

[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; Market Risk

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 the renewal of its information collection titled, “Market Risk.” The OCC also is giving notice that it has sent the collection to OMB for review.

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

ADDRESSES: Commenters are encouraged to submit comments by e-mail, if possible.

You may submit comments by any of the following methods:

- E-mail: prainfo@occ.treas.gov.

- Mail: Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, Attention: 1557-0247, 400 7th Street, SW., suite 3E-218, Washington, DC 20219.
- Hand Delivery/Courier: 400 7th Street, SW., suite 3E-218, Washington, DC 20219.
- Fax: (571) 465-4326.

Instructions: You must include “OCC” as the agency name and “1557-0247” in your comment. In general, the OCC will publish your comment on www.reginfo.gov without change, including any business or personal information that you provide, such as name and address information, e-mail addresses, or phone numbers. 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, 1557-0247, U.S. Office of Management and Budget, 725 17th Street, NW., #10235, Washington, DC 20503 or by email to oira_submission@omb.eop.gov.

You may review comments and other related materials that pertain to this information collection¹ following the close of the 30-Day comment period for this notice by any of the following methods:

- Viewing Comments Electronically: Go to www.reginfo.gov. Click on the “Information Collection Review” tab. Underneath the “Currently under Review” section heading, from the drop-down menu, select “Department of Treasury” and then click “submit.” This information collection can be located by searching by OMB control

¹ On November 9, 2018, the OCC published a 60-day notice for this information collection.

number “1557-0247” or “Market Risk.” Upon finding the appropriate information collection, click on the related “ICR Reference Number.” On the next screen, select “View Supporting Statement and Other Documents” and then click on the link to any comment listed at the bottom of the screen.

- For assistance in navigating www.reginfo.gov, please contact the Regulatory Information Service Center at (202) 482-7340.
- Viewing Comments Personally: You may personally inspect comments at the OCC, 400 7th Street, SW., Washington, DC. 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 hearing impaired, 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 comments.

FOR FURTHER INFORMATION CONTACT: Shaquita Merritt, Clearance Officer, (202) 649-5490, for persons who are deaf or hearing impaired, TTY, (202) 649-5597, Chief Counsel’s Office, Office of the Comptroller of the Currency, 400 7th Street, SW., suite 3E-218, Washington, DC 20219.

SUPPLEMENTARY INFORMATION: Under the PRA (44 U.S.C. 3501-3520), federal agencies must obtain approval from OMB for each collection of information that they conduct or sponsor. “Collection of information” is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) to include agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. The OCC requests that OMB extend its approval of the following collection.

Title: Market Risk.

OMB Control No.: 1557-0247.

Description: The Office of the Comptroller of the Currency's (OCC) market risk capital rules (12 CFR part 3, subpart F) apply to national banks and federal savings associations with significant exposure to market risk, which include those national banks and federal savings associations with aggregate trading assets and trading liabilities (as reported in the national bank's or federal savings association's most recent Call Report) equal to 10 percent or more of quarter-end total assets or \$1 billion or more. The rules capture positions for which the market risk capital rules are appropriate; reduce procyclicality in market risk capital requirements; enhance the risk sensitivity of the OCC's capital requirements by measuring risks that are not adequately captured under the requirements for credit risk; and increase transparency through enhanced disclosures.

The information collection requirements are located at 12 CFR 3.203 through 3.212. The rules enhance risk sensitivity and include requirements for the public disclosure of certain qualitative and quantitative information about the market risk of national banks and federal savings associations. The collection of information is necessary to ensure capital adequacy appropriate for the level of market risk.

Section 3.203 sets forth the requirements for applying the market risk framework. Section 3.203(a)(1) requires national banks and federal savings associations to have clearly defined policies and procedures for determining which trading assets and trading liabilities are trading positions and specifies the

factors a national bank or federal savings association must take into account in drafting those policies and procedures. Section 3.203(a)(2) requires national banks and federal savings associations to have clearly defined trading and hedging strategies for trading positions that are approved by senior management and specifies what those strategies must articulate. Section 3.203(b)(1) requires national banks and federal savings associations to have clearly defined policies and procedures for actively managing all covered positions and specifies the minimum requirements for those policies and procedures. Sections 3.203(c)(4) through 3.203(c)(10) require the review, at least annually, of internal models and specify certain requirements for those models. Section 3.203(d)(4) requires the internal audit group of a national bank or federal savings association to report, at least annually, to the board of directors on the effectiveness of controls supporting the market risk measurement systems.

Section 3.204(b) requires national banks and federal savings associations to conduct quarterly backtesting. Section 3.205(a)(5) requires institutions to demonstrate to the OCC the appropriateness of proxies used to capture risks within value-at-risk models. Section 3.205(c) requires institutions to develop, retain, and make available to the OCC value-at-risk and profit and loss information on sub-portfolios for two years. Section 3.206(b)(3) requires national banks and federal savings associations 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 OCC approval for any material changes to these policies and procedures.

Section 3.207(b)(1) details requirements applicable to a national bank or federal savings association when the national bank or federal savings association uses internal models to measure the specific risk of certain covered positions. Section 3.208 requires national banks and federal savings associations to obtain prior written OCC approval for incremental risk modeling. Section 3.209(a) requires prior OCC approval for the use of a comprehensive risk measure. Section 3.209(c)(2) requires national banks and federal savings associations to retain and report the results of supervisory stress testing. Section 3.210(f)(2)(i) requires national banks and federal savings associations to document an internal analysis of the risk characteristics of each securitization position in order to demonstrate an understanding of the position. Section 3.212 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.

Type of Review: Extension of a currently approved collection.

Affected Public: Individuals; Businesses or other for-profit.

Number of Respondents: 12.

Estimated Burden Per Respondent: 1,964 hours.

Total Estimated Annual Burden: 23,568 hours.

The OCC issued a notice for 60 days of comment concerning this collection on November 9, 2018, 83 FR 56148. No comments were received. Comments continue to be 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: January 25, 2019.

Theodore J. Dowd,

Deputy Chief Counsel,

Comptroller of the Currency.

[FR Doc. 2019-00953 Filed: 2/4/2019 8:45 am; Publication Date: 2/5/2019]