OCC Guidelines Establishing Heightened Standards for Certain Large Insured National Banks, Insured Federal Savings Associations, and Insured Federal Branches
Supporting Statement
OMB Control No. 1557-0321

A. Justification

1. Circumstances that make the collection necessary:

In 2014, the OCC issued guidelines, codified in 12 CFR part 30, appendix D, establishing minimum standards for the design and implementation of a risk governance framework for certain insured national banks, insured Federal savings associations, and insured Federal branches of a foreign bank (collectively, bank(s)). The guidelines also established minimum standards for a board of directors in overseeing the framework's design and implementation. The guidelines apply to a covered bank. The term "covered bank" means any bank with average total consolidated assets: (i) equal to or greater than $50 billion; (ii) less than $50 billion if that bank's parent company controls at least one covered bank; or (iii) less than $50 billion if the OCC determines such bank's operations are highly complex or otherwise present a heightened risk as to warrant the application of the guidelines.

The OCC adopted the guidelines pursuant to section 39 of the Federal Deposit Insurance Act (FDIA),[1] which authorizes the OCC to prescribe operational and managerial standards for insured national banks, insured Federal savings associations, and insured Federal branches of a foreign bank.

This supporting statement is being filed in connection with an OCC-issued proposed rule that would amend the above-referenced guidelines to increase the average total consolidated assets threshold for applying the guidelines from $50 billion to $700 billion. The proposal would implement this change, in part, by modifying the guidelines' definition of the term "covered bank." Under this revised definition, the term "covered bank" would mean any insured national bank, insured Federal savings association, or insured Federal branch of a foreign bank: (i) with average total consolidated assets equal to or greater than $700 billion; (ii) with average total consolidated assets less than $700 billion if that bank's parent company controls at least one covered bank; or (iii) with average total consolidated assets less than $700 billion if the OCC determines such bank's operations are highly complex or otherwise present a heightened risk. The proposed revisions would affect the number of respondents required to comply with the guidelines' recordkeeping requirements.

2. Use of the information:

Following the financial crisis, the OCC developed a set of heightened expectations to enhance supervision and strengthen the governance and risk management practices of large

[1] 12 U.S.C. 1831p-1. Section 39 was enacted as part of the Federal Deposit Insurance Corporation Improvement Act of 1991, P.L. 102-242, section 132(a), 105 Stat. 2236, 2267-70 (Dec. 19, 1991).

institutions. As discussed in the preceding section, the OCC formalized these standards in 2014 by adopting the guidelines.

The guidelines, which are found in 12 CFR part 30, appendix D, contain previously approved recordkeeping requirements. Appendix D establishes minimum standards for the design and implementation of a risk governance framework and minimum standards for a board in providing oversight of the framework's design and implementation.

The recordkeeping requirements contained in the guidelines are set forth below.

Standards for Risk Governance Framework

Covered banks should establish and adhere to a formal, written risk governance framework designed by independent risk management. It should include delegations of authority from the board of directors to management committees and executive officers and risk limits for material activities. It should be approved by the board of directors or the board's risk committee and reviewed and updated at least annually by independent risk management.

Front Line Units

Front line units should take responsibility and be held accountable by the chief executive officer and the board of directors for appropriately assessing and effectively managing the risks associated with their activities. In fulfilling this responsibility, each front line unit should, either alone or in conjunction with another organizational unit that has the purpose of assisting a front line unit: (i) assess, on an ongoing basis, the material risks associated with its activities and use such risk assessments as the basis for fulfilling its responsibilities and for determining if actions need to be taken to strengthen risk management or reduce risk given changes in the unit's risk profile or other conditions; (ii) establish and adhere to a set of written policies that include front line unit risk limits (such policies should ensure that risks associated with the front line unit's activities are effectively identified, measured, monitored, and controlled, consistent with the covered bank's risk appetite statement, concentration risk limits, and all policies established within the risk governance framework); (iii) establish and adhere to procedures and processes, as necessary, to maintain compliance with the policies described in (ii); (iv) adhere to all applicable policies, procedures, and processes established by independent risk management; (v) develop, attract, and retain talent and maintain staffing levels required to carry out the unit's role and responsibilities effectively; (vi) establish and adhere to talent management processes; and (vii) establish and adhere to compensation and performance management programs.

Independent Risk Management

Independent risk management should oversee the covered bank's risk-taking activities and assess risks and issues independent of the front line units. In fulfilling these responsibilities, independent risk management should: (i) take primary responsibility and be held accountable by the Chief Executive Officer (CEO) and the board of directors for designing a comprehensive written risk governance framework that meets the guidelines and is commensurate with the size, complexity, and risk profile of the covered bank; (ii) identify and assess, on an ongoing basis, the covered bank’s material aggregate risks and use such risk assessments as the basis for fulfilling its responsibilities and for determining if actions need to be taken to strengthen risk management or reduce risk given changes in the covered bank’s risk profile or other conditions; (iii) establish and adhere to enterprise policies that include concentration risk limits that state how aggregate risks within the covered bank are effectively identified, measured, monitored, and controlled, consistent with the covered bank's risk appetite statement and all policies and processes established within the risk governance framework ; (iv) establish and adhere to procedures and processes, as necessary, to ensure compliance with policies in (iii); (v) identify and communicate to the CEO and the board of directors or the board’s risk committee material risks and significant instances where independent risk management’s assessment of risk differs from that of a front line unit, and significant instances where a front line unit is not adhering to the risk governance framework; (vi) identify and communicate to the board of directors or the board’s risk committee material risks and significant instances where independent risk management’s assessment of risk differs from that of the CEO, and significant instances where the CEO is not adhering to, or holding front line units accountable for adhering to, the risk governance framework; and (vii) develop, attract, and retain talent and maintaining the staffing levels required to carry out the unit’s role and responsibilities effectively while establishing and adhering to talent management processes and compensation and performance management programs.

Internal Audit

Internal audit should ensure that the covered bank’s risk governance framework complies with the guidelines and is appropriate for the size, complexity, and risk profile of the covered bank. It should maintain a complete and current inventory of the covered bank’s material processes, product lines, services, and functions and assess the risks, including emerging risks, associated with each, which collectively provide a basis for the audit plan. It should establish and adhere to an audit plan that is periodically reviewed and updated that takes into account the covered bank’s risk profile, emerging risks and issues, and establishes the frequency with which activities should be audited. The audit plan should require internal audit to evaluate the adequacy of and compliance with policies, procedures, and processes established by front line units and independent risk management under the risk governance framework. Significant changes to the audit plan should be communicated to the board’s audit committee. Internal audit should report, in writing, conclusions, material issues, and recommendations from audit work carried out under the audit plan to the board’s audit committee. Reports should identify the root cause of any material issues and include: (i) a determination of whether the root cause creates an issue that has an impact on one or more organizational units within the covered bank; and (ii) a determination of the effectiveness of front line units and independent risk management in identifying and resolving issues in a timely manner. Internal audit should establish and adhere to processes for independently assessing the design and ongoing effectiveness of the risk governance framework on at least an annual basis. The independent assessment should include a conclusion on the covered bank’s compliance with the standards set forth in the guidelines. Internal audit should identify and communicate to the board’s audit committee significant instances where front line units or independent risk management are not adhering to the risk governance framework. Internal audit should establish a quality assurance program that ensures internal audit’s policies, procedures, and processes comply with applicable regulatory and industry guidance, are appropriate for the size, complexity, and risk profile of the covered bank, are updated to reflect changes to internal and external risk factors, emerging risks, and improvements in industry internal audit practices, and are consistently followed. Internal audit should develop, attract, and retain talent and maintain staffing levels required to effectively carry out its role and responsibilities. Internal audit should establish and adhere to talent management processes and compensation and performance management programs that comply with the guidelines.

Strategic Plan

The CEO, with input from front line units, independent risk management, and internal audit, should be responsible for the development of a written strategic plan that covers, at a minimum, a three-year period. The board of directors should evaluate and approve the plan and monitor management's efforts to implement the strategic plan at least annually. The plan should (i) include a comprehensive assessment of risks that currently impact the covered bank or that could have an impact on the covered bank during the period covered by the strategic plan; (ii) articulate an overall mission statement and strategic objectives for the covered bank, and include an explanation of how the covered bank will achieve those objectives; (iii) include an explanation of how the covered bank will update the risk governance framework to account for changes to its risk profile projected under the strategic plan; and (iv) be reviewed, updated, and approved due to changes in the covered bank's risk profile or operating environment that were not contemplated when the plan was developed.

Risk Appetite Statement

A covered bank should have a comprehensive written statement that articulates its risk appetite and serves as the basis for the risk governance framework. The statement should contain both qualitative components that describe a safe and sound risk culture and how the covered bank will assess and accept risks and quantitative limits that include sound stress testing processes and address earnings, capital, and liquidity.

Risk Limit Breaches

A covered bank should establish and adhere to processes that require front line units and independent risk management to: (i) identify breaches of the risk appetite statement, concentration risk limits, and front line unit risk limits; (ii) distinguish breaches based on the severity of their impact; (iii) establish protocols for when and how to inform the board of directors, front line unit management, independent risk management, internal audit, and the OCC of a breach; (iv) provide a written description of the breach resolution; and (v) establish accountability for reporting and resolving breaches that include consequences for risk limit breaches that take into account the magnitude, frequency, and recurrence of breaches.

Concentration Risk Management

The risk governance framework should include policies and supporting processes appropriate for the covered bank's size, complexity, and risk profile for effectively identifying, measuring, monitoring, and controlling the covered bank's concentrations of risk.

Risk Data Aggregation and Reporting

The risk governance framework should include a set of policies, supported by appropriate procedures and processes, designed to provide risk data aggregation and reporting capabilities appropriate for the covered bank's size, complexity, and risk profile and to support supervisory reporting requirements. Collectively, these policies, procedures, and processes should provide for: (i) the design, implementation, and maintenance of a data architecture and information technology infrastructure that support the covered bank's risk aggregation and reporting needs during normal times and during times of stress; (ii) the capturing and aggregating of risk data and reporting of material risks, concentrations, and emerging risks in a timely manner to the board of directors and the OCC; and (iii) the distribution of risk reports to all relevant parties at a frequency that meets their needs for decision-making purposes.

Talent and Compensation Management

A covered bank should establish and adhere to processes for talent development, recruitment, and succession planning. The board of directors or appropriate committee should review and approve a written talent management program. A covered bank should also establish and adhere to compensation and performance management programs that comply with any applicable statute or regulation.

Board of Directors Training and Evaluation

The board of directors of a covered bank should establish and adhere to a formal, ongoing training program for all directors. The board of directors should also conduct an annual self-assessment.

3. Consideration of the use of improved information technology:

Respondents may use any method of improved technology that meets the requirements of the guidelines.

4. Efforts to identify duplication:

The required information is unique and is not duplicative of any other information already collected.

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

Not applicable.

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

If the information were collected less frequently, the OCC would encounter significant difficulties in supervising covered banks and determining whether their governance and risk management practices are appropriate.

7. Special circumstances that would cause an information collection to be conducted in a manner inconsistent with 5 CFR part 1320:

The information collection is conducted in accordance with the requirements of 5 CFR part 1320.

8. Comments in response to the Federal Register notice and efforts to consult with persons outside the agency:

On December 30, 2025, the OCC issued a notice of proposed rulemaking, 90 FR 61084.

9. Payment or gift to respondents:

None.

10. Any assurance of confidentiality:

The information collection request will be kept private to the extent permissible by law.

11. Justification for questions of a sensitive nature:

Not applicable. No personally identifiable information is collected.

12. Burden estimate:

The OCC estimates the burden of this collection of information as follows:

Total number of respondents: 8
Total burden per respondent: 3,776 hours
Total burden for collection: 30,208 hours

Cost of Hour Burden

30,208 hours x $131.00 = $3,957,248

To estimate wages, the OCC reviewed May 2024 data for wages (by industry and occupation) from the U.S. Bureau of Labor Statistics (BLS) for credit intermediation and related activities (NAICS 522100). To estimate compensation costs associated with the proposal, the OCC uses $131.00 per hour, which is based on the average of the 90th percentile for the occupations reported annually by the BLS plus an additional 38 percent to cover inflation (equal to 3.6 percent as of Q1 2025) and private sector benefits. According to the BLS's employer costs of employee benefits data, 36 percent represents the average private sector costs of employee benefits.

13. Estimate of total annual costs to respondents (excluding cost of hour burden in Item #12):

Not applicable.

14. Estimate of annualized costs to the Federal Government:

None.

15. Change in burden:

Current: 101,952
New: 30,208
Difference: - 71,744

The change in burden is due to a decrease in the total number of respondents following the proposed increase to the average total consolidated assets threshold for applying the guidelines from $50 billion to $700 billion.

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

Not applicable.

17. Reasons for not displaying OMB approval expiration date:

Not applicable.

18. Exceptions to certification statement:

Not applicable.

B. Collection of Information Employing Statistical Methods

Not applicable.