

Office of the Comptroller of the Currency
Supporting Statement
Market Risk Regulatory Report for Institutions Subject to the Market Risk Capital Rule
OMB Control No. 1557-NEW

A. Justification

1. Circumstances that make the collection necessary:

In July 2013, the agencies adopted amendments to the market risk capital rule. The revised market risk capital rule requires public disclosure of certain information at the consolidated banking organization level as well as certain additional regulatory reporting by insured depository institutions (IDIs), BHCs, and SLHCs (BHCs and SLHCs are collectively referred to as “holding companies” (HCs)).

Those IDIs and HCs that are subject to the agencies’ current market risk capital rule¹ report their market risk equivalent assets in the Consolidated Reports of Condition and Income (Call Report) (FFIEC 031 or FFIEC 041) or the Consolidated Financial Statements for Holding Companies (FR Y-9C), as applicable. The current regulatory reporting requirements reveal the result of the market risk calculations but do not include the key components of the calculation of market risk.

The agencies are proposing the reporting described in this notice in order to assess the reasonableness and accuracy of a market risk institution’s calculation of its minimum capital requirements under the market risk capital rule and to evaluate a market risk institution’s capital in relation to its risks. Each market risk institution (institutions that are subject to the market risk capital rule as incorporated into 12 CFR 3.201 of the revised regulatory capital rules) would be required to file the FFIEC 102. The FFIEC 102 would allow the agencies to better track growth in more credit-risk related, less liquid, and less actively traded products subject to the market risk rule.

2. Use of the information:

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

¹ See 12 CFR part 3, appendix B (OCC).

The market risk information collected in the FFIEC 102 would: (a) permit the agencies to monitor the market risk profile of and evaluate the impact and competitive implications of the market risk capital rule on individual market risk institutions and the industry as a whole; (b) provide the most current statistical data available to identify areas of market risk on which to focus for onsite and offsite examinations; (c) allow the agencies to assess and monitor the levels and components of each reporting institution's risk-based capital requirements for market risk and the adequacy of the institution's capital under the market risk capital rule; and (d) assist market risk institutions to implement and validate the market risk framework.

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

3. Consideration of the use of information technology:

Institutions may use any information technology that allows them to meet the requirements of this collection. The agencies would require reporting of information in this collection by electronic methods.

4. Efforts to identify duplication:

The information collected is unique. No duplication exists.

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

This collection does not have a significant impact on a substantial number of small entities.

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

Less frequent collection would present safety and soundness concerns.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320:

This information collection is conducted in a manner that is consistent with guidelines set forth in 5 CFR 1320.

8. Efforts to consult with persons outside the agency:

On September 2, 2014, the agencies, under the auspices of the FFIEC, published an initial notice in the Federal Register (79 FR 52108) requesting public comment for 60 days on the proposed FFIEC 102 (proposal). The comment period for this notice expired on November 3, 2014. The agencies collectively received one comment on the proposal. The FFIEC and the agencies made certain clarifications pertaining to the information reported on the comprehensive risk capital

requirement to address the comment received. Subject to OMB approval, the agencies plan to proceed with the implementation of the FFIEC 102 reporting requirements substantially as proposed effective March 31, 2015, but with clarifications noted above.

9. Payment to respondents:

There is no payment to respondents.

10. Any assurance of confidentiality:

None. The agencies will make public all information collected.

11. Justification for questions of a sensitive nature:

No personally identifiable information is collected.

12. Burden estimate:

Estimated Number of Respondents: 13 national banks and federal savings associations.

Estimated Time per Response: 12 burden hours per quarter to file.

Estimated Total Annual Burden: 624 burden hours to file.

13. Estimate of the total annual cost to respondents (excluding the cost of any hour burden shown in Item 12):

Not applicable.

14. Estimate of annualized cost to the Federal government:

Not applicable.

15. Changes in burden:

The increase in burden is due the fact that this is a new collection.

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

There are no plans to publish the information collected for statistical use.

17. Display of expiration date:

Not applicable.

18. Exceptions to certification statement:

Not applicable.

B. Collections of Information Employing Statistical Methods

Not applicable.