

SUPPORTING STATEMENT
Market Risk Regulatory Report for Institutions Subject to the Market Risk Capital Rule
FFIEC 102
(OMB No. 3064-0199)

INTRODUCTION

Under the auspices of the Federal Financial Institutions Examination Council (FFIEC), the Federal Deposit Insurance Corporation (FDIC) is requesting Office of Management and Budget (OMB) approval to extend for three years, without revision, the Market Risk Regulatory Report for Institutions Subject to the Market Risk Capital Rule (FFIEC 102). This report is filed quarterly by FDIC-supervised banks and savings associations that are subject to the market risk capital rule. The Federal Reserve Board (FRB) and the Office of the Comptroller of the Currency (OCC) are also submitting requests to OMB for the extension, without revision, of the FFIEC 102 for the institutions under their supervision that are subject to the market risk capital rule. The FFIEC, of which the FDIC, the FRB, and the OCC are members, has approved the agencies' proposed extension, without revision, of the FFIEC 102 reporting requirements.

An institution (i.e., a bank, savings association, bank holding company, savings and loan holding company, or U.S. intermediate holding company) must apply the market risk capital rule¹ if the institution has aggregate trading assets and trading liabilities, as reported in the institution's most recent Consolidated Reports of Condition and Income (Call Report)² or Consolidated Financial Statements for Holding Companies (FR Y-9C),³ as applicable, equal to (a) 10 percent or more of quarter-end total assets or (b) \$1 billion or more. Such an institution is deemed a "market risk institution."

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

The data collected in the Market Risk Regulatory Report is needed to assess the reasonableness and accuracy of a market risk institution's calculation of its minimum capital requirements under the revised market risk capital rule and to evaluate a market risk institution's capital in relation to its risks. Each market risk institution is required to file the FFIEC 102. The FFIEC 102 allows the agencies to better track growth in the more credit-risk related, less liquid, and less actively traded products subject to the market risk rule.

1 For FDIC-supervised institutions, 12 CFR § 324.201; for FRB-supervised institutions, 12 CFR § 217.201; for OCC-supervised institutions, 12 CFR § 3.201.

2 OMB Control Numbers: OCC, 1557-0081; Board, 7100-0036; and FDIC, 3064-0052.

3 OMB Control Number: Board, 7100-0128.

2. Use of the Information:

The data collected in the FFIEC 102 enable the agencies to monitor the levels of, and trends in, the components that comprise the market risk measure under the market risk capital rule within and across market risk institutions. This component reporting allows the agencies' supervision staffs to better understand model-implied diversification benefits for individual market risk institutions. The data also enhance institution-to-institution comparisons of the drivers underlying market risk institutions' measures for market risk, identify potential outliers through market risk institution-to-peer comparisons, track these drivers over time relative to trends in other risk indicators at market risk institutions, and focus the agencies' onsite examination efforts at market risk institutions.

In addition, the market risk information collected in the FFIEC 102 (a) permits the agencies to monitor the market risk profile of and evaluate the impact and competitive implications of the market risk capital rule on individual market risk institutions and the industry as a whole; (b) provides the most current statistical data available to identify areas of market risk on which to focus for onsite and offsite examinations; (c) allows the agencies to assess and monitor the levels and components of each reporting institution's risk-based capital requirements for market risk and the adequacy of the institution's capital under the market risk capital rule; and (d) assists market risk institutions in implementing and validating the market risk framework.

These reports also help the agencies identify and appropriately reflect market risks in their assessments of the safety and soundness of market risk institutions.

3. Consideration of the use of improved information technology:

Market risk institutions may use any information technology that allows them to meet the requirements of this information collection. All market risk institutions are required to submit their completed reports electronically using the Federal Reserve's Reporting Central application.

4. Efforts to identify duplication:

The market risk information collected in the FFIEC 102 is unique. No duplication with other information collections exists.

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

The collection of information does not have a significant impact on a substantial number of small institutions. According to the Small Business Administration (13 CFR 121.201), a depository institution is considered a "small entity" if it has assets of \$600 million or less. The FFIEC 102 is only filed by market risk institutions. Market risk institutions are not "small entities." A market

risk institution is a fairly complex large bank, savings association, bank holding company, savings and loan holding company, or U.S. intermediate holding company that reported aggregate trading assets and trading liabilities in its most recent Call Report or FR Y-9C equal to (a) 10 percent or more of quarter-end total assets or (b) \$1 billion or more.

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

Less frequent collection would present safety and soundness concerns and hinder the FDIC's ability to assess the adequacy of market risk institutions' capital under the market risk capital rule, which requires the quarterly measurement of market risk-weighted assets.

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

None. 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 March 28 2022, the agencies, under the auspices of the FFIEC, published an initial notice in the Federal Register (87 FR 17410) requesting public comment for 60 days on the proposed extension, without revisions, of the FFIEC 102 information collection. The comment period for this notice expired on May 27, 2022. The agencies collectively did not receive any comments.

9. Payment or gifts to respondents

None.

10. Any assurance of confidentiality:

Any information the FDIC collects will be kept private to extent provided by law. Generally, all data reported in the FFIEC 102 is made available to the public. However, as explained in the instructions for the FFIEC 102, a market risk institution may request confidential treatment for some or all of the portions of the FFIEC 102 if the institution is of the opinion that disclosure of specific commercial or financial information in the report would likely cause substantial harm to its competitive position.

11. Justification for questions of a sensitive nature:

No information of a sensitive nature is requested.

12. Estimate of hour burden including annualized hourly costs:

Estimated Annual Burden -

Estimated Number of Respondents: 1 FDIC-supervised depository institution.

Frequency of Response: Quarterly.

Estimated Time per Response: 12 hours.

Estimated Total Annual Burden: 48 hours.

Annualized Cost of Internal Hourly Burden -

To estimate the average cost of compensation per hour, FDIC uses the 75th percentile hourly wages reported by the Bureau of Labor Statistics (BLS) National Industry-Specific Occupational Employment and Wage Estimates (OEWS) for the relevant occupations in the Depository Credit Intermediation sector. However, the latest OEWS wage data are as of May 2021 and do not include non-wage compensation. FDIC adjusts the OEWS hourly wages by approximately 1.51 to account for non-wage compensation, using the BLS Employer Cost of Employee Compensation (ECEC) data as of March 2021 (the latest published release prior to the OEWS wage data). FDIC then multiplies the resulting compensation rates by approximately 1.05 to account for the change in the seasonally adjusted Employment Cost Index for the Credit Intermediation and Related Activities sector (NAICS Code 522) between March 2021 and March 2022. Given these adjusted compensation rates, FDIC estimates an hourly compensation rate of \$79.00 to respond to this information collection..

Table 1. Summary of Hourly Burden Cost Estimate (OMB No. 3064-0199)							
Information Collection (Obligation to Respond)	Percentage Shares of Hours Spent by and Hourly Compensation Rates for each Occupation Group (by Collection)						Estimated Hourly Compensation Rate
	Exec. And Mgr. (\$128.14)	Lawyer (\$158.72)	Compl. Ofc. (\$61.87)	IT (\$98.28)	Fin. Anlst. (\$96.85)	Clerical (\$36.22)	
Form FFIEC 102 (Mandatory)	1	0	45	0	50	4	\$79.00
Source: Bureau of Labor Statistics: 'National Industry-Specific Occupational Employment and Wage Estimates: Industry: Credit Intermediation and Related Activities (5221 And 5223 only)' (May 2021), Employer Cost of Employee Compensation (March 2021), and Employment Cost Index (March 2021 and March 2022). Standard Occupational Classification (SOC) Codes: Exec. And Mgr = 11-0000 Management Occupations; Lawyer = 23-0000 Legal Occupations; Compl. Ofc. = 13-1040 Compliance Officers; IT = 15-0000 Computer and Mathematical Occupations; Fin. Anlst. = 13-2051 Financial and Investment Analysts;							

Clerical = 43-0000 Office and Administrative Support Occupations.

Note: The estimated hourly compensation rate is the average of the hourly compensation rates for the occupations used to comply with that collection, weighted by the share of hours spent by each occupation.

Based on the estimated average wage of \$79, the total estimated labor cost for this information collection is approximately \$3,800.⁴

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 the method or substance of this information collection. The proposed extension, without revision, of the FFIEC 102 information collection will not result in a change in burden.

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

All data reported in the FFIEC 102 is available to the public on the FRB's National Information Center public website, which can be accessed through the FFIEC's public website.

17. Display of expiration date:

Not applicable.

18. Exceptions to certification:

None.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.

⁴ \$79 X 48 hours = \$3,792.

