

SUPPORTING STATEMENT  
Market Risk Capital Requirements  
(OMB Control No. 3064-0178)

INTRODUCTION

The Federal Deposit Insurance Corporation (FDIC) is requesting a three-year renewal of the information collection (IC) for its collection (3064-0178) associated with market risk capital requirements. The FDIC is revising the set of ICs to better represent the requirements in the regulation. The current clearance for this IC expires on August 31, 2025.

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

The FDIC's market risk capital rules (12 CFR part 324, subpart F) enhance risk sensitivity, increase transparency through enhanced disclosures and include requirements for the public disclosure of certain qualitative and quantitative information about the market risk of state nonmember banks and state savings associations (FDIC-supervised institutions). The market risk rule applies only if a bank holding company or bank has aggregated trading assets and trading liabilities equal to 10 percent or more of quarter-end total assets or \$1 billion or more (covered FDIC-supervised institutions). Currently, only one FDIC-regulated entity meets the criteria of the information collection requirements that are located at 12 CFR 324.203 through 324.212. The collection of information is necessary to ensure capital adequacy appropriate for the level of market risk.

Section 324.203(a)(1) requires covered FDIC-supervised institutions to have clearly defined policies and procedures for determining which trading assets and trading liabilities are trading positions and specifies the factors a covered FDIC-supervised institution must take into account in drafting those policies and procedures. Section 324.203(a)(2) requires covered FDIC-supervised institutions to have clearly defined trading and hedging strategies for trading positions that are approved by senior management and specifies what the strategies must articulate. Section 324.203(b)(1) requires covered FDIC-supervised institutions to have clearly defined policies and procedures for actively managing all covered positions and specifies the minimum requirements for those policies and procedures. Sections 324.203(c)(4) through 324.203(c)(10) require the annual review of internal models and specify certain requirements for those models. Section 324.203(d) requires the internal audit group of a covered FDIC-supervised institution to prepare an annual report to the board of directors on the effectiveness of controls supporting the market risk measurement systems.

Section 324.204(b) requires covered FDIC-supervised institutions to conduct quarterly backtesting. Section 324.205(a)(5) requires institutions to demonstrate to

the FDIC the appropriateness of proxies used to capture risks within value-at-risk models. Section 324.205(c) requires institutions to develop, retain, and make available to the FDIC value-at-risk and profit and loss information on sub-portfolios for two years. Section 324.206(b)(3) requires covered FDIC-supervised institutions to have policies and procedures that describe how they determine the period of significant financial stress used to calculate the institution's stressed value-at-risk models and to obtain prior FDIC approval for any material changes to these policies and procedures.

Section 324.207(b)(1) details requirements applicable to a covered FDIC-supervised institution when the covered FDIC-supervised institution uses internal models to measure the specific risk of certain covered positions. Section 324.208 requires covered FDIC-supervised institutions to obtain prior written FDIC approval for including equity positions in its incremental risk modeling. Section 324.209(a) requires prior FDIC approval for the use of a comprehensive risk measure. Section 324.209(c)(2) requires covered FDIC-supervised institutions to retain and report the results of supervisory stress testing. Section 324.210(f)(2)(i) requires covered FDIC-supervised institutions to document an internal analysis of the risk characteristics of each securitization position in order to demonstrate an understanding of the position. Section 324.212 applies to certain covered FDIC-supervised institutions that are not subsidiaries of bank holding companies, and requires quarterly quantitative disclosures, annual qualitative disclosures, and a formal disclosure policy approved by the board of directors that addresses the approach for determining the market risk disclosures it makes.

2. Use of the information:

The FDIC will use the data in this IC to assess the adequacy of a covered institution's capital held to cover exposure to market risk associated with foreign exchange and commodity positions and positions located in the trading account.

3. Consideration of the use of improved information technology:

Respondents may use any available technology to reduce burden.

4. Effort to identify duplication:

This IC is unique and covers the institution's particular circumstances. No duplication exists.

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

This IC does not have a significant impact on a substantial number of small entities. As of December 31, 2024, there were 2,854 FDIC-supervised IDIs, including 2,122 (74 percent) that are "small" entities according to the Regulatory Flexibility

Act (RFA).<sup>1</sup> Subpart F only applies to FDIC-supervised IDIs with significant market risk exposure, defined as meeting certain trading volume thresholds. These thresholds include any FDIC-supervised institution with aggregate trading assets and trading liabilities equal to: (i) 10 percent or more of quarter-end total assets, or (ii) \$1 billion or more.<sup>2</sup> At this time, one FDIC-supervised insured depository institution (IDI) meets these trading assets and trading liabilities threshold. Therefore, the impact of this information collection on small entities is not significant.

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

Without this information, the FDIC would be unable to meet the requirements of the statute.

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

None. This IC is conducted in accordance with the guidelines in 5 CFR 1320.5(d)(2).

8. Efforts to consult with persons outside the agency:

A 60-day *Federal Register* notice seeking public comment was published on June 23, 2025 (90 FR 26584). No comments were received.

9. Payment or gift to respondents:

None.

10. Any assurance of confidentiality:

Information collected is kept private to the extent allowed by law. All required records are subject to the confidentiality requirements of the Privacy Act. In addition, any information deemed to be of a confidential nature is exempt from public disclosure in accordance with the provisions of the Freedom of Information Act (5 U.S.C. 552).

11. Justification for questions of a sensitive nature:

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<sup>1</sup> The Small Business Administration (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 a covered entity's affiliated and acquired assets, averaged over the preceding four quarters, to determine whether the covered entity is "small" for the purposes of RFA.

<sup>2</sup> Additionally, subpart F grants the FDIC the discretion to: (i) hold supervised institutions that do not meet the stated trading thresholds subject to the requirements of subpart F based on their market risk exposures, and (ii) exempt IDIs that meet the trading thresholds from the requirements if the FDIC deems it appropriate based on their level of market risk.

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No questions of a sensitive nature are included in this IC.

**12. Estimate of Hour Burden Including Annualized Hourly Costs:**

Summary of Estimated Annual Burden (OMB No. 3064-0178)					
Information Collection (IC) (Obligation to Respond)	Type of Burden (Frequency of Response)	Number of Respondents	Number of Responses per Respondent	Average Time per Response (HH:MM)	Annual Burden (Hours)
1. Prior Approval, 324.203(c)(1), 324.203(c)(2), 324.204(a)(2)(vi)(B), 324.206(b)(3), 324.208(a), 324.209(a) (Mandatory)	Reporting (Annual)	1	1	128:00	128
2. Policies and Procedures, 324.203(a)(1), 324.203(b)(1), 324.203(b)(2), 324.206(b)(3) (Mandatory)	Recordkeeping (Annual)	1	1	112:00	112
3. Trading and Hedging Strategy, 324.203(a)(2) (Mandatory)	Recordkeeping (Annual)	1	1	16:00	16
4. General Recordkeeping, 324.203(f) (Mandatory)	Recordkeeping (Annual)	1	1	24:00	24
5. Back testing, 324.205(c) (Mandatory)	Recordkeeping (Annual)	1	1	24:00	24
6. Stress testing, 324.209(c)(2) (Mandatory)	Recordkeeping (Annual)	1	4	08:00	32
7. Securitizations, 324.210(f)(1) (Mandatory)	Recordkeeping (Annual)	1	1	08:00	8
8. Disclosure Policy, 324.212(b) (Mandatory)	Recordkeeping (Annual)	1	1	40:00	40
9. Quantitative Disclosure, 324.212(c) (Mandatory)	Disclosure (Annual)	1	4	08:00	32
10. Qualitative Disclosure, 324.212(d) (Mandatory)	Disclosure (Annual)	1	1	12:00	12
<b>Total Annual Burden (Hours):</b>					<b>428</b>
Source: FDIC.					

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Summary of Hourly Burden Cost Estimate (OMB No. 3064-0178)								
Information Collection (IC) (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. (\$149.41)	Lawyer (\$186.16)	Compl. Ofc. (\$78.8)	IT (\$113.4)	Fin. Anlst. (\$102.54)	Clerical (\$40.28)	
1. Prior Approval, 324.203(c)(1), 324.203(c)(2), 324.204(a)(2)(vi)(B), 324.206(b)(3), 324.208(a), 324.209(a) (Mandatory)	29.91	0	0	45	0	45	10	\$85.63
2. Policies and Procedures, 324.203(a)(1), 324.203(b)(1), 324.203(b)(2), 324.206(b)(3) (Mandatory)	26.17	5	0	30	0	40	25	\$82.20
3. Trading and Hedging Strategy, 324.203(a)(2) (Mandatory)	3.74	10	0	45	0	45	0	\$96.54
4. General Recordkeeping, 324.203(f) (Mandatory)	5.61	0	0	0	0	0	100	\$40.28
5. Back testing, 324.205(c) (Mandatory)	5.61	0	0	20	0	40	40	\$72.89
6. Stress testing, 324.209(c)(2) (Mandatory)	7.48	0	0	0	0	0	100	\$40.28
7. Securitizations, 324.210(f)(1) (Mandatory)	1.87	0	0	0	0	100	0	\$102.54
8. Disclosure Policy, 324.212(b) (Mandatory)	9.35	0	0	0	0	0	100	\$40.28
9. Quantitative Disclosure, 324.212(c)	7.48	0	0	0	0	50	50	\$71.41

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(Mandatory)								
10. Qualitative Disclosure, 324.212(d) (Mandatory)	2.80	0	0	50	0	50	0	\$90.67
<b>Weighted Average Hourly Compensation Rate:</b>								<b>\$73.65</b>
Source: Bureau of Labor Statistics: 'National Industry-Specific Occupational Employment and Wage Estimates: Industry: Credit Intermediation and Related Activities (5221 And 5223 only)' (May 2023), Employer Cost of Employee Compensation (March 2023), and Employment Cost Index (March 2023 and December 2024). 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.								

Total Estimated Cost Burden (OMB No. 3064-0178)			
Information Collection Request	Annual Burden (Hours)	Weighted Average Hourly Compensation Rate	Annual Respondent Cost
Market Risk Capital Information Collection Request	428	\$73.65	\$31,522
<b>Total Annual Respondent Cost:</b>			<b>\$31,522</b>
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 annual burden for this information collection is estimated to be 428 hours. This represents a decrease of 4,032 hours from the current burden estimate of 4,460 hours. This reduction is due to two reporting requirements totaling 3,840 hours no longer applying and securitization recordkeeping hours dropping from 200 to 8, as the activity is now expected only once a year.

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

This IC is contained in the regulation and displayed in Reginfo.gov.

18. Exceptions to Certification Statement

None.

B. STATISTICAL METHODS

Statistical methods are not employed in these collections.