This document is scheduled to be published in the
Federal Register on 05/27/2016 and available online at
http://federalregister.gov/a/2016-12581, and on FDsys.gov

**[BILLING CODE: 4810-033-P]**

**DEPARTMENT OF THE TREASURY**

**Office of the Comptroller of the Currency**

# Agency Information Collection Activities;

# Information Collection Renewal; Submission for OMB Review;

# Funding and Liquidity Risk Management

**AGENCY:** Office of the Comptroller of the Currency (OCC), Treasury.

**ACTION:** Notice and request for comment.

**SUMMARY:** The OCC, 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 a continuing information collection, as required by the Paperwork Reduction Act of 1995 (PRA).

In accordance with the requirements of the PRA, the OCC may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number.

The OCC is soliciting comment concerning renewal of its information collection titled, "Funding and Liquidity Risk Management." The OCC also is giving notice that it has sent the collection to OMB for review.

**DATES:** Comments must be received by [**INSERT 30 DAYS FROM DATE OF PUBLICATION IN FEDERAL REGISTER**].

**ADDRESSES:** Because paper mail in the Washington, DC area and at the OCC is subject to delay, commenters are encouraged to submit comments by e-mail, if possible. Comments may be sent to: Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, Attention: 1557-0244, 400 7th Street, SW., Suite 3E-218, Mail Stop 9W-11,Washington, DC

20219. In addition, comments may be sent by fax to (571) 465-4326 or by electronic mail to *prainfo@occ.treas.gov*. You may personally inspect and photocopy comments at the OCC, 400 7th Street, SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649-6700 or, for persons who are deaf or hard of hearing, TTY, (202) 649-5597. Upon arrival, visitors will be required to present valid government-issued photo identification and submit to security screening in order to inspect and photocopy comments.

All comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Additionally, please send a copy of your comments by mail to: OCC Desk Officer, 1557-0244, U.S. Office of Management and Budget, 725 17th Street, NW., #10235, Washington, DC 20503, or by email to: *oira submission@omb.eop.gov*.

**FOR FURTHER INFORMATION CONTACT:** Shaquita Merritt, OCC Clearance Officer, (202) 649-5490 or, for persons who are deaf or hard of hearing, TTY, (202) 649-5597, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th Street, SW., Suite 3E-218, Mailstop 9W-11, Washington, DC 20219.

**SUPPLEMENTARY INFORMATION**: The OCC requests that OMB extend its approval of the following collection:

Title: Funding and Liquidity Risk Management.

OMB Control No.: 1557-0244.

Type of Review: Extension, without revision, of a currently approved collection.

Description: The Interagency Policy Statement on Funding and Liquidity Risk Management[1] (Policy Statement) summarizes the principles of sound liquidity risk management that the Federal banking agencies have issued in the past[2] and, where appropriate, harmonizes these principles with the international statement issued by the Basel Committee on Banking Supervision titled "Principles for Sound Liquidity Risk Management and Supervision."[3] The Policy Statement emphasizes supervisory expectations for all depository institutions including banks, savings associations, and credit unions.

Section 14 of the Policy Statement provides that financial institutions should consider liquidity costs, benefits, and risks in strategic planning and budgeting processes. Significant business activities should be evaluated for liquidity risk exposure as well as profitability. More complex and sophisticated financial institutions should incorporate liquidity costs, benefits, and risks in the internal product pricing, performance measurement, and new product approval process for all material business lines, products, and activities. Incorporating the cost of liquidity into these functions should align the risk-taking incentives of individual business lines with the liquidity risk exposure their activities create for the institution as a whole. The quantification and attribution of liquidity risks should be explicit and transparent at the line management level and should include consideration of how liquidity would be affected under stressed conditions.

---

[1] 75 FR 13656 (Mar. 22, 2010).

[2] For national banks and Federal savings associations, see the *Comptroller's Handbook on Liquidity*. For state member banks and bank holding companies, see the Federal Reserve's *Commercial Bank Examination Manual* (section 4020), *Bank Holding Company Supervision Manual* (section 4010), and *Trading and Capital Markets Activities Manual* (section 2030). For state non-member banks, see the FDIC's *Revised Examination Guidance for Liquidity and Funds Management* (Trans. No. 2002-01) (Nov. 19, 2001), and Financial Institution Letter 84-2008, *Liquidity Risk Management* (August 2008). For Federally insured credit unions, see Letter to Credit Unions No. 02-CU-05, Examination Program Liquidity Questionnaire (March 2002). See also Basel Committee on Banking Supervision, "Principles for Sound Liquidity Risk Management and Supervision" (September 2008).

[3] Basel Committee on Banking Supervision, "Principles for Sound Liquidity Risk Management and Supervision," September 2008. See www.bis.org/publ/bcbs144.htm. Federally insured credit unions are not directly referenced in the principles issued by the Basel Committee.

Section 20 of the Policy Statement states that liquidity risk reports should provide aggregate information with sufficient supporting detail to enable management to assess the sensitivity of the institution to changes in market conditions, its own financial performance, and other important risk factors. Institutions also should report on the use of and availability of government support, such as lending and guarantee programs, and implications on liquidity positions, particularly since these programs are generally temporary or reserved as a source for contingent funding.

Affected Public: Businesses or other for-profit.

Frequency: On occasion.

Estimated Burden:

The OCC estimates the burden of this collection of information on national banks and Federal savings associations as follows:

Estimated Number of Respondents: 1,469 total, 15 large (over $100 billion in assets), 46 mid-size ($10 - $100 billion), 1,408 small (less than $10 billion).

Total Estimated Burden Hours: 102,496 hours.

On February 29, 2016, the OCC published a notice for 60 days of comment concerning the collection, 81 FR 10364. One comment was received from an individual.

The commenter stated that the collection is burdensome and that the regulatory expectations have no practical utility. Specifically, the commenter questioned whether there is any empirical evidence showing the association between inaccurate performance measurements and liquidity risk and whether it should be labeled operational risk instead. The commenter noted the lack of guidance on how product pricing, performance measurement, and internal approval processes impact liquidity risk, which they believe is likely due to the lack of connection between these factors and an institution's ability to meet its obligations. The commenter suggested that the

OCC remove the portions of the guidance regarding the risk in internal product pricing, performance measurement, and new product approval process and replace them with definitions, explanations, or examples.

The comprehensive set of reports used by banks to identify, measure, monitor and control liquidity risk have been shown to be effective byhelping to identify risk so that management can implement appropriate mitigation actions. An institution's obligations, and the funding sources used to meet those obligations, depend significantly on its business mix, balance-sheet structure, and the cash flow profiles of its on- and off-balance sheet obligations. A necessary part of controlling liquidity risk is understanding how liquidity risk can be created. While it is prudent for banks to understand the product pricing, performance measurement and internal approval processes, the agencies restricted those expectations to complex and sophisticated organizations.

(a) Whether the information collections are necessary for the proper performance of the functions of the OCC, including whether the information has practical utility;

(b) The accuracy of the OCC's estimate of the information collection burden;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of information collections on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of the services necessary to provide the required information.

Dated: May 23, 2016.

Mary Hoyle Gottlieb,
Regulatory Specialist,
Legislative and Regulatory Activities Division.

[FR Doc. 2016-12581 Filed: 5/26/2016 8:45 am; Publication Date: 5/27/2016]