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DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

Agency Information Collection Activities:

Revision of an Approved Information Collection; Comment Request;

Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of \$50 Billion or More under the Dodd-Frank Wall Street Reform and Consumer Protection Act

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

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 comment on a revision to this information collection, as required by the Paperwork Reduction Act of 1995 (PRA). An agency may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. Currently, the OCC is soliciting comment concerning a revision to a regulatory reporting requirement for national banks and federal savings associations titled, “Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of

\$50 Billion or More under the Dodd-Frank Wall Street Reform and Consumer Protection Act.”

DATES: Comments must be received by [Insert 60 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: 1557-0319, 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.

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 St., SW., Washington, DC 20219. In addition, copies of the templates referenced in this notice can be found on the OCC's Web site under News and Issuances (<http://www.occ.treas.gov/tools-forms/forms/bank-operations/stress-test-reporting.html>).

SUPPLEMENTARY INFORMATION:

The OCC is requesting comment on the following revision to an approved information collection:

Title: Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of \$50 Billion or More under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

OMB Control No.: 1557-0319.

Description: Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act¹ (Dodd-Frank Act) requires certain financial companies, including national banks and federal savings associations, to conduct annual stress tests² and requires the primary financial regulatory agency³ of those financial companies to issue regulations implementing the stress test requirements.⁴ A national bank or federal savings association is a “covered institution” and therefore subject to the stress test requirements if its total consolidated assets are more than \$10 billion. Under section 165(i)(2), a covered institution is required to submit to the Board of Governors of the Federal Reserve System (Board) and to its primary financial regulatory agency a report at such time, in such form, and containing such information as the primary financial

¹ Pub. L. 111-203, 124 Stat. 1376, July 2010.

² 12 U.S.C. 5365(i)(2)(A).

³ 12 U.S.C. 5301(12).

⁴ 12 U.S.C. 5365(i)(2)(C).

regulatory agency may require.⁵ On October 9, 2012, the OCC published in the *Federal Register* a final rule implementing the section 165(i)(2) annual stress test requirement.⁶ This rule describes the reports and information collections required to meet the reporting requirements under section 165(i)(2). These information collections will be given confidential treatment to the extent permitted by law (5 U.S.C. 552(b)(4)).

In 2012, the OCC first implemented the reporting templates referenced in the final rule. *See* 77 FR 49485 (August 16, 2012) and 77 FR 66663 (November 6, 2012). The OCC is now revising them as described below.

The OCC intends to use the data collected to assess the reasonableness of the stress test results of covered institutions and to provide forward-looking information to the OCC regarding a covered institution's capital adequacy. The OCC also may use the results of the stress tests to determine whether additional analytical techniques and exercises could be appropriate to identify, measure, and monitor risks at the covered institution. The stress test results are expected to support ongoing improvement in a covered institution's stress testing practices with respect to its internal assessments of capital adequacy and overall capital planning.

The OCC recognizes that many covered institutions with total consolidated assets of \$50 billion or more are required to submit reports using reporting form FR Y-14A.⁷ The OCC also recognizes the Board has proposed to modify the FR Y-14A and, to the extent practical, the OCC will keep its reporting requirements consistent with the Board's

⁵ 12 U.S.C. 5365(i)(2)(B).

⁶ 77 FR 61238 (October 9, 2012) (codified at 12 CFR 46).

⁷ <http://www.federalreserve.gov/reportforms>.

FR Y-14A in order to minimize burden on covered institutions.⁸ Therefore, the OCC is proposing to revise its reporting requirements to mirror the Board's proposed FR Y-14A for covered institutions with total consolidated assets of \$50 billion or more.

The OCC also recognizes that the Board has proposed to modify its Capital Plan and Stress Testing rule which included modified reporting requirements for bank holding companies (BHCs) categorized by the Board as large and noncomplex firms.⁹ The OCC is reviewing whether to apply similar changes to reporting requirements for a subset of covered institutions. In particular, the OCC is considering not requiring national banks that are subsidiaries of large, non-complex firms as defined by the Board to complete the sub-schedules identified in the Board's proposal.

In addition to the changes that parallel the Board's proposed changes to the FR Y-14A, the OCC is also proposing to implement a new supplemental schedule to collect certain items not included in the Board's FR Y-14A.

Proposed Revisions to Reporting Templates for Institutions with \$50 Billion or More in Assets

The proposed revisions to the DFAST-14A reporting templates consist of the following:

- Adding line items to the Regulatory Capital Instruments schedule.

⁸ 81 FR 49653 (July 28, 2016).

⁹ 81 FR 67239 (September 30, 2016) ("Under the proposal, large and noncomplex firms would no longer be required to complete several elements of the FR Y-14A Schedule A (Summary), including the Securities OTTI methodology sub-schedule, Securities Market Value source sub-schedule, Securities OTTI by security sub-schedule, the Retail repurchase sub-schedule, the Trading sub-schedule, Counterparty sub-schedule, and Advanced RWA sub-schedule.").

- Updating the Summary schedule to collect items related to the supplementary leverage ratio.
- Removing and adding sub-schedules to the Operational Risk schedule.
- Creating a new supplemental schedule to collect certain items not included in the Board's FR Y-14A.
- Requiring a bank-specific scenario. Covered institutions would be required to submit bank-specific baseline and stress scenarios.
- Requiring the assumption of largest counterparty default. The largest trading covered institutions that also submit the Global Market Shock scenario would be required to assume the default of their largest counterparty in the supervisory severely adverse and adverse scenarios.

Bank-Specific Scenarios

Covered institutions would be required to submit bank-specific baseline and bank-specific stress scenarios and associated projections for the 2017 annual stress testing submission. While supervisory scenarios provide a homogeneous scenario and a consistent market-wide view of the condition of the banking sector, these prescribed scenarios may not fully capture all of the risks that may be associated with a particular institution. The proposed revisions would require covered institutions to provide bank-specific baseline and bank-specific stress scenarios.

The OCC recognizes that the Board requires BHCs to submit BHC-specific baseline and stress scenarios and projections. Where OCC covered institutions also

submit BHC-specific scenarios, the OCC would require that bank-specific scenarios would be consistent with the BHC-specific scenarios.

Largest Counterparty Default

Covered institutions that currently complete the Global Market Shock would also be required to complete the Largest Counterparty Default component. This is currently required by the Board, and the OCC would adopt a similar requirement to enhance consistency and reduce regulatory burden.

OCC Supplemental Schedule

The proposed revisions include a new supplemental schedule that would collect additional information not otherwise included in the FR Y-14A. This schedule would collect, among other information, additional data on auto lending, commercial exposures, and non-U.S. exposures. The schedule would also collect information relevant to the calculation of the Supplementary Leverage Ratio.¹⁰

Other Reporting Template and Instruction Changes

The other proposed revisions to the DFAST-14A consist of clarifying instructions, adding and removing schedules, adding, deleting, and modifying existing data items, and altering the as-of dates. These proposed changes would increase consistency between the DFAST-14A and the FR Y-14A and Call Report.

¹⁰ For the OCC Supplemental Schedule, the OCC anticipates that covered institutions will use existing models and methodologies to furnish the requested information. Covered institutions should not develop new models/methodologies just to provide the loss, balance, provision, and allowance numbers requested in the OCC Supplemental Schedule.

Summary Schedule, Standardized RWA Worksheet

The proposed revision includes multiple line item changes intended to promote consistency with the FR Y-14A and ensure the collection of accurate information.

Summary Schedule, Capital Worksheet

Covered institutions would be required to estimate their supplementary leverage ratio for the planning horizon beginning on January 1, 2018. The OCC proposes adding two items to the Summary Schedule: Supplementary Leverage Ratio Exposure (SLR Exposure) and Supplementary Leverage Ratio (the SLR). The SLR would be a derived field.

In addition, to collect more precise information regarding deferred tax assets (DTAs), the OCC proposes modifying one existing item on the Capital – DFAST worksheet of the Summary schedule as-of December 31, 2016. The OCC proposes changing existing item 112 on the Capital – DFAST worksheet of the Summary schedule, “Deferred tax assets arising from temporary differences that could not be realized through net operating loss carrybacks, net of DTLs, but before related valuation allowances,” to “Deferred tax assets arising from temporary differences, net of DTLs.” A covered institution in a net deferred tax liability (DTL) position would report this item as a negative number. This modification would provide more specific information about the components of the “DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs” subject to the common equity tier 1 capital deduction threshold.

The proposed revisions would also remove certain items that pertained to the capital regulations in place before the adoption of the Basel III final rule.

Summary Schedule, Counterparty Worksheet

The OCC proposes adding the item “Other counterparty losses” to the counterparty worksheet of the Summary schedule.

Operational Risk Schedule

The proposed revisions would remove and add sub-schedules to the Operational Risk Schedule to ensure the collection of accurate information. The OCC proposes adding two sub-schedules and modifying the supporting documentation requirements for this schedule effective with the reports as-of December 31, 2016. First, new sub-schedule Material Risk Identification would collect information on a firm's material operational risks included in loss projections based on their risk management framework. Second, new sub-schedule Operational Risk Scenarios would collect a covered institution's operational risk scenarios included in the BHC Baseline and BHC Stress projections, a fundamental element of the framework.

The Operational Risk Historical Capital sub-schedule would be removed from the reporting template.

Type of Review: Regular.

Affected Public: Businesses or other for-profit.

Estimated Number of Respondents: 23.

Estimated Total Annual Burden: 16,466 hours.

The OCC believes that the systems covered institutions use to prepare the FR Y-14 reporting templates to submit to the Board will also be used to prepare the reporting templates described in this notice. Comments submitted in response to this notice will be

summarized and included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on:

(a) Whether the collection of information is 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 burden of the collection of information;

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

(d) Ways to minimize the burden of the collection 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 services to provide information.

Dated: November 10, 2016

Karen Solomon

Deputy Chief Counsel

Office of the Comptroller of the Currency

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