



6714-01-P

Federal Deposit Insurance Corporation

Agency Information Collection Activities: Proposed Collection Renewals; Comment Request (3064-0046, 3064-0113, & 3064-0178)

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Notice and request for comment.

SUMMARY: The FDIC, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on the renewal of existing information collections, as required by the Paperwork Reduction Act of 1995. Currently, the FDIC is soliciting comment on the renewal of the information collections described below.

DATES: Comments must be submitted on or before [insert date 60 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:

- <http://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:* Gary A. Kuiper (202.898.3877), Counsel, MB-3016 or Manuel E. Cabeza (202.898.3767), Counsel MB-3105, Federal Deposit Insurance Corporation, 550 17th Street N.W., 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: Gary A. Kuiper or Manuel E. Cabeza, at the FDIC address above.

SUPPLEMENTARY INFORMATION:

Proposal to renew the following currently-approved collections of information:

1. *Title:* Home Mortgage Disclosure Act.

OMB Number: 3064-0046.

Affected Public: Insured state nonmember banks.

Frequency of Response: On occasion.

Estimated Number of Respondents: 2,575

Estimated Number of Responses: 1,091,614

Estimated Time per Response: 5 minutes

Total Annual Burden: 90,967 hours.

General Description: To permit the FDIC to detect discrimination in residential mortgage lending, certain insured state nonmember banks are required by FDIC Regulation 12 CFR 338 to maintain various data on home loan applicants.

2. *Title:* External Audits

OMB Number: 3064-0113.

Form Numbers: None.

Frequency of Response: Annually.

Affected Public: All insured financial institutions with total assets of \$500 million or more and other insured financial institutions with total assets of less than \$500 million that voluntarily choose to comply.

General Description: FDIC's regulations at 12 CFR 363 establish annual independent audit and reporting requirements for financial institutions with total assets of \$500 million or more. The requirements include the submission of an annual report on their financial statements, recordkeeping about management deliberations regarding external auditing and reports about changes in auditors. The information collected is used to facilitate early identification of problems in financial management at financial institutions.

Explanation of burden estimates: The estimates of annual burden are based on the estimated burden hours for FDIC-supervised institutions within each asset classification (\$1 billion or more, \$500 million or more but less than \$1 billion, and less than \$500 million) to comply with the requirements of Part 363 regarding the annual report, audit committee, other reports, and the notice of change in accountants. The number of respondents reflects the number of FDIC-supervised institutions in each asset classification. The number of annual responses reflects the estimated number of submissions for each asset classification. The annual burden hours reflects the estimated number of hours for FDIC-supervised

institutions within each asset classification to comply with the requirements of Part 363.

a. FDIC-Supervised Institutions with Assets of \$1 Billion or More.

Number of Respondents: 351

Annual Responses: 1,141

Estimated Time per Response: 69.84 hours.

Annual Burden Hours: 79,688 hours.

b. FDIC-Supervised Institutions with Assets of \$500 Million or More but Less than \$1 Billion.

Number of Respondents: 401

Annual Responses: 1,303

Estimated Time per Response: 8.42 hours.

Annual Burden Hours: 10,977 hours.

c. FDIC-Supervised Institutions with Assets Less than \$500 Million.

Number of Respondents: 3,291

Annual Responses: 9,873

Estimated Time per Response: 15 minutes.

Annual Burden Hours: 2,468 hours.

Total Number of Respondents: 4,043.

Total Annual Responses: 12,317.

Total Annual Burden Hours: 84,026 hours.

3. *Title:* Market Risk Capital Requirements

OMB Number: 3064-0178.

Form Numbers: None.

Frequency of Response: Occasionally

Affected Public: Insured state nonmember banks and state savings associations.

Estimated Number of Respondents: 1

Estimated Number of Responses: 1

Total Annual Burden: 1,964 hours.

General Description: 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. Currently, only one FDIC-regulated entity meets the criteria. The information collection requirements 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 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 FDIC-supervised institutions must take into account in drafting those policies and procedures. Section 324.203(a)(2) requires 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 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 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 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 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 FDIC-supervised institution when the FDIC-supervised institution uses internal models to measure the specific risk of certain covered positions. Section 324.208 requires FDIC-supervised institutions to obtain prior written FDIC approval for 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 FDIC-supervised institutions to retain and report the results of supervisory stress testing. Section 324.210(f)(2)(i) requires 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 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.

Request for Comment

Comments are invited on: (a) whether the collections of information are 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 collections of information, 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 collections 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, this 9th day of December 2015.

FEDERAL DEPOSIT INSURANCE CORPORATION

Robert E. Feldman
Executive Secretary

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