**SUPPORTING STATEMENT**

**Reporting, Recordkeeping and Disclosure Requirements Associated with Proprietary Trading and Certain Interests in and Relationships with Covered Funds**

**OMB Control No. 3064-0184**

**INTRODUCTION**

The FDIC is requesting an extension without change of its information collection entitled “Volcker Rule Restrictions on Proprietary Trading and Relationships with Hedge Funds and Private Equity Funds.” This information collection request (“ICR”) relates to Section 13 of the Bank Holding Company Act of 1956 (“Section 13”). Section 13 contains certain restrictions on the ability of a banking entity to engage in proprietary trading and have certain interests in, or relationships with, a hedge fund or private equity fund. The FDIC’s regulations at 12 CFR Part 351 (Part 351) implement Section 13 with respect to FDIC-supervised insured depository institutions (IDIs). The requirements in Part 351 do not apply to FDIC-supervised IDIs that have, and if every company that controls it has, total consolidated assets of $10 billion or less and total trading assets and trading liabilities, that are 5 percent or less of total consolidated assets.[[1]](#footnote-2) This information collection currently expires on July 31, 2023.

## JUSTIFICATION

1. Circumstances that make the collection necessary:

Section 619 of the Dodd-Frank Act added a new section 13 to the Bank Holding Company (“BHC”) Act (codified at 12 U.S.C. § 1851) that, subject to certain exemptions, generally prohibits any banking entity from engaging in proprietary trading or from investing in, sponsoring, or having certain relationships with a hedge fund or private equity fund (“covered fund”) (the “Volcker Rule”). The BHC Act also provides for certain nonbank financial companies that engage in such activities or have such investments or relationships to be subject to additional capital requirements, quantitative limits, or other restrictions.

2. Use of the Information:

The information collection requirements are intended to monitor a covered institution’s compliance with the requirements of the Volker Rule. This ICR contains information collections (ICs) corresponding to policies, rules, and regulations regarding periodic reporting requirements, documentation of trading activities and compliance programs, and various other recordkeeping and disclosure requirements for FDIC-supervised IDIs that are subject to the requirements of Part 351 (covered bank). The specific provisions of Part 351 that are relevant to this ICR are listed and discussed in Section 12 below.

3. Consideration of the use of improved information technology:

Banks may use technology to the extent feasible, desirable or appropriate to make the required reports and to maintain the required records that permits review by FDIC examiners.

4. Efforts to identify duplication:

The information required is unique. It is not duplicated elsewhere.

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

Almost all FDIC-supervised small banking entities are exempt from the requirements of section 13 of the BHC Act, pursuant to the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA), and hence the final rule does not affect them. The FDIC believes this information collection does not have a significant economic impact on a substantial number of FDIC-supervised small banking entities.

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

The disclosure requirements are imposed on a per occurrence/transaction basis. Less frequent disclosures would impair the ability of investors to adequately evaluate the investment potential of each transaction. The recordkeeping requirements to develop liquidity management plans and policies and procedures to monitor compliance with regulatory requirements are one-time burdens, although the FDIC expects that banking entities will incur ongoing burden related to the review of their policies and procedures to reflect any changed conditions no less frequently than annually.

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

None. The information collection is conducted in accordance with OMB guidelines in 5 CFR part 1320.5(d)(2).

8. Efforts to consult with persons outside the agency:

The FDIC published a notice of its intent to extend the validity of this information collection in the Federal Register, with a 60-day comment period, on April 24, 2023 (88 FR 24796)2. No comments were received.

9. Payments or gifts to respondents:

None.

10. Any assurance of confidentiality:

The information collected will be kept confidential to the extent permitted by law. The information may be afforded confidential treatment pursuant to sections (b)(4), (b)(6), and (b)(8) of the Freedom of Information Act (5 U.S.C. §§ 552(b)(4), (b)(6), and (b)(8); and section 1103 of the Right to Financial Privacy Act (12 U.S.C. § 3403).

11. Justification for questions of a sensitive nature:

None of the information required to be reported, disclosed or maintained is of a sensitive nature.

12. Estimate of hour burden including annualized hourly costs:

In determining the method for estimating the paperwork burden the FDIC made the assumption that affiliated entities under a holding company would act in concert with one another to take advantage of efficiencies that may exist. The burden for such entities has been taken by the Board of Governors of the Federal Reserve System at the holding company level. Therefore, the FDIC burden estimates are only for FDIC-supervised institutions that are not under a holding company. As indicated below, the total estimated burden, for implementation[[2]](#footnote-3) and ongoing compliance for such FDIC-supervised institutions, is 4,049 hours.

This ICR consists of reporting, recordkeeping and third party disclosures as follows:

***Reporting Requirements***

**1. Limit Breaches and Increases, 12 CFR 351.4(c)(3)(i) (Mandatory).** Section 351.4[[3]](#footnote-4) discusses permitted underwriting and market making-related activities for covered banks. The reporting requirement under Section 351.4(c)(3)(i)[[4]](#footnote-5) requires a covered bank to, upon request by the FDIC, make available to the FDIC records regarding (1) any internal trading desk limit that is exceeded and (2) any temporary or permanent increase to any internal trading desk limit.

**2. Requirements under Appendix A for Covered Banks with Significant Trading Assets & Liabilities, 12 CFR 351.20(d) (Mandatory).** Section 351.20[[5]](#footnote-6) discusses the terms, scope, and details of compliance plans required to be developed by each covered bank. The reporting requirement under 12 CFR 351.20(d)[[6]](#footnote-7) requires a covered bank with significant trading assets and liabilities[[7]](#footnote-8) to submit quarterly reports to the FDIC on various quantitative measures, including, but not limited to: Internal Limits and Usage; Value-at-Risk; Comprehensive Profit and Loss Attribution; Positions; and Transaction Volumes, as well as trading desk information, and certain additional identifying information with respect to certain quantitative measurements.

**3. Notice and Response, 12 CFR 351.20(i) (Voluntary).** Section 351.20discusses the terms, scope, and details of compliance plans required to be developed by each covered bank. The reporting requirement under 12 CFR 351.20(i)[[8]](#footnote-9) states that a covered bank may respond to any or all items in a notice to the covered bank issued by the FDIC. The response should include any matters that the covered bank would have the FDIC consider in deciding whether to make a determination that the covered bank is engaging in activities that are prohibited Section 13 and Part 351. The covered bank has 30 days after receiving the notice to provide a response, and a failure to respond will be treated by the FDIC as a waiver of any objections to the FDIC determination.

***Recordkeeping Requirements***

**4. Purchase and Sale of Securities in Accordance with Liquidity Management Plans, 12 CFR 351.3(d)(3) (Mandatory).** Section 351.3 provides details and definitions for the prohibition on proprietary trading for covered banks. The recordkeeping requirement under 12 CFR 351.3(d)(3)[[9]](#footnote-10) exempts the purchase or sale of specific financial instruments and securities from the proprietary trading restrictions under Part 351, provided that the purchase or sale occurs in accordance with a documented liquidity management plan that includes written policies and procedures, internal controls, analysis, and independent testing to ensure that the purchase and sale of these financial instruments and securities are for the purpose of liquidity management.

**5. Trading Desk Documentation, 12 CFR 351.4(b)(3)(i)(A) (Mandatory).** Section 351.4 discusses permitted underwriting and market making-related activities for covered banks. Section 351.4(b)(2)(ii) states that covered banks are permitted to engage in market making-related activities, provided that these activities are designed not to exceed, on an ongoing basis, the reasonably expected near term demands of clients, customers, or counterparties, taking into account the liquidity, maturity, and depth of the market for the relevant types of financial instruments. Section 351.4(b)(3)(i) states that the trading desk or other organizational unit of another banking entity is not a client, customer, or counterparty if it has average trading assets and liabilities over the previous consecutive four quarters, as measured as of the last day of each of the four previous calendar quarters, equal to or exceeding $50 billion. The recordkeeping requirement under 12 CFR 351.4(b)(3)(i)(A)[[10]](#footnote-11) requires a covered bank that wishes to treat a trading desk or other organizational unit of another banking entity as a client, customer, or counterparty for the purposes of Section 351.4(b)(2)(ii), when it would otherwise be excluded from such consideration under Section 351.4(b)(3)(i), to document how and why that particular trading desk or other organizational unit should be treated as a client, customer, or counterparty of the trading desk for purposes of market making activities.

**6. Limit Breaches and Increases, 12 CFR 351.4(c)(3)(i) (Mandatory).** Section 351.4 discusses permitted underwriting and market making-related activities for covered banks. Section 351.4(c) requires covered banks that engage in underwriting or market making-related activities as permitted under Part 351.(a) and (b) to establish internal limits on their holdings of relevant securities and other financial instruments that take into account the liquidity, maturity, and depth of the market. The recordkeeping requirement under Section 351.4(c)(3)(i) requires a covered bank to maintain records regarding (1) any internal trading desk limit that is exceeded and (2) any temporary or permanent increase to any internal trading desk limit.

**7. Hedging Instruments Documentation, 12 CFR 351.5(c) (Mandatory).** Section 351.5 discusses risk-mitigating hedging activities of a covered bank in connection with and related to individual or aggregated positions, contracts, or other holdings of the covered bank and designed to reduce the specific risks to the covered bank in connection with and related to such positions, contracts, or other holdings. The recordkeeping requirement under Section 351.5(c)[[11]](#footnote-12) requires a covered bank to create and retain records for a period that is no less than five years with respect to any purchases and sale of securities in connection with and related to risk-mitigating hedging activities.

**8. Customer facilitation vehicles, 12 CFR 351.10(c)(18)(ii)(C)(1) (Mandatory).** Section 351.10 prohibits a covered bank from acquiring or retaining an ownership interest in and having certain relationships with a covered fund.[[12]](#footnote-13) 12 CFR 351.10(c)(18)(i) exempts customer facilitation vehicles[[13]](#footnote-14) that are formed by a covered bank from the definition of a covered fund for the purposes of this prohibition, provided that that the covered bank meets certain conditions. One of these conditions is the recordkeeping requirement under Section 351.10(c)(18)(ii)(C)(1), which requires a covered bank forming a customer facilitation vehicle – an issuer that is formed by or at the request of a customer of the covered bank for the purpose of providing such customer (which may include one or more affiliates of such customer) with exposure to a transaction, investment strategy, or other service provided by the banking entity - to maintain documentation outlining how it intends to facilitate the customer's exposure to such a transaction, investment strategy, or other service.

**9. Documentation on Advisory or Related Services to Customers, 12 CFR 351.11(a)(2) (Mandatory).** Section 351.11 discusses circumstances in which a covered bank may acquire or retain an ownership interest in, or act as sponsor to, a covered fund in connection with, directly or indirectly, organizing and offering a covered fund, including serving as a general partner, managing member, trustee, or commodity pool operator of the covered fund and in any manner selecting or controlling (or having employees, officers, directors, or agents who constitute) a majority of the directors, trustees, or management of the covered fund. The recordkeeping requirement under 12 CFR 351.11(a)(2) requires a covered bank to prepare and maintain written documentation or a similar plan outlining how it intends to provide advisory or similar services to its customers through the organizing and offering of a covered fund.

**10. Compliance Program for Covered Banks with Significant Trading Assets and Liabilities, 12 CFR 351.20(b) (Mandatory).** Section 351.20 requires each covered bank to develop and maintain a compliance plan for the restrictions and prohibitions set out in Part 351. The recordkeeping requirement under 12 CFR 351.20(b)[[14]](#footnote-15) requires a covered bank with significant trading assets and liabilities to develop a compliance program designed to ensure and monitor compliance with the prohibitions and restrictions set out in Part 351. The terms, scope, and detail of the compliance program must be appropriate for the types, size, scope, and complexity of activities and business structure of the covered bank.

**11. CEO Attestation for Covered Banks with Significant Trading Assets and Liabilities, 12 CFR 351.20(c) (Mandatory).** Section 351.20 requires each covered bank to develop and maintain a compliance plan for the restrictions and prohibitions set out in Part 351. The reporting requirement under 12 CFR 351.20(c)[[15]](#footnote-16) requires the CEO of a covered bank with significant trading assets and liabilities to attest in writing to the FDIC, each year, that the covered bank has processes to establish, maintain, enforce, review, test and modify the compliance program created under Section 351.20.

**12. Compliance Plan requirements under Appendix A for Covered Banks with Significant Trading Assets and Liabilities, 12 CFR 351.20(d) (Mandatory).** Section 351.20 requires each covered bank to develop and maintain a compliance plan for the restrictions and prohibitions set out in Part 351. The recordkeeping requirement under 12 CFR 351.20(d) requires a covered bank with significant trading assets and liabilities to create and maintain records documenting the preparation and content of reports on quantitative measures discussed in Appendix A (see IC #2), for a period of at least 5 years from the end of the calendar year for which the measurement was taken.

**13. Additional Documentation for Covered Funds for Covered Banks with Significant Trading Assets and Liabilities, 12 CFR 351.20(e) (Mandatory).** Section 351.20 requires each covered bank to develop and maintain a compliance plan for the restrictions and prohibitions set out in Part 351. The recordkeeping requirement under 12 CFR 351.20(e) requires a covered bank with significant trading assets and liabilities to maintain certain records to support their determination that certain funds sponsored by the covered bank are not covered funds for the purposes of Part 351, including, but not limited to: (1) various exemptions under the Investment Company Act of 1940 and under Part 351 used in determining whether funds sponsored by the covered bank are considered covered funds under Part 351; (2) a written plan (including marketing plans) describing when a seeding vehicle will become either a registered investment company or an SEC-registered business development company; (3) for a covered bank with aggregate amounts of ownership interests in foreign public funds exceeding $50 million at the end of two or more consecutive calendar quarters, documentation of the value of all ownership interests in any foreign public fund owned (including via affiliates) by said covered bank.[[16]](#footnote-17)

**14. Simplified Compliance Program for Covered Banks with no Trading Assets or Liabilities, 12 CFR 351.20(f)(1) (Mandatory).** Section 351.20 requires each covered bank to develop and maintain a compliance plan for the restrictions and prohibitions set out in Part 351. The recordkeeping requirement under 12 CFR 351.20(f)(i) requires a covered bank with no trading assets or liabilities to develop and maintain a compliance program prior to becoming engaged in proprietary trading activities or making investments in covered funds.

**15. Simplified Compliance Program for Covered Banks with Moderate Trading Assets and Liabilities, 12 CFR 351.20(f)(2) (Mandatory).** Section 351.20 requires each covered bank to develop and maintain a compliance plan for the restrictions and prohibitions set out in Part 351. The recordkeeping requirement under 12 CFR 351.20(f)(2) requires a covered bank with average trading assets and liabilities over the four previous calendar quarters that are greater than or equal to $1 billion but less than $20 billion (“moderate trading assets and liabilities”)[[17]](#footnote-18) to include in its existing compliance policies references to the requirements under Section 13 and Part 351, as well as adjustments as appropriate given the activities, size, scope, and complexity of the covered bank.

***Disclosure Requirements***

**16. Offerings Disclosures, 12 CFR 351.11(a)(8)(i) (Mandatory).** Section 351.11 discusses circumstances in which a covered bank may acquire or retain an ownership interest in, or act as sponsor to, a covered fund in connection with, directly or indirectly, organizing and offering a covered fund, including serving as a general partner, managing member, trustee, or commodity pool operator of the covered fund and in any manner selecting or controlling (or having employees, officers, directors, or agents who constitute) a majority of the directors, trustees, or management of the covered fund. The disclosure requirement under 12 CFR 351.11(a)(8)(i) requires a covered bank to “clearly and conspicuously [disclose]” to any prospective and actual investors in a covered fund, the following: (1) that any losses in such covered fund will be borne by the investors in said fund and not by the covered bank (except to the extent of the covered bank’s or its affiliates’ ownership interests in the covered fund; (2) that such investors should read the fund offering documents before investing in the covered fund; (3) that the ownership interests in the covered fund are not insured by the FDIC, and are not deposits, obligations of, or endorsed or guaranteed in any way, by any covered bank; and (4) the role of the covered bank, its affiliates, and employees in sponsoring or providing any services to the covered fund.

***Implementation and Ongoing Burden***

For each of the 16 provisions listed above, OMB No. 3064-0184 contains two ICs covering implementation and ongoing burdens, totaling 32 ICs for part 351. OMB No. 3064-0184 was last approved on July 31, 2020 for an estimated 967 responses totaling 3,193 hours across these 32 ICs (2020 ICR).[[18]](#footnote-19)

**Estimated Number of Respondents and Responses**

This ICR contains ICs pertaining to policies, rules, and regulations regarding periodic reporting requirements, documentation of trading activities and compliance programs, and various other recordkeeping and disclosure requirements for covered banks. As was the case in the 2020 ICR, each of the 16 numbered paragraphs in the previous sections have two distinct information collections – and thus, two sets of respondent and response count estimates - associated with each of them: one collection and set of estimates associated with implementation and initial set-up costs and one associated with ongoing compliance.

Potential respondents to the 32 ICs contained in this ICR are FDIC-supervised IDIs that are subject to the requirements of Part 351. Part 351 applies to all covered banks for which the FDIC is the appropriate Federal banking agency.[[19]](#footnote-20) The term ‘covered bank’ does not include those IDIs that have, and if every company that controls it has, total consolidated assets of $10 billion or less and total trading assets and trading liabilities, on a consolidated basis, that are 5 percent or less of total consolidated assets. Part 351 defines three cohorts of covered banks, each subject to varying levels of supervision based on their trading activities. Covered banks with “significant” trading assets and liabilities, generally defined as those with average trading assets and liabilities over the four previous calendar quarters of $20 billion or more[[20]](#footnote-21) – are subject to the strictest requirements under Part 351. Covered banks with “moderate” trading assets and liabilities, generally defined as those with average trading assets and liabilities over the four previous calendar quarters of between $1 billion and $20 billion[[21]](#footnote-22) – are exempt from some obligations tailored to “significant” covered banks, but still subject to most of the requirements under Part 351. Finally, covered banks with “limited” trading assets and liabilities, defined as those with average trading assets and liabilities over the four previous calendar quarters of less than $1 billion[[22]](#footnote-23), are presumed to be compliant with the requirements of Part 351 and are under no supervisory expectation to demonstrate compliance with Part 351 on an ongoing basis.[[23]](#footnote-24) The FDIC may make a determination that a covered bank with “limited” trading assets and liabilities is engaged in proprietary trading or activities prohibited under Part 351 and may, as a result of such determination, subject the covered bank to requirements reserved for covered banks with “moderate” or “significant” trading assets or liabilities.[[24]](#footnote-25)

To identify the number of respondents, the RMS SME obtained a list of FDIC-supervised IDIs using data from the FDIC Reports of Condition and Income (Call Report) and Federal Reserve Consolidated Financial Statements for Holding Companies (Y-9C), as of December 31, 2022, that were not excluded under the total consolidated assets and trading assets and liabilities thresholds described above and that met the thresholds under Part 351 to be considered as having “significant” or “moderate” trading assets and liabilities.

The FDIC has identified two covered banks that fall under the “significant” category and five covered banks that fall under the “moderate” category. The FDIC does not anticipate that additional FDIC-supervised IDIs will need to come into compliance with Part 351 over the upcoming three-year OMB submission cycle. Because covered banks with “limited” trading assets and liabilities are under no supervisory expectation to demonstrate compliance with Part 351, the FDIC has excluded from the respondent panel any covered bank with “limited” trading assets and liabilities. None of the covered banks that FDIC identified as respondents to this ICR are considered small entities for purposes of the Regulatory Flexibility Act.[[25]](#footnote-26)

In determining the number of responses per respondent for each of the ICs in this ICR, the FDIC relied on its supervisory expertise with the respondents in this ICR, as well as discussions and consultations with subject-matter experts and supervisors from other federal banking regulators – namely the Federal Reserve and OCC - in arriving at an estimate for responses per respondent. Because the requirements under Section 13 are identical for a covered bank regardless of its primary federal regulator, the PRA estimates for the number of responses per respondent in each IC were identical in the 2020 PRA renewals for the requirements under Section 13 for the Federal Reserve[[26]](#footnote-27), OCC[[27]](#footnote-28), and FDIC. Based on discussions with subject-matter experts at the Federal Reserve and OCC, the FDIC has decided to maintain the existing set of estimates for responses per respondent for each of the ICs in this ICR. Thus, for this ICR, the estimated number of responses per respondent remain unchanged from the 2020 ICR for all ICs to promote consistency across the three banking agencies’ upcoming ICR filings.

***Implementation / Initial Set-up Burden Estimations***

Based upon a review of current Call Report and Y-9C data used to generate the list of respondents for this ICR, the FDIC confirmed that since the approval of the 2020 ICR, no new FDIC-supervised IDIs have become subject to the requirements of Part 351. As a result, the estimated number of respondents and responses per respondent related to initial implementation burden pursuant to Part 351 will be one. One is used as a placeholder value to preserve the burden estimates and allow for the possibility of new institutions becoming subject to this ICR in the future.

***Ongoing Burden Estimations***

**IC 1: (Reporting) Limit Breaches and Increases, pursuant to 12 CFR 351.4(c)(3)(i).** Respondents to this IC are all covered banks not classified as having “limited” trading assets and liabilities. As described above, the FDIC has identified seven covered banks not classified as having “limited” trading assets and liabilities and thus estimates an annual count of seven respondents to this IC. Based on consultations with subject-matter experts at the Federal Reserve and OCC, the FDIC has decided to maintain the existing estimate of 20 responses per respondent annually.

**IC 2: (Reporting) Requirements under Appendix A for Covered Banks with Significant Trading Assets & Liabilities, pursuant to 12 CFR 351.20(d).** Respondents to this IC are all covered banks with “significant” trading assets and liabilities. As described above, the FDIC has identified two covered banks with “significant” trading assets and liabilities and thus estimates an annual count of two respondents to this IC. In accordance with the filing schedule set out in 12 CFR 351.20(d), these reports are required to be submitted quarterly. Therefore, the FDIC estimates that there will be a frequency of four responses per respondent annually.

**IC 3: (Reporting) Notice and Response, pursuant to 12 CFR 351.20(i).** Respondents to this IC are all covered banks not classified as having “limited” trading assets and liabilities. As described above, the FDIC identified seven covered banks not classified as having “limited” trading assets and liabilities and thus estimates an annual count of seven respondents to this IC. Based on consultations with subject-matter experts at the Federal Reserve and OCC, the FDIC has decided to maintain the existing estimate of one response per respondent annually.

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**IC 4: (Recordkeeping) Purchase and Sale of Securities in Accordance with Liquidity Management Plans, pursuant to 12 CFR 351.3(d)(3).** Respondents to this IC are all covered banks not classified as having “limited” trading assets and liabilities. As described above, the FDIC identified seven covered banks not classified as having “limited” trading assets and liabilities and thus estimates an annual count of seven respondents to this IC. Based on consultations with subject-matter experts at the Federal Reserve and OCC, the FDIC has decided to maintain the existing estimate of one response per respondent annually.

**IC 5: (Recordkeeping) Trading Desk Documentation, pursuant to 12 CFR 351.4(b)(3)(i)(A).** Respondents to this IC are all covered banks not classified as having “limited” trading assets and liabilities. As described above, the FDIC identified seven covered banks not classified as having “limited” trading assets and liabilities and thus estimates an annual count of seven respondents to this IC. Based on consultations with subject-matter experts at the Federal Reserve and OCC, the FDIC has decided to maintain the existing estimate of four responses per respondent annually.

**IC 6: (Recordkeeping) Limit Breaches and Increases, pursuant to 12 CFR 351.4(c)(3)(i).** Respondents to this IC are all covered banks not classified as having “limited” trading assets and liabilities. As described above, the FDIC identified seven covered banks not classified as having “limited” trading assets and liabilities and thus estimates an annual count of seven respondents to this IC. Based on consultations with subject-matter experts at the Federal Reserve and OCC, the FDIC has decided to maintain the existing estimate of 40 responses per respondent annually.

**IC 7: (Recordkeeping) Hedging Instruments Documentation, pursuant to 12 CFR 351.5(c).** Respondents to this IC are all covered banks with “significant” trading assets and liabilities. As described above, the FDIC identified two covered banks with “significant” trading assets and liabilities and thus estimates an annual count of two respondents to this IC. Based on consultations with subject-matter experts at the Federal Reserve and OCC, the FDIC has decided to maintain the existing estimate of one response per respondent annually.

**IC 8: (Recordkeeping) Customer facilitation vehicles, pursuant to 12 CFR 351.10(c)(18)(ii)(C)(1)**. Respondents to this IC are all covered banks not classified as having “limited” trading assets and liabilities. As described above, the FDIC identified seven covered banks not classified as having “limited” trading assets and liabilities and thus estimates an annual count of seven respondents to this IC. Based on consultations with subject-matter experts at the Federal Reserve and OCC, the FDIC has decided to maintain the existing estimate of one response per respondent annually.

**IC 9: (Recordkeeping) Documentation on Advisory or Related Services to Customers, pursuant to 12 CFR 351.11(a)(2).** Respondents to this IC are all covered banks not classified as having “limited” trading assets and liabilities. As described above, the FDIC identified seven covered banks not classified as having “limited” trading assets and liabilities and thus estimates an annual count of seven respondents to this IC. Based on consultations with subject-matter experts at the Federal Reserve and OCC, the FDIC has decided to maintain the existing estimate of one response per respondent annually.

**IC 10: (Recordkeeping) Compliance Program for Covered Banks with Significant Trading Assets and Liabilities, pursuant to 12 CFR 351.20(b).** Respondents to this IC are all covered banks with “significant” trading assets and liabilities. As described above, the FDIC identified two covered banks with “significant” trading assets and liabilities and thus estimates an annual count of two respondents to this IC. Based on consultations with subject-matter experts at the Federal Reserve and OCC, the FDIC has decided to maintain the existing estimate of one response per respondent annually.

**IC 11: (Reporting) CEO Attestation for Covered Banks with Significant Trading Assets and Liabilities, pursuant to 12 CFR 351.20(c).** Respondents to this IC are all covered banks with “significant” trading assets and liabilities. As described above, the FDIC identified two covered banks with “significant” trading assets and liabilities and thus estimates an annual count of two respondents to this IC. Based on consultations with subject-matter experts at the Federal Reserve and OCC, the FDIC has decided to maintain the existing estimate of one response per respondent annually.

**IC 12: (Recordkeeping) Compliance Plan requirements under Appendix A for Covered Banks with Significant Trading Assets and Liabilities, pursuant to 12 CFR 351.20(d).** Respondents to this IC are all covered banks with “significant” trading assets and liabilities. As described above, the FDIC identified two covered banks with “significant” trading assets and liabilities and thus estimates an annual count of two respondents to this IC. Based on consultations with subject-matter experts at the Federal Reserve and OCC, the FDIC has decided to maintain the existing estimate of one response per respondent annually.

**IC 13: (Recordkeeping) Additional Documentation for Covered Funds for Covered Banks with Significant Trading Assets and Liabilities, pursuant to 12 CFR 351.20(e).** Respondents to this IC are all covered banks with “significant” trading assets and liabilities. As described above, the FDIC identified two covered banks with “significant” trading assets and liabilities and thus estimates an annual count of two respondents to this IC. Based on consultations with subject-matter experts at the Federal Reserve and OCC, the FDIC has decided to maintain the existing estimate of one response per respondent annually.

**IC 14: (Recordkeeping) Simplified Compliance Program for Covered Banks with no Trading Assets or Liabilities, pursuant to 12 CFR 351.20(f)(1).**  As discussed above, based on a review of the existing cohort of the seven covered banks with “moderate” or “significant” trading assets and liabilities currently subject to various requirements under Part 351 and confirming that, since the approval of the 2020 ICR, no new institutions have become subject to the requirements under Part 351, the FDIC believes that there will be zero respondents to this IC in the upcoming approval period. To preserve this burden estimate and in recognition of the possibility that an FDIC-supervised IDI may need to develop a compliance program if it newly meets the criteria for having “moderate” or “significant” trading assets and liabilities, the FDIC has decided to maintain an annual respondent count of one, and to maintain the existing estimate of one response per respondent annually.

**IC 15: (Recordkeeping) Simplified Compliance Program for Covered Banks with Moderate Trading Assets and** Liabilities**, pursuant to 12 CFR 351.20(f)(2).** Respondents to this IC are all covered banks with “moderate” trading assets and liabilities. As described above, the FDIC identified five covered banks with “moderate” trading assets and liabilities and thus estimates an annual count of five respondents to this IC. Based on consultations with subject-matter experts at the Federal Reserve and OCC, the FDIC has decided to maintain the existing estimate of one response per respondent annually.

**IC 16: (Disclosure) Offerings Disclosures, pursuant to 12 CFR 351.11(a)(8)(i).** Respondents to this IC are all covered banks not classified as having “limited” trading assets and liabilities. As described above, the FDIC identified seven covered banks not classified as having “limited” trading assets and liabilities and thus estimates an annual count of seven respondents to this IC. Based on consultations with subject-matter experts at the Federal Reserve and OCC, the FDIC has decided to maintain the existing estimate of 26 responses per respondent annually.

**Estimated Time per Response**

The FDIC derived its estimates of the time per response for each IC based on its understanding and experience with Part 351, as well as its overall supervisory experience with covered banks and submissions pursuant to the requirements therein. Because the requirements under Section 13 are applied uniformly across covered banks regardless of their primary federal regulator, the FDIC has worked with and utilized the expertise of subject-matter experts at the Federal Reserve and OCC to arrive at a uniform estimate of the time burden per response. This process has resulted in a set of time per response estimates for each IC that is identical across the PRA submissions under Section 13 for the FDIC, Federal Reserve, and OCC. I have confirmed that subject matter experts at both the Federal Reserve and OCC believe the existing set of time per response estimates are still reasonable and appropriate. Upon reviewing the existing estimates, and noting that the underlying regulations have not been changed or amended since the last approval date (July 31, 2020) the FDIC has decided to maintain the existing set of estimates of time per response for every IC. These time per response estimates are listed in Table 1 below.

***Total Estimated Annual Burden***

The total estimated annual hourly burden for this ICR is 4, 049 hours consisting of 1,664 hours for implementation and 2,385 hours for ongoing compliance as shown in Tables 1 and 2 below.

***Implementation / Set-up Burden***

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| --- | --- | --- | --- | --- | --- |
| Table 1. Summary of Estimated Annual Burden (OMB No. 3064-0184) | | | | | |
| Information Collection (Obligation to Respond) | Type of Burden (Frequency of Response) | Number of Respondents | Number of Responses per Respondent | Time per Response (HH:MM) | Annual Burden (Hours) |
| 1. Section 351.4(c)(3)(i) - Limit Breaches and Increases (Mandatory) | Reporting  (On occasion) | 1 | 1 | 00:15 | 0 |
| 2. Section 351.20(d) - Requirements under Appendix A for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | Reporting (Quarterly) | 1 | 1 | 125:00 | 125 |
| 3. Section 351.20(i) - Notice and Response (Voluntary) | Reporting  (On occasion) | 1 | 1 | 20:00 | 20 |
| 4. Section 351.3(d)(3) - Purchase and sale of securities in Accordance with liquidity management plans (Mandatory) | Recordkeeping  (On occasion) | 1 | 1 | 3:00 | 3 |
| 5. Section 351.4(b)(3)(i)(A) - Trading Desk Documentation (Mandatory) | Recordkeeping  (On occasion) | 1 | 1 | 2:00 | 2 |
| 6. Section 351.4(c)(3)(i) - Limit Breaches and Increases (Mandatory) | Recordkeeping  (On occasion) | 1 | 1 | 00:15 | 0 |
| 7. Section 351.5(c) - Hedging Instruments Documentation (Mandatory) | Recordkeeping  (On occasion) | 1 | 1 | 80:00 | 80 |
| 8. Section 351.10(c)(18)(ii)(C)(1) - Customer facilitation vehicles (Mandatory) | Recordkeeping  (On occasion) | 1 | 1 | 10:00 | 10 |
| 9. Section 351.11(a)(2) - Documentation on advisory or related services to customers (Mandatory) | Recordkeeping  (On occasion) | 1 | 1 | 10:00 | 10 |
| 10. Section 351.20(b) - Compliance Program for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | Recordkeeping  (On occasion) | 1 | 1 | 795:00 | 795 |
| 11. Section 351.20(c) - CEO attestation for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | Recordkeeping (Annual) | 1 | 1 | 300:00 | 300 |
| 12. Section 351.20(d) - Requirements under Appendix A for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | Recordkeeping  (On occasion) | 1 | 1 | 10:00 | 10 |
| 13. Section 351.20(e) - Additional documentation for covered funds for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | Recordkeeping  (On occasion) | 1 | 1 | 200:00 | 200 |
| 14. Section 351.20(f)(1) - Simplified compliance program for Covered Banks with no trading assets or liabilities (Mandatory) | Recordkeeping  (On occasion) | 1 | 1 | 8:00 | 8 |
| 15. Section 351.20(f)(2) - Simplified compliance program for Covered Banks with moderate trading assets and liabilities (Mandatory) | Recordkeeping  (On occasion) | 1 | 1 | 100:00 | 100 |
| 16. Section 351.11(a)(8)(i) - Offerings disclosures (Mandatory) | Third-party Disclosure  (On Occasion) | 1 | 1 | 00:30 | 1 |
| ***Estimated Annual Implementation/Set Up Burden (Hours):*** | | | | | ***1,664*** |
| Source: FDIC. | | | | | |
| Note: The annual burden estimate for a given collection is calculated in two steps. First, the total number of annual responses is calculated as the whole number closest to the product of the annual number of respondents and the annual number of responses per respondent. Then, the total number of annual responses is multiplied by the time per response and rounded to the nearest hour to obtain the estimated annual burden for that collection. This rounding ensures the annual burden hours in the table are consistent with the values recorded in the OMB’s regulatory tracking system. | | | | | |
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***Ongoing Burden***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Table 2. Summary of Estimated Annual Burden (OMB No. 3064-0184) | | | | | |
| Information Collection (Obligation to Respond) | Type of Burden (Frequency of Response) | Number of Respondents | Number of Responses per Respondent | Time per Response (HH:MM) | Annual Burden (Hours) |
| 1. Section 351.4(c)(3)(i) - Limit Breaches and Increases (Mandatory) | Reporting  (On occasion) | 7 | 20 | 00:15 | 35 |
| 2. Section 351.20(d) - Requirements under Appendix A for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | Reporting (Quarterly) | 2 | 4 | 41:00 | 328 |
| 3. Section 351.20(i) - Notice and Response (Voluntary) | Reporting  (On occasion) | 7 | 1 | 20:00 | 140 |
| 4. Section 351.3(d)(3) - Purchase and sale of securities in Accordance with liquidity management plans (Mandatory) | Recordkeeping  (On occasion) | 7 | 1 | 1:00 | 7 |
| 5. Section 351.4(b)(3)(i)(A) - Trading Desk Documentation (Mandatory) | Recordkeeping  (On occasion) | 7 | 4 | 2:00 | 56 |
| 6. Section 351.4(c)(3)(i) - Limit Breaches and Increases (Mandatory) | Recordkeeping  (On occasion) | 7 | 40 | 00:15 | 70 |
| 7. Section 351.5(c) - Hedging Instruments Documentation (Mandatory) | Recordkeeping  (On occasion) | 2 | 1 | 80:00 | 160 |
| 8. Section 351.10(c)(18)(ii)(C)(1) - Customer facilitation vehicles (Mandatory) | Recordkeeping  (On occasion) | 7 | 1 | 10:00 | 70 |
| 9. Section 351.11(a)(2) - Documentation on advisory or related services to customers (Mandatory) | Recordkeeping  (On occasion) | 7 | 1 | 10:00 | 70 |
| 10. Section 351.20(b) - Compliance Program for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | Recordkeeping  (On occasion) | 2 | 1 | 265:00 | 530 |
| 11. Section 351.20(c) - CEO attestation for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | Recordkeeping (Annual) | 2 | 1 | 100:00 | 200 |
| 12. Section 351.20(d) - Requirements under Appendix A for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | Recordkeeping  (On occasion) | 2 | 1 | 10:00 | 20 |
| 13. Section 351.20(e) - Additional documentation for covered funds for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | Recordkeeping  (On occasion) | 2 | 1 | 200:00 | 400 |
| 14. Section 351.20(f)(1) - Simplified compliance program for Covered Banks with no trading assets or liabilities (Mandatory) | Recordkeeping  (On occasion) | 1 | 1 | 8:00 | 8 |
| 15. Section 351.20(f)(2) - Simplified compliance program for Covered Banks with moderate trading assets and liabilities (Mandatory) | Recordkeeping  (On occasion) | 5 | 1 | 40:00 | 200 |
| 16. Section 351.11(a)(8)(i) - Offerings disclosures (Mandatory) | Third-party Disclosure  (On Occasion) | 7 | 26 | 00:30 | 91 |
| ***Estimated Annual Ongoing Burden (Hours):*** | | | | | ***2,385*** |
| Source: FDIC. | | | | | |
| Note: The annual burden estimate for a given collection is calculated in two steps. First, the total number of annual responses is calculated as the whole number closest to the product of the annual number of respondents and the annual number of responses per respondent. Then, the total number of annual responses is multiplied by the time per response and rounded to the nearest hour to obtain the estimated annual burden for that collection. This rounding ensures the annual burden hours in the table are consistent with the values recorded in the OMB’s regulatory tracking system. | | | | | |

**Total Estimated Hourly Labor Compensation Rates**

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.[[28]](#footnote-29) However, the latest OEWS wage data are as of May 2021 and do not include non-wage compensation. To adjust these wages for use in the memo, FDIC multiplies 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). It then multiplies the resulting compensation rates by approximately 1.1 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 December 2022.

After making these adjustments, FDIC weights the total hourly compensation for the occupations shown in Table 3 for implementation and ongoing compliance using FDIC estimations on the allocation of labor skills required for each activity to find the estimated hourly cost of complying with the collections in this ICR. (See Table 3 below). FDIC then weights the hourly compensation rate for each IC by its annual estimated burden hours and sum the resulting wage rates across all 32 ICs (16 implementation; 16 ongoing) to obtain an estimated weighted average hourly wage of $142.15 per hour for the entire ICR.

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Table 3. Summary of Hourly Burden Cost Estimate (OMB No. 3064-0184) | | | | | | | | |
| Information Collection (Obligation to Respond) | Hourly Weight  (%) | Percentage Shares of Hours Spent by and  Hourly Compensation Rates for each Occupation Group  (by Collection) | | | | | | Estimated Hourly Compensation Rate |
|
| Exec. & Mgr. ($133.82) | Lawyer ($165.76) | Compl. Ofc. ($64.61) | IT ($102.64) | Fin. Anlst. ($101.15) | Clerical ($37.83) |
|
| **Implementation / Initial Set-up** | | | | | | | | |
| 1. Section 351.4(c)(3)(i) - Limit Breaches and Increases (Mandatory) | 0.00 | 0 | 0 | 0 | 0 | 100 | 0 | $101.15 |
| 2. Section 351.20(d) - Requirements under Appendix A for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | 3.09 | 0 | 100 | 0 | 0 | 0 | 0 | $165.76 |
| 3. Section 351.20(i) - Notice and Response (Voluntary) | 0.49 | 0 | 100 | 0 | 0 | 0 | 0 | $165.76 |
| 4. Section 351.3(d)(3) - Purchase and sale of securities in Accordance with liquidity management plans (Mandatory) | 0.07 | 0 | 0 | 0 | 0 | 100 | 0 | $101.15 |
| 5. Section 351.4(b)(3)(i)(A) - Trading Desk Documentation (Mandatory) | 0.05 | 0 | 100 | 0 | 0 | 0 | 0 | $165.76 |
| 6. Section 351.4(c)(3)(i) - Limit Breaches and Increases (Mandatory) | 0.00 | 0 | 0 | 0 | 0 | 100 | 0 | $101.15 |
| 7. Section 351.5(c) - Hedging Instruments Documentation (Mandatory) | 1.98 | 0 | 0 | 0 | 0 | 100 | 0 | $101.15 |
| 8. Section 351.10(c)(18)(ii)(C)(1) - Customer facilitation vehicles (Mandatory) | 0.25 | 0 | 50 | 0 | 0 | 50 | 0 | $133.46 |
| 9. Section 351.11(a)(2) - Documentation on advisory or related services to customers (Mandatory) | 0.25 | 0 | 50 | 0 | 0 | 50 | 0 | $133.46 |
| 10. Section 351.20(b) - Compliance Program for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | 19.63 | 0 | 50 | 0 | 0 | 50 | 0 | $133.46 |
| 11. Section 351.20(c) - CEO attestation for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | 7.41 | 100 | 0 | 0 | 0 | 0 | 0 | $133.82 |
| 12. Section 351.20(d) - Requirements under Appendix A for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | 0.25 | 0 | 50 | 0 | 0 | 50 | 0 | $133.46 |
| 13. Section 351.20(e) - Additional documentation for covered funds for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | 4.94 | 0 | 80 | 0 | 0 | 20 | 0 | $152.84 |
| 14. Section 351.20(f)(1) - Simplified compliance program for Covered Banks with no trading assets or liabilities (Mandatory) | 0.20 | 0 | 100 | 0 | 0 | 0 | 0 | $165.76 |
| 15. Section 351.20(f)(2) - Simplified compliance program for Covered Banks with moderate trading assets and liabilities (Mandatory) | 2.47 | 0 | 100 | 0 | 0 | 0 | 0 | $165.76 |
| 16. Section 351.11(a)(8)(i) - Offerings disclosures (Mandatory) | 0.02 | 0 | 100 | 0 | 0 | 0 | 0 | $165.76 |
| **Ongoing Compliance** | | | | | | | | |
| 1. Section 351.4(c)(3)(i) - Limit Breaches and Increases (Mandatory) | 0.86 | 0 | 0 | 0 | 0 | 100 | 0 | $101.15 |
| 2. Section 351.20(d) - Requirements under Appendix A for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | 8.10 | 0 | 100 | 0 | 0 | 0 | 0 | $165.76 |
| 3. Section 351.20(i) - Notice and Response (Voluntary) | 3.46 | 0 | 100 | 0 | 0 | 0 | 0 | $165.76 |
| 4. Section 351.3(d)(3) - Purchase and sale of securities in Accordance with liquidity management plans (Mandatory) | 0.17 | 0 | 0 | 0 | 0 | 100 | 0 | $101.15 |
| 5. Section 351.4(b)(3)(i)(A) - Trading Desk Documentation (Mandatory) | 1.38 | 0 | 100 | 0 | 0 | 0 | 0 | $165.76 |
| 6. Section 351.4(c)(3)(i) - Limit Breaches and Increases (Mandatory) | 1.73 | 0 | 0 | 0 | 0 | 100 | 0 | $101.15 |
| 7. Section 351.5(c) - Hedging Instruments Documentation (Mandatory) | 3.95 | 0 | 0 | 0 | 0 | 100 | 0 | $101.15 |
| 8. Section 351.10(c)(18)(ii)(C)(1) - Customer facilitation vehicles (Mandatory) | 1.73 | 0 | 50 | 0 | 0 | 50 | 0 | $133.46 |
| 9. Section 351.11(a)(2) - Documentation on advisory or related services to customers (Mandatory) | 1.73 | 0 | 50 | 0 | 0 | 50 | 0 | $133.46 |
| 10. Section 351.20(b) - Compliance Program for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | 13.09 | 0 | 50 | 0 | 0 | 50 | 0 | $133.46 |
| 11. Section 351.20(c) - CEO attestation for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | 4.94 | 100 | 0 | 0 | 0 | 0 | 0 | $133.82 |
| 12. Section 351.20(d) - Requirements under Appendix A for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | 0.49 | 0 | 50 | 0 | 0 | 50 | 0 | $133.46 |
| 13. Section 351.20(e) - Additional documentation for covered funds for Covered Banks with Significant Trading Assets & Liabilities (Mandatory) | 9.88 | 0 | 80 | 0 | 0 | 20 | 0 | $152.84 |
| 14. Section 351.20(f)(1) - Simplified compliance program for Covered Banks with no trading assets or liabilities (Mandatory) | 0.20 | 0 | 100 | 0 | 0 | 0 | 0 | $165.76 |
| 15. Section 351.20(f)(2) - Simplified compliance program for Covered Banks with moderate trading assets and liabilities (Mandatory) | 4.94 | 0 | 100 | 0 | 0 | 0 | 0 | $165.76 |
| 16. Section 351.11(a)(8)(i) - Offerings disclosures (Mandatory) | 2.25 | 0 | 100 | 0 | 0 | 0 | 0 | $165.76 |
| ***Weighted Average Hourly Compensation Rate:*** | | | | | | | | ***$142.15*** |
| 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 December 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. | | | | | | | | |
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| Note: The estimated hourly compensation rate for a given collection 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. The weighted average hourly compensation rate is the average of the estimated hourly compensation rates for all information collections, weighted by the share of hourly burden for each collection. These hourly weights, calculated as the estimated number of annual burden hours in a given collection over the total estimated number of annual burden hours across all collections, are shown in the “Hourly Weight” column of this table. | | | | | | | | |
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**Total Estimated Labor Cost**

Given the above analyses, and applying the estimates summarized in Tables 1 through 3, the estimated total cost burden for all covered banks for this ICR is $575,565 (4,049 hours / year \* $142.15 / hour = $575,565 a year), shown in Table 4 below. This represents an increasein the estimated annual cost burden of $224,054 from the amount reported in the 2020 ICR ($351,511 per year).[[29]](#footnote-30) This increase can primarily be explained through two channels. The first channel is the increase in the estimated annual burden in ongoing compliance to 2,385 hours in this ICR from 1,529 hours in the 2020 ICR. This increase in hours is a result of an increase in the number of covered banks that are considered as having “significant” trading assets or liabilities under Part 351 – an increase from 1 in the 2020 ICR to 2 in this ICR. The ICs affected by this change generally have the largest estimated time per response associated with them, so this increase in the number of respondents resulted in a substantial increase in burden.

The second channel is an increase in hourly labor cost estimates from the 2020 ICR to this ICR. This increase is from a change in the methodology used to calculate hourly compensation from the 2020 ICR to this ICR. Specifically, the 2020 ICR used the median wage in the BLS OEWS data rather than the 75th percentile wage, as is the case in this ICR. For example, the estimated compensation rate for Lawyers in the 2020 ICR was $124.68/hour, but is now $165.76/hour. Additionally, the 2020 ICR used different BLS OEWS occupations in estimating estimated compliance costs – such as Financial Managers in the 2020 ICR ($70.17/hour) versus Financial Analysts in this ICR ($101.15/hour) and Chief Executives in the 2020 ICR ($151.75/hour) versus Executives and Managers in this ICR ($133.82/hour). While the labor allocations for each IC in this ICR remain identical to the allocations in the 2020 ICR, the changes in calculation methodology - using 75th percentile instead of median wages - as well as the use of different occupational categories – such as financial analysts versus financial managers - in this ICR compared to the 2020 ICR, have ultimately contributed to a net increase in total estimated compliance costs for this ICR.

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| --- | --- | --- | --- |
| Table 4. Total Estimated Cost Burden (OMB No. 3064-0184) | | | |
| Information Collection Request | Annual Burden (Hours) | Weighted Average Hourly Compensation Rate | Annual Respondent Cost |
| Proprietary Trading and Certain Interests in and Relationships with Covered Funds | 4,049 | $142.15 | $575,565 |
| ***Total Annual Respondent Cost:*** | | | ***$575,565*** |
| Source: FDIC. | | | |

13. Estimate of start-up costs to respondents:

None.

14. Estimate of annualized costs to the government:

None.

15. Analysis of change in burden:

The burden estimates discussed above resulted in a total estimated annual burden for OMB No. 3064-0184 of 4,049 hours, an increase of 856 hours from the 2020 ICR (3,193 hours). As was the case in the 2020 ICR, the FDIC assumes that all covered banks have completed the implementation portions of this ICR. Thus, the total estimated annual burden for implementation-related burdens for this ICR is identical to the total estimated annual burden for implementation-related burdens in the 2020 ICR (1,664 hours).

The 856 hour increase in total estimated annual burden is driven entirely by an increase in the estimated annual burden for ongoing compliance under Part 351 which currently stands at 2,385 hours (1,529 hours in the 2020 ICR). Specifically, the number of covered banks considered to have “significant” trading assets and liabilities has increased from one in the 2020 ICR to two in this ICR. Generally, the ICs that apply only to these covered banks – such as those under Section 351.20(a) – 351.20(e) – have the highest estimated time per response and an increase in the number of respondents will lead to a correspondingly large increase in the total estimated annual burden. This increase is attenuated by a decrease in the total number of covered banks with “moderate” or “significant” trading assets and liabilities from ten in the 2020 ICR to seven in this ICR, which has led to a corresponding decrease in the total estimated annual burden for those line items that apply to all covered banks with “moderate” or “significant” trading assets and liabilities.

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

The results of this collection will not be published for statistical use.

17. Display of expiration date:

Not applicable.

18. Exceptions to certification:

None.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.

1. 12 CFR Part 351.2(r)(2) [↑](#footnote-ref-2)
2. All respondents have now gone through the implementation phase. The estimated number of respondents for implementation burden is estimated at one (1), as a place-holder, in case a new respondent would need to go through the implementation phase. [↑](#footnote-ref-3)
3. See <https://www.ecfr.gov/current/title-12/chapter-III/subchapter-B/part-351/subpart-B/section-351.4> [↑](#footnote-ref-4)
4. See <https://www.ecfr.gov/current/title-12/chapter-III/subchapter-B/part-351#p-351.4(b)(3)(i)(A)> [↑](#footnote-ref-5)
5. See <https://www.ecfr.gov/current/title-12/chapter-III/subchapter-B/part-351/subpart-D/section-351.20> [↑](#footnote-ref-6)
6. See <https://www.ecfr.gov/current/title-12/chapter-III/subchapter-B/part-351#p-351.20(d)> [↑](#footnote-ref-7)
7. Part 351.2(ee) defines ‘significant trading assets and liabilities’ as institutions that have, together with their subsidiaries and affiliates, trading assets and liabilities the average gross sum of which over the previous consecutive four quarters, as measured as of the last day of each of the four previous calendar quarters, equals or exceeds $20 billion. [↑](#footnote-ref-8)
8. See <https://www.ecfr.gov/current/title-12/chapter-III/subchapter-B/part-351#p-351.20(i)> [↑](#footnote-ref-9)
9. See <https://www.ecfr.gov/current/title-12/chapter-III/subchapter-B/part-351#p-351.3(d)(3)> [↑](#footnote-ref-10)
10. See <https://www.ecfr.gov/current/title-12/chapter-III/subchapter-B/part-351#p-351.4(b)(3)(i)(A)> [↑](#footnote-ref-11)
11. See <https://www.ecfr.gov/current/title-12/chapter-III/subchapter-B/part-351#p-351.5(c)> [↑](#footnote-ref-12)
12. See 12 CFR 351.10(b) for the definition of covered fund. Generally, these are banking entities that are one of the following: (1) organized or established outside the United States and the ownership interests of which are offered and sold solely outside the United States; (2) Is, or holds itself out as being, an entity or arrangement that raises money from investors primarily for the purpose of investing in securities for resale or other disposition or otherwise trading in securities; or (3) has as its sponsor that banking entity (or an affiliate thereof) or has issued an ownership interest that is owned directly or indirectly by that banking entity (or an affiliate thereof). [↑](#footnote-ref-13)
13. Customer facilitation vehicles are defined in 12 CFR Section 351.10(c)(18)(i) as an issuer that is formed by or at the request of a customer of the banking entity for the purpose of providing such customer (which may include one or more affiliates of such customer) with exposure to a transaction, investment strategy, or other service provided by the banking entity. [↑](#footnote-ref-14)
14. See <https://www.ecfr.gov/current/title-12/chapter-III/subchapter-B/part-351#p-351.20(b)> [↑](#footnote-ref-15)
15. See <https://www.ecfr.gov/current/title-12/chapter-III/subchapter-B/part-351#p-351.20(c)> [↑](#footnote-ref-16)
16. 12 CFR Part 351.20(e)(4) states that covered banks are only required to satisfy this recordkeeping requirement until the covered bank’s aggregate ownership interests in such public funds is below $50 million for two consecutive calendar quarters. [↑](#footnote-ref-17)
17. 12 CFR 351.2(s) defines ‘limited trading assets and liabilities’ as having trading assets and liabilities the average gross sum of which over the previous consecutive four quarters, as measured as of the last day of each of the four previous calendar quarters, is less than $1 billion. 12 CFR 351.2(ee) defines ‘significant trading assets and liabilities as having trading assets and liabilities the average gross sum of which over the previous consecutive four quarters, as measured as of the last day of each of the four previous calendar quarters, equals or exceeds $20 billion. 12 CFR 351.2(u) defines an entity as having ‘moderate trading assets and liabilities’ if it does not have limited or significant trading assets and liabilities. [↑](#footnote-ref-18)
18. See <https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202001-3064-005> [↑](#footnote-ref-19)
19. 12 CFR Part 351.1(c) [↑](#footnote-ref-20)
20. 12 CFR Part 351.2(ee). The FDIC may also make a determination that a covered bank that does not meet the $20 billion trading assets and liabilities threshold should be treated as having “significant” trading assets and liabilities. [↑](#footnote-ref-21)
21. 12 CFR Part 351.2(u) and 12 CFR Part 351.2(s). [↑](#footnote-ref-22)
22. 12 CFR Part 351.2(s) [↑](#footnote-ref-23)
23. 12 CFR Part 351.20(g)(1) [↑](#footnote-ref-24)
24. 12 CFR Part 351.20(g)(2) [↑](#footnote-ref-25)
25. The SBA defines a small banking organization as having $850 million or less in assets, where an organization's ''assets are determined by averaging the assets reported on its four quarterly financial statements for the preceding year.'' See 13 CFR 121.201 (as amended by 87 FR 69118, effective December 19, 2022). In its determination, the ''SBA counts the receipts, employees, or other measure of size of the concern whose size is at issue and all of its domestic and foreign affiliates.'' See 13 CFR 121.103. Following these regulations, the FDIC uses an insured depository institution's affiliated and acquired assets, averaged over the preceding four quarters, to determine whether the insured depository institution is ''small'' for the purposes of RFA. [↑](#footnote-ref-26)
26. See <https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202012-7100-005> [↑](#footnote-ref-27)
27. See <https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202006-1557-003> [↑](#footnote-ref-28)
28. The BLS reports that the 75th percentile wage rate of Legal Occupations (SOC Code 230000) in the Credit Intermediation and Related Activities Sector as of May 2021 is higher than the maximum survey response of $100 per hour. As such, FDIC uses $100 per hour as a placeholder estimate. The placeholder may underestimate the cost of complying with this ICR. [↑](#footnote-ref-29)
29. See <https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202001-3064-005> [↑](#footnote-ref-30)