

**Supporting Statement for the
Market Risk Regulatory Report for Institutions Subject to the Market Risk Capital Rule
(FFIEC 102; OMB No. 7100-0365)**

1. Explain the circumstances that make the collection of information necessary.

The market risk rule, which requires banking organizations to hold capital to cover their exposure to market risk, is an important component of the regulatory capital rules that have been adopted by the Board, Federal Deposit Insurance Corporation (FDIC), and Office of the Comptroller of the Currency (OCC) (collectively, the agencies). In order to implement the market risk rule, the agencies, acting under the auspices of the FFIEC, implemented the FFIEC 102, which collects key information from respondents on how they measure and calculate market risk under the regulatory capital rules. The Board's market risk rule applies to state member banks (SMBs), bank holding companies (BHCs), covered savings and loan holding companies (covered SLHCs), and intermediate holding companies (IHCs) with aggregate reported trading assets and trading liabilities equal to or greater than 10 percent of quarter-end total assets or \$1 billion (collectively, Board-regulated respondents). Board-regulated respondents must file the FFIEC 102 quarterly with the Board.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

The FFIEC 102 collects data on a consolidated basis and is subdivided into several sections and memoranda. The sum of data reported in each of the sections are used to calculate a market risk institution's risk-weighted assets (RWAs) for market risk. The first section collects data relating to a market risk institution's approved regulatory market risk models, including details of value-at-risk (VaR)-based measures. The second section collects information on a market risk institution's stressed VaR-based measures. The third section collects data relating to specific risk add-ons based on a market risk institution's debt, equity, and non-modeled securitization positions. Securitization positions are broken out for all market risk institutions and for advanced approaches institutions that are also market risk institutions, resulting in the separate reporting of a standardized measure and an advanced measure for specific risk. The fourth section collects data related to the risk capital rule's incremental risk capital requirement. The fifth section collects data on the comprehensive risk capital measurement, including the specific risk add-ons for net long and net short correlation trading positions used in determining a market risk institution's standardized comprehensive risk measure, and as applicable, its advanced comprehensive risk measure. The remaining section contains data elements for de minimis positions. Data elements from these sections combine to produce standardized market RWAs and, as applicable, advanced approaches market RWAs.

The FFIEC 102 also has a Memoranda section that is composed of 22 line items. Because these line items do not directly contribute to the determination of market RWAs, they are reported in the separate Memoranda section. These items provide additional insight into the risk profile of a market risk institution's trading activity. For example, the first twelve lines of the

Memoranda section contribute to the agencies' understanding of the degree to which diversification effects across the principal market risk drivers are material.

Because market risk institutions have exposures in certain products that might fit into more than one of the specified risk categories (e.g., interest rate, equity, foreign exchange, commodities, and credit), for purposes of reporting the VaR- or stressed VaR-based measures on the FFIEC 102, market risk institutions may classify their exposures in the same risk categories in which they are reported internally.

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.**

All market risk institutions must submit their completed reports electronically using the Federal Reserve's Reporting Central application. Market risk institutions with questions about reporting via Reporting Central should contact their Reporting and Reserves District Contact via the following website: <https://www.frbservices.org/resources/central-bank/reporting-central.html>.

- 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

The data collected through the FFIEC 102 are unique and cannot be replaced by data already collected by the federal government.

- 5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.**

Of respondents to the FFIEC 102, none are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support--table-size-standards>.

- 6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

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

- 7. Explain any special circumstances that would cause an information collection to be conducted in a manner inconsistent with 5 CFR 1320.5(d)(2).**

This information collection is conducted in a manner consistent with the guidelines in 5 CFR 1320.5(d)(2).

8. Describe comments in response to the *Federal Register* notice and efforts to consult 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 extension, without revision, of the FFIEC 102. The comment period for this notice expired on May 27, 2022. The agencies did not receive any comments. On July 25, 2022, the agencies, under the auspices of the FFIEC, published a final notice in the *Federal Register* (87 FR 44188) requesting public comment for 30 days on the extension, without revision, of the FFIEC 102. The comment period for this notice expires on August 24, 2022.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

There are no payments or gifts provided to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy. If the collection requires a systems of records notice (SORN) or privacy impact assessment (PIA), those should be cited and described here.

Information collected on the FFIEC 102 is generally made public. Individual respondents, however, may request that information submitted to the Board on the FFIEC 102 be kept confidential. If a respondent requests confidential treatment, the Board will determine whether the information is entitled to confidential treatment on a case-by-case basis. Information may be kept confidential under exemption 4 for the Freedom of Information Act (FOIA), which protects privileged or confidential commercial or financial information (5 U.S.C. § 552(b)(4)).

11. Provide additional justification for any questions of a sensitive nature.

There are no questions of a sensitive nature.

12. Provide estimates of the annual hourly burden of the collection of information.

As shown in the table below, the estimated total annual burden for the FFIEC 102 is 2,016 hours for Board-regulated respondents. The estimated number of respondents is based on the number of respondents as of December 31, 2021. These reporting requirements represent less than 1 percent of the total Board's total paperwork burden.

FFIEC 102	<i>Estimated number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current	42	4	12	2,016

The estimated total annual cost to the public for the FFIEC 102 is \$121,867.

Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$21, 45% Financial Managers at \$74, 15% Lawyers at \$71, and 10% Chief Executives at \$102). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages, May 2021*, published March 31, 2022, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.

13. Provide an estimate for the total annual cost burden to respondents or record keepers resulting from the collection of information.

There are no annualized costs to the respondents.

14. Provide estimates of annualized costs to the Federal government.

The estimated cost to the Federal Reserve System for collecting and processing the FFIEC 102 is \$263,300.

15. Explain the reasons for any program changes or adjustments reported on the burden worksheet.

The burden was adjusted to reflect an increase in the estimated respondent count.

16. Provide information regarding plans for publication of data.

The data submitted on the FFIEC 102 is shared among the agencies and made available to the public at <https://www.ffiec.gov/NPW>.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

No such approval is sought.

18. Explain each exception to the topics of the certification statement identified in “Certification for Paperwork Reduction Act Submissions.”

There are no exceptions.