

**Supporting Statement**  
**Interagency Guidance on Asset Securitization Activities**  
**OMB Control No. 1557-0217**

**A. Justification.**

**1. *Circumstances that make the collection necessary:***

In 1999, the OCC issued the Interagency Guidance on Asset Securitization Activities (guidance) in response to a determination that some institutions involved in asset securitization activities had significant weaknesses in their asset securitization practices. The weaknesses identified included: (1) the failure to recognize and hold sufficient capital against explicit and implicit recourse obligations that frequently accompany securitizations; (2) the excessive or inadequately supported valuation of retained interests; (3) the liquidity risk associated with overreliance on asset securitization as a funding source; and (4) the absence of adequate independent risk management and audit functions.<sup>1</sup>

The guidance is intended to ensure that: (1) effective risk management processes are in place; (2) retained interests are valued properly; (3) internal reviews are performed and results reported to the board; (3) accurate and timely risk-based capital calculations are maintained; (4) internal retained interest limits are in place; and (5) realistic liquidity plans are in place in the event of market disruptions.

**2. *Use of the information:***

National banks and federal savings associations use the information in these collections as the basis for the safe and sound operation of their asset securitization activities and to ensure that they minimize operational risk in the conduct of these activities. The OCC uses this information to evaluate the quality of an institution's risk management practices. The OCC also uses the information to assist institutions that do not have proper supervision of their asset securitization activities with the implementation of corrective action to ensure that the activities are conducted in a safe and sound manner.

The information collection provides that national banks and federal savings associations should maintain:

- A sound asset securitization policy that includes:
  - A written and consistently applied accounting methodology;
  - Regulatory reporting requirements;

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<sup>1</sup> A copy of the guidance is included in the Information Collection Request (ICR).

- o Valuation methods and procedures;
  - o A management reporting process; and
  - o Exposure limits and requirements.
- Documentation for all changes to assumptions under the valuation process.
  - Management of information systems to monitor securitization activities.

**3. *Consideration of the use of improved information technology:***

An institution may use any improved information technology that allows them to meet the requirements of the information collection.

**4. *Efforts to identify duplication:***

The information collected is not duplicated elsewhere.

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

The information collection requirements surrounding securitizations do not place an undue burden upon small businesses. Further, to the extent in which a small business is participating in a securitization, it will most likely be limited to the delivery of assets to a larger institution in possession of robust data collection and reporting systems, thus reducing the impact to that small business.

**6. *Consequences to the federal program if the collections were conducted less frequently:***

Less frequent collection would not promote safe and sound national bank and federal savings association operation.

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

These information collections are conducted in a manner consistent with the requirements of 5 CFR part 1320.

**8. *Efforts to consult with persons outside the agency:***

The OCC issued a notice for 60 days of comment concerning this collection on February 5, 2019, 84 FR 1824. No comments were received.

**9. Payment to respondents:**

Not applicable. There is no payment to respondents.

**10. Any assurance of confidentiality:**

No assurances of confidentiality are made.

**11. Justification for questions of a sensitive nature:**

Not applicable.

**12. Burden estimate:**

<b>Requirement</b>	<b>Type of Burden</b>	<b>Number of Respondent/ Recordkeepers *</b>	<b>Number of Annual Reponses</b>	<b>Burden Per Response</b>	<b>Total</b>
Asset Securitization Policy	Recordkeeping	35	1	4.5	157.5 (Rounded to 158)
Documentation of Fair Value	Recordkeeping	35	166	0.25	1,452.5 (Rounded to 1,453)
Information System Upgrades	Recordkeeping	35	1	6.2	217
<b>Total</b>					<b>1,828</b>
		* Approximately 35 national banks and federal savings associations are involved in asset securitization activities.			

**Cost of Hour Burden:**

**1,828 x \$114 = \$208,392**

To estimate wages we reviewed May 2018 data for wages (by industry and occupation) from the U.S. Bureau of Labor Statistics (BLS) for credit intermediation and related activities excluding nondepository credit intermediaries (NAICS 5220A1). To estimate compensation costs associated with the rule, we use \$114 per hour, which is based on the average of the 90th percentile for nine occupations adjusted for inflation (2.8 percent as of Q1 2019 according to the

BLS), plus an additional 33.2 percent for benefits (based on the percent of total compensation allocated to benefits as of Q4 2018 for NAICS 522: credit intermediation and related activities).

**13. *Estimates of total annualized costs to respondents:***

Not applicable.

**14. *Estimates of annualized cost to the federal government:***

Not applicable.

**15. *Changes in burden:***

There is no change in burden.

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

Not applicable.

**17. *Display of expiration date:***

Not applicable.

**18. *Exceptions to certification statement:***

Not applicable.

**B. *Collections of Information Employing Statistical Methods.***

Not applicable.