact of CECL on regulatory capital, followed by a three-year transition period to phase out the aggregate amount of the capital benefit provided during the initial two-year delay (i.e., a five-year transition, in total). The CECL interim final rule does not replace the current CECL transition option in the agencies’ capital rule, which was adopted in 2019 and allows banking organizations to phase in over a three-year period the day-one effects on regulatory capital that may result from the adoption of CECL (2019 CECL rule).¹⁰ This transition option remains available to institutions that adopt CECL. Thus, institutions that file the FFIEC 101 and are required to adopt CECL in 2020, including those that began reporting in accordance with CECL in their first quarter 2020 regulatory reports, have the option to elect the three-year transition option contained in the 2019 CECL rule or the five-year CECL transition option contained in the CECL interim final rule, beginning with the FFIEC 101 for the March 31, 2020, report date or such later report date in 2020 as of which institutions first report in accordance with CECL.

The agencies have revised the FFIEC 101 instructions for the following items in Schedule A to enable advanced approaches institutions and top-tier Category III institutions that elect the five-year CECL transition option to report their regulatory capital data in accordance with the CECL interim final rule:

- Item 2, “Retained earnings,”
- Item 21, “DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold,”
- Item 50, “Eligible credit reserves includable in Tier 2 capital,” and
- SLR Table 1, Item 1.8, and Table 2, Item 2.21, “Total leverage exposure.”

⁹ 85 FR 17723. The agencies published a correcting amendment in the Federal Register on May 19, 2020 (85 FR 29839).

¹⁰ 84 FR 4222 (February 14, 2019).

Changes to Implement Paycheck Protection Program (PPP) Loans and Liquidity Facility (PPPLF)

Section 1102 of the CARES Act allows banking organizations to make loans under the PPP of the U.S. Small Business Administration (SBA) in connection with COVID-19 disruptions to small businesses. Although the PPP loans are funded by lenders, the loans receive a guarantee from the SBA. The statute specified that these PPP loans should receive a zero percent risk weight for regulatory capital purposes. The Board subsequently established a liquidity facility, the PPPLF, to extend non-recourse loans to eligible financial institutions to fund PPP loans pledged to the PPPLF and thereby provide additional liquidity to these institutions.¹¹

On April 13, 2020, the agencies published an interim final rule with an immediate effective date, which permits banking organizations to exclude from regulatory capital requirements PPP loans pledged to the PPPLF.¹² This interim final rule modifies the agencies' capital rule to allow banking organizations to neutralize the effects on their risk-based capital and leverage ratios of making PPP loans that are pledged under the Board's liquidity facility. Specifically, a banking organization may exclude from its total leverage exposure, average total consolidated assets, standardized total risk-weighted assets, and advanced approaches total risk-weighted assets, as applicable, any exposure from a PPP loan pledged to the Board's liquidity facility. The interim final rule also codified the statutory zero percent risk weight for PPP loans.

Starting with the June 30, 2020, report date, advanced approaches banking organizations would not include PPP loans in "total risk-weight assets" under the advanced approaches reported in the FFIEC 101, Schedule A, item 60. Since these loans already receive a zero percent risk weight, PPP loans are effectively excluded from advanced approaches total risk-weighted assets under the current capital rule.

For banking organizations subject to the supplementary leverage ratio requirement that file the FFIEC 101, PPP loans pledged to the Board's liquidity facility would be deducted as part of the calculation of total leverage exposure for the supplementary leverage ratio. The outstanding balance of PPP loans would continue to be reported in SLR Table 1, item 1.1, "Total consolidated assets as reported in published financial statements," and Table 2, item 2.1, "The balance sheet carrying value of all on-balance sheet assets." A banking organization calculating its supplementary leverage ratio also would include the average amount of PPP loans pledged to the PPPLF as of each day of the reporting quarter in SLR Table 1, item 1.7.c, "Adjustments for deductions of qualifying central bank deposits for custodial banking organizations," and in SLR Table 2, item 2.2.b, "Deductions of qualifying central bank deposits from total on-balance sheet exposures for custodial banking organizations," even if a banking organization is not a custodial banking organization.

¹¹ See <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200406a.htm> and <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200416a.htm>.

¹² 80 FR 20387 (April 13, 2020).

Changes to Implement Temporary Exclusions From the Supplementary Leverage Ratio

On April 14, 2020, the Board published in the Federal Register an interim final rule to temporarily exclude U.S. Treasury securities (Treasuries) and deposits in their accounts at Federal Reserve Banks (deposits at Federal Reserve Banks) from total leverage exposure for bank holding companies, savings and loan holding companies, and intermediate holding companies subject to the supplementary leverage ratio through March 31, 2021.¹³

On June 1, 2020, the agencies published in the Federal Register an interim final rule (Depository Institution SLR IFR) to provide depository institutions subject to the supplementary leverage ratio the ability to temporarily exclude Treasuries and deposits at Federal Reserve Banks from total leverage exposure.¹⁴ An electing depository institution must notify its primary Federal banking regulator of its election within 30 days after the interim final rule is effective. The interim final rule will terminate after March 31, 2021.

For top-tier advanced approaches and Category III bank holding companies, savings and loan holding companies, and intermediate holding companies (and top-tier advanced approaches and Category III depository institutions that elect to opt into these temporary exclusions), Treasuries and deposits at Federal Reserve Banks would continue to be reported in the FFIEC 101, Schedule A, SLR Table 1, item 1.1, “Total consolidated assets as reported in published financial statements,” and Table 2, item 2.1, “The balance sheet carrying value of all on-balance sheet assets.” Starting as of the June 30, 2020, report date, the average amount of Treasuries and deposits at Federal Reserve Banks calculated as of each day of the reporting quarter also would be reported in SLR Table 1, item 1.7.c, “Adjustments for deductions of qualifying central bank deposits for custodial banking organizations,” and in SLR Table 2, item 2.2.b, “Deductions of qualifying central bank deposits from total on-balance sheet exposures for custodial banking organizations,” even if a holding company or an electing depository institution is not a custodial banking organization.¹⁵ For purposes of reporting the supplementary leverage ratio as of June 30, 2020, holding companies and electing depository institutions would be permitted the exclusion of Treasuries and deposits at Federal Reserve Banks from total leverage exposure as if these interim final rules had been in effect for the entire second quarter of 2020. The temporary exclusions from total leverage exposure would be available through the March 31, 2021, report date.

Custodial banking organizations would also be able to deduct from total leverage exposure deposits with qualifying foreign central banks, subject to the limits in the Section 402 rule,¹⁶ in addition to the deductions of Treasuries and deposits at Federal Reserve Banks under these interim final rules.

¹³ 85 FR 20578.

¹⁴ 85 FR 32980 (June 1, 2020).

¹⁵ A holding company or electing depository institution may not deduct on-balance Treasuries in SLR Table 2, item 2.12, “Gross assets for repo-style transactions, with no recognition of netting,” if it already reports such on-balance sheet Treasuries in SLR Table 2, item 2.2.b.

¹⁶ 85 FR 4569 (January 27, 2020).

Changes to Implement the TLAC Investments Rule

On April 8, 2019, the agencies published an NPR that would address an advanced approaches banking organization’s regulatory capital treatment of an investment in unsecured debt instruments issued by foreign or U.S. GSIBs for the purposes of meeting minimum TLAC and, where applicable, long-term debt (LTD) requirements, or liabilities issued by GSIBs that are pari passu or subordinated to such debt instruments (TLAC investments rule).¹⁷ Under the TLAC investments rule, investments by an advanced approaches banking organization in certain unsecured debt instruments generally would be subject to deduction from the advanced approaches banking organization’s regulatory capital if such investments exceed certain thresholds. The Board also proposed to require that banking organizations subject to minimum TLAC and LTD requirements under Board regulations publicly disclose their TLAC and LTD issuances in a manner described in the TLAC investments rule. On October 20, 2020, the TLAC investments rule was finalized.¹⁸

Proposed Revisions to FFIEC 101 Schedule A for Deductions from Regulatory Capital: The agencies propose to make a number of revisions to the instructions for FFIEC 101 Schedule A and add a new data item to this schedule. Specifically, the agencies propose to revise the instructions for existing items 52 through 54 and add a new data item to effectuate any deductions from regulatory capital for advanced approaches banking organizations for investments in excluded covered debt instruments. Existing item 56, “Other deductions from tier 2 capital,” would be renumbered and recaptioned as item 56.b, “All other deductions from tier 2 capital.” The new item would be inserted as item 56.a, “Investments in excluded covered debt instruments,” which would be applicable only to GSIBs and subsidiaries of GSIBs.

Since the minimum LTD and TLAC requirements and TLAC buffer are only applied at the holding company-level, the agencies are not proposing to amend the FFIEC 101 to include this information. Collecting this information in the FFIEC 101 would be a duplicative reporting requirement and would only be applicable to a subset of FFIEC 101 filers.

2. Use of the information:

The FFIEC 101 reporting requirements entail the quarterly collection of detailed information, encompassing up to approximately 2,700 data elements on nineteen schedules, that pertains to the main components of a respondent bank’s regulatory capital and risk-weighted asset calculations under the Advanced Capital Adequacy Framework and the supplementary leverage ratio, as applicable. The FDIC uses the information collected through these reporting requirements in the following ways:

- To assess and monitor the levels and components of each reporting bank’s regulatory capital requirements and the adequacy of the bank’s capital under the Advanced Capital Adequacy Framework and the supplementary leverage ratio, as applicable;

¹⁷ 84 FR 13814 (April 8, 2019).

¹⁸ See the TLAC investments final rule attached to [OCC News Release 2020–137](#), [Board Press Release](#), and [FDIC Press Release 115–2020](#), all of which are dated October 20, 2020.

- To evaluate the impact and competitive implications of the Advanced Capital Adequacy Framework and the supplementary leverage ratio, as applicable, on individual reporting banks and on an industry-wide basis; and
- To supplement on-site examination processes at individual reporting banks.

The reporting schedules also assist banks in understanding expectations around the system development necessary for implementation and validation of the Advanced Capital Adequacy Framework and the supplementary leverage ratio, as applicable. Submitted FFIEC 101 report data that are released publicly on an individual institution basis also provide other interested parties with information about advanced approaches institutions' and Category III institutions' regulatory capital.

By incorporating the complete international leverage ratio common disclosure template into SLR Tables 1 and 2 of FFIEC 101 Schedule A, the agencies also ensure transparency and comparability of reporting of regulatory capital elements among internationally active banks.

3. Consideration of the use of improved information technology:

All banks and savings associations are subject to an electronic filing requirement for the FFIEC 101 report. In this regard, all reporting institutions must submit their completed reports electronically using the Federal Reserve's Reporting Central application.

4. Efforts to identify duplication:

There is no other report that collects information pertaining to a bank's regulatory capital calculations under the Advanced Capital Adequacy Framework and the supplementary leverage ratio, as applicable, at the insured institution level. The Basel II final rule requires certain related public disclosures (referred to as Pillar 3 disclosures) at the consolidated holding company level. However, the regulatory reporting requirements in the FFIEC 101 report are generally more detailed than Pillar 3 disclosures, requiring reporting of greater detail about aggregated risk estimates underlying the calculation of a bank's risk-based capital ratios, and are also more standardized in terms of the breakdown of reported portfolio exposures and reported ranges of risk estimates. In addition, while the regulatory reporting requirements apply to large, internationally active organizations and their depository institution subsidiaries, the Pillar 3 disclosures are not made by these subsidiary institutions. Thus, the Pillar 3 disclosures would not be an acceptable substitute for the Advanced Capital Adequacy Framework Regulatory Reporting Requirements.

Tables 1 and 2 of FFIEC 101 Schedule A collect information related to the agencies' SLR disclosures required in Table 13 of section 173 of the advanced approaches rule. Completing the FFIEC 101 items for the SLR satisfies a bank's requirement to disclose Table 13 and thereby avoids duplication.

5. Methods used to minimize burden if the collection has a significant impact on a substantial number of small entities:

This information collection will not have a significant economic impact on a substantial number of small entities. Category I and II banking organizations that are subject to the Advanced Capital Adequacy Framework on a mandatory basis are large (\$700 billion or more in consolidated assets) or internationally active organizations (\$75 billion or more in cross-jurisdictional activity) and their depository institution subsidiaries. Category III banking organizations that are subject to the supplementary leverage ratio have \$250 billion or more in total consolidated assets, but do not meet the criteria for Category I or II, or have total consolidated assets of \$100 billion or more, but less than \$250 billion, and meet or exceed other specified risk-based indicators. Category III also includes the depository institution subsidiaries of such banking organizations. As a consequence, the advanced approaches rule and the supplementary leverage ratio, and the corresponding FFIEC 101 reporting requirements, have limited applicability to small institutions, including the approximately 2,500 FDIC-supervised institutions with assets of \$600 million or less as of June 30, 2020.

6. Consequences to the Federal program if the collection were conducted less frequently:

Less frequent reporting would reduce the ability of the FDIC to identify and respond in a timely manner to noncompliance with minimum regulatory capital ratios, adverse risk trends that become apparent in the forward-looking risk estimates reported by Category I and II respondents, and evidence of risk estimates that call into question the accuracy of a Category I or II bank's capital calculation or place other institutions with similar types of exposures at a competitive disadvantage. To be most useful as an off-site analytical tool, these reports are intended to correspond to the frequency and timing of other regulatory submissions including the Consolidated Reports of Condition and Income (Call Report)¹⁹ and the FRB's Bank Holding Company FR Y-9C report.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320.5(d)(2):

There are no special circumstances. This information collection is conducted in accordance with the guidelines in 5 CFR 1320.5(d)(2).

8. Efforts to consult with persons outside the agency:

On July 22, 2020, the agencies proposed revisions to the Call Reports, FFIEC 101, and FFIEC 002²⁰ related to interim final rules and a final rule issued in response to disruptions related to COVID-19 that revise the agencies' capital rule, the Board's regulations on reserve requirements and insider loans, and the FDIC's deposit insurance assessment regulations. The proposed revisions also resulted from certain sections of the Coronavirus Aid, Relief, and Economic

¹⁹ For the FDIC, OMB No. 3064-0052.

²⁰ 85 FR 44369 (July 22, 2020).

Security Act (CARES Act). The agencies received emergency approvals from OMB to implement these revisions as of the March 31, June 30, or September 30, 2020, report dates. The comment period for the July 2020 notice, which also included certain other proposed revisions not applicable to the FFIEC 101, ended on September 21, 2020. The agencies received comments on the proposed reporting changes covered in the notice from two entities: a banking trade association and a U.S. government agency. However, none of the comments from these entities addressed the changes to the FFIEC 101 proposed in the July 2020 notice.

On October 4, 2019, the agencies published a 60-day PRA Federal Register notice²¹ for public comment on proposed revisions to the Call Reports and the FFIEC 101 that would implement various changes to the agencies' regulatory capital rule that, as of that date, the agencies had finalized or were considering finalizing. The notice included proposed reporting revisions resulting from the proposed TLAC investments rule. The agencies did not proceed with the implementation of the TLAC-related reporting changes in January 2020 when they finalized the other capital-related reporting changes included in the October 2019 notice,²² as the agencies had not yet adopted a TLAC investments final rule. On October 20, 2020, the TLAC investments rule was finalized.

The agencies received comment letters from two banking trade associations in response to the proposed changes to the Call Reports and the FFIEC 101 in the October 2019 notice that would implement the rule changes in the proposed TLAC investments rule. Commenters requested that any changes to regulatory reporting related to the proposed TLAC investments rule – including changes to the Call Reports and FFIEC 101 – be implemented after the effective date of the final rule. The agencies concur, and are not implementing associated changes to regulatory reports until the June 30, 2021, report date. The TLAC investments final rule's effective date is April 1, 2021.

Commenters further requested that the agencies delay implementation of the proposed changes to the Call Reports and FFIEC 101 until 18 months after the TLAC investments final rule becomes effective to provide more time to modify reporting systems and identify exposures to “covered debt instruments.” In addition, commenters requested that the agencies not require application of the final rule's deduction treatment to an exposure to a GSIB until the reporting banking organization has the information necessary to determine whether such exposure qualifies as a “covered debt instrument.”

As discussed in the preamble of the TLAC investments final rule, the agencies maintain the supervisory expectation that large and internationally active banking organizations should be deeply knowledgeable of the securities exposures reported on their own balance sheets, if only for the purposes of prudent risk management. The final rule will become effective on April 1, 2021, and associated changes to the Call Reports and FFIEC 101 would be implemented as of the June 30, 2021, report date. The agencies believe the effective date for the reporting changes provides sufficient time for advanced approaches banking organizations to evaluate investments in covered debt instruments and apply the final rule's deduction treatment. Further, the agencies believe that the effective date for the reporting changes provides sufficient time for these banking

²¹ 84 FR 53227 (October 4, 2019).

²² 85 FR 4780 (January 27, 2020).

organizations to change reporting systems and accurately identify exposures to covered debt instruments for purposes of regulatory reporting.

A commenter remarked that the agencies proposed to add new data item 56.a to Schedule A of the FFIEC 101 to implement the deduction of covered debt instruments; however, no analogous data item would be added to Schedule RC-R, Part I, of the Call Reports and Schedule HC-R, Part I, of the Consolidated Financial Statements for Holding Companies (FR Y-9C).²³ This commenter recommended adding a similar data item to the Call Reports and FR Y-9C.

While Schedule A of the FFIEC 101 collects similar information – capital amounts, capital deductions, and ratios, among other items – as Schedule RC-R, Part I, of the Call Reports and Schedule HC-R, Part I, of the FR Y-9C, the information collected is not exactly the same. Given that only large and internationally active banking organizations complete the FFIEC 101, this form collects more granular information on capital deductions in comparison to the Call Reports and the FR Y-9C. The addition of item 56.a only on the FFIEC 101 is consistent with prior practice. Therefore, in an effort to minimize regulatory burden on reporting forms completed by smaller and less complex banking organizations, the agencies will not add an analogous data item to either the Call Reports or FR Y-9C.

One commenter remarked that the FR Y-9C included new reporting items for long-term and TLAC amounts, ratios, and the TLAC buffer. However, these items were not included in the agencies' proposed revisions to the FFIEC 101. This commenter requested that such data items not be added to the FFIEC 101, as this would constitute a duplicative reporting requirement and unnecessarily increase burden on banking organizations that complete the FFIEC 101. The agencies concur with this commenter, as the Board's TLAC rule applies to only holding companies. Therefore, such data items are only to be reported on the FR Y-9C and are not being added to the FFIEC 101.

After carefully considering the comments received on the TLAC investments portion of the October 2019 notice, the agencies are adopting the reporting changes proposed in that notice with the modifications discussed above.

9. Payment or gifts to respondents:

No payment or gift will be provided to respondents.

10. Any assurance of confidentiality:

All data submitted in the FFIEC 101 report is shared among the agencies but, pursuant to 5 U.S.C. § 552(b)(4) and (8), these data will not be released to the public except as follows.

For report dates before an advanced approaches reporting institution has completed its parallel run period, FFIEC 101 Schedule A will be available to the public, except for items 78 (total eligible credit reserves calculated under the advanced approaches rules); 79 (amount of eligible

²³ For the Board, OMB Number 7100-0128.

credit reserves includable in tier 2 capital); 86 (expected credit loss that exceeds eligible credit reserves); 87 (advanced approaches risk-weighted assets); 88 (common equity tier 1 capital ratio calculated using the advanced approaches); 89 (additional tier 1 capital ratio calculated using the advanced approaches); and 90 (total capital ratio using the advanced approaches).

For report dates after an advanced approaches reporting institution has completed its parallel run period, all items reported in FFIEC 101 Schedules A and B and items 1 and 2 of Schedule S are available to the public.

To ensure transparency of regulatory capital data reported by banking organizations subject to Category I, II, or III capital standards, the agencies make public the SLR information collected in SLR Tables 1 and 2 of FFIEC 101 Schedule A, regardless of an advanced approaches reporting institution's parallel run status.

11. Justification for questions of a sensitive nature:

The FFIEC 101 report contains no questions of a sensitive nature.

12. Estimate of hour burden including annualized hourly costs:

The proposed revisions that are the subject of this submission are not expected to result in a change in the overall reporting burden of completing the FFIEC 101 report, which is currently estimated at 674 hours per quarter, on average, for each FDIC-supervised institution required to prepare the FFIEC 101 report.

There is currently one FDIC-supervised institutions required to submit the FFIEC 101 report each quarter. The total estimated annual reporting burden for this bank is 2,696 hours. This estimate reflects considerations pertaining to the time required to complete other types of regulatory reports as well as the greater level of detail required in the FFIEC 101 report relative to other regulatory submissions.

The annual recurring salary and employee benefit cost to the FDIC-supervised institutions that are subject to the FFIEC 101 reporting requirements for the burden hours shown above is estimated to be \$250,485. This cost is based on the application of an hourly rate of \$92.91²⁴ to

²⁴ This estimate is derived from the May 2019 75th percentile hourly wage rate reported by the Bureau of Labor Statistics, National Industry-Specific Occupational Employment, and Wage Estimates for Financial Managers (\$73.48); Bookkeeping, Accounting, and Auditing Clerks (\$24.00); Loan Officers (\$43.70); Financial Analysts (\$51.52); Executives (\$88.00); and Lawyers (\$98.27) in the Depository Credit Intermediation sector. The wage rates have been adjusted for changes in the Consumer Price Index for all Urban Consumers between May 2019 and June 2020 (0.67 percent) and grossed up by 51 percent to account for non-monetary compensation as reported by the June 2020 Employer Costs for Employee Compensation Data. Assuming that 15 percent of the work would require the skills of an Executive at an hourly cost of \$134.02, 5 percent would require a Lawyer at an hourly cost of \$149.66, 30 percent would require a Financial Manager at an hourly cost of \$111.91, 10 percent would require a Loan Officer at an hourly cost of \$66.55, 25 percent would require a Financial Analyst at an hourly cost of \$78.46, and 15 percent would require a Bookkeeping, Accounting, and Auditing Clerk at an hourly cost of \$36.55, the hourly wage estimate for this information collection is $(0.15*134.02 + 0.05*149.66 + 0.30*111.91 + 0.10*66.55$

the estimated 2,696 total hours of annual reporting burden, which considers the specialized technical skills in the fields of credit risk and operational risk of those bank staff members involved in implementing the Advanced Capital Adequacy Framework who are responsible for completing the regulatory reporting requirements as well as time spent by executive officers responsible for reviewing and approving the completed FFIEC 101 report prior to submission.

13. Estimate of start-up costs to respondents:

None.

14. Estimate of annualized costs to the government:

None.

15. Analysis of change in burden:

There is no change in burden associated with the proposed revisions to the FFIEC 101 for which OMB approval is requested. The total estimated annual reporting burden for the FFIEC 101 information collection will remain 2,696 hours.

As discussed in Item 12 above, the proposed revisions to the FFIEC 101 report that are the subject of this submission are not expected to produce a change in the overall reporting burden of completing the FFIEC 101 report, which is currently estimated at 674 hours per quarter for FDIC-supervised institutions.

A comparison of the burden requested in this submission with the currently approved burden is as follows:

Currently approved burden	2,696 hours
Revisions to content of report (program change)	± 0 hours
<u>Adjustment (change in use)</u>	<u>± 0 hours</u>
Requested burden:	2,696 hours

Net change in burden: ± 0 hours

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

Not applicable.

+ 0.25*\$78.46 + 0.15*\$36.55 = \$92.91).

17. Exceptions to Display of expiration date:

None.

18. Exceptions to certification:

None.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.