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6714-01-P

FEDERAL DEPOSIT INSURANCE CORPORATION

Agency Information Collection Activities: Submission for OMB Review; Comment Request (OMB No. 3064-0178)

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Notice and request for comment.

SUMMARY: The FDIC, as part of its obligations under the Paperwork Reduction Act of 1995, invites the general public and other Federal agencies to take this opportunity to comment on the renewal of the existing information collection described below (3064-0178). On February 1, 2019, the FDIC requested comment for 60 days on a proposal to renew this information collection. No comments were received. The FDIC hereby gives notice of its plan to submit to OMB a request to approve the renewal of this collection, and again invites comment on its renewal.

DATES: Comments must be submitted on or before [**INSERT DATE 30 DAYS FROM PUBLICATION IN THE FEDERAL REGISTER**].

ADDRESSES: Interested parties are invited to submit written comments to the FDIC by any of the following methods:

- *https://www.FDIC.gov/regulations/laws/federal*.
- *Email*: *comments@fdic.gov*. Include the name and number of the collection in the subject line of the message.
- *Mail*: Jennifer Jones (202-898-6768), Counsel, MB-3105, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.

- *Hand Delivery*: Comments may be hand-delivered to the guard station at the rear of the 17th Street Building (located on F Street), on business days between 7:00 a.m. and 5:00 p.m.

All comments should refer to the relevant OMB control number. A copy of the comments may also be submitted to the OMB desk officer for the FDIC: Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: Jennifer Jones, Counsel, 202-898-6768, *jennjones@fdic.gov*, MB-3105, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.

SUPPLEMENTARY INFORMATION:

On February 1, 2019, the FDIC requested comment for 60 days on a proposal to renew this information collection. No comments were received. The FDIC hereby gives notice of its plan to submit to OMB a request to approve the renewal of this collection, and again invites comment on its renewal.

<u>Proposal to renew the following currently approved collection of information</u>:

1. <u>Title</u>: Market Risk Capital Requirements.

   <u>OMB Number</u>: 3064-0178.

   <u>Form Number</u>: None.

   <u>Affected Public</u>: Insured state nonmember banks and state savings associations.

   <u>Burden Estimate</u>:

Summary of Annual Burden

Information Collection (IC) Description	Type of Burden	Obligation to Respond	Estimated Number of Respondents	Estimated Frequency of Responses	Estimated Time per Response	Frequency of Response	Total Annual Estimated Burden
Identification of trading positions	Recordkeeping	Mandatory	1	1	40	On Occasion	40
Trading and hedging strategies	Recordkeeping	Mandatory	1	1	16	On Occasion	16
Active management of covered positions	Recordkeeping	Mandatory	1	1	16	On Occasion	16
Review of internal models	Recordkeeping	Mandatory	1	1	16	On Occasion	16
Internal audit report	Reporting	Mandatory	1	1	16	On Occasion	16
Backtesting adjustments to risk-based capital ratio calculations	Recordkeeping	Mandatory	1	4	16	On Occasion	64
Demonstrate appropriateness of proxies	Recordkeeping	Mandatory	1	1	8	On Occasion	8
Retention of subportfolio information	Recordkeeping	Mandatory	1	1	24	On Occasion	24
Stressed Var-based measure quantitative requirements	Reporting	Mandatory	1	4	40	On Occasion	160
Modeled specific risk	Reporting	Mandatory	1	4	88	On Occasion	352
Incremental risk model-prior approval	Reporting	Mandatory	1	4	480	On Occasion	1,920
Comprehensive risk measurement-prior approval	Reporting	Mandatory	1	4	480	On Occasion	1,920
Requirements of stress testing	Recordkeeping	Mandatory	1	1	80	On Occasion	80
Securitization positions	Recordkeeping	Mandatory	1	4	120	On Occasion	480
Quantitative market risk disclosures	Third-Party Disclosure	Mandatory	1	4	8	On Occasion	32
Disclosure policy	Recordkeeping	Mandatory	1	1	40	On Occasion	40
Quantitative disclosures for each portfolio of covered positons	Third-Party Disclosure	Mandatory	1	4	8	On Occasion	32
Qualitative disclosures for each portfolio of covered positons	Third-Party Disclosure	Mandatory	1	1	12	On Occasion	12
						TOTAL HOURLY BURDEN	5,228

General Description of Collection:

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 (covered 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.

The annual burden for this information collection is estimated to be 5,228 hours. This represents an increase of 1,300 hours from the current burden estimate of 3,928 hours. This increase is not due to any new requirements imposed by the FDIC. Rather, it is due to FDIC's reassessment of the number of respondents as well as the frequency of responses per respondent per year.

Request for Comment

Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the FDIC's functions, including whether the information has practical utility; (b) the accuracy of the estimates of the burden of the information collection, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. All comments will become a matter of public record.

Dated at Washington, DC, on May 20, 2019.

Federal Deposit Insurance Corporation.

Robert E. Feldman,
Executive Secretary.

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