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FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Part 325

RIN 3064–AD91

Annual Stress Test

AGENCY: Federal Deposit Insurance Corporation.

ACTION: Final rule.

SUMMARY: The Federal Deposit Insurance Corporation (the ''Corporation'' or ''FDIC'') is issuing a final rule that implements the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the ''Dodd-Frank Act'') regarding stress tests (''final rule''). The Dodd-Frank Act requires the Corporation to issue regulations that require FDIC-insured state nonmember banks and FDIC-insured state-chartered savings associations with total consolidated assets of more than $10 billion to conduct annual stress tests, report the results of such stress tests to the Corporation and the Board of Governors of the Federal Reserve System (''Board''), and publish a summary of the results of the stress tests. The final rule requires large covered banks to conduct annual stress tests beginning on the effective date of this final rule. The Corporation, however, will delay implementation of the annual stress test requirements under the final rule for institutions with total consolidated assets of more than $10 billion but less than $50 billion until September 30, 2013. The final rule requirement for public disclosure of a summary of the stress testing results for these institutions will be implemented starting with the 2014 stress test, with the disclosure occurring during the period starting June 15 and ending June 30 of 2015.

DATES: This final rule is effective October 15, 2012.

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SUPPLEMENTARY INFORMATION:

I. Background

A. Overview of Section 165(i) of the Dodd-Frank Act

The Dodd-Frank Act was enacted on July 21, 2010.[1] Section 165(i)(2) of the Dodd-Frank Act (''section 165(i)(2)'') requires the Corporation, as a Federal primary financial regulatory agency, to issue regulations that require FDIC-insured state nonmember banks and FDIC-insured state-chartered savings associations with total consolidated assets of more than $10 billion to conduct annual stress tests. Additionally, section 165(i)(2) requires that the Corporation issue regulations that: (1) Define the term ''stress test'' for purposes of the regulations; (2) establish methodologies for the conduct of the stress tests that provide for at least three different sets of conditions, including baseline, adverse, and severely adverse conditions; (3) establish the form and content of a required report on the stress tests that covered banks must submit to the Corporation; and (4) require covered banks to publish a summary of the results of the required stress tests.

Section 165(i)(2)(C) requires the Corporation, in coordination with the Board of Governors and the Federal Insurance Office, to issue regulations implementing the stress testing requirements that are consistent and comparable with the other Federal primary financial regulatory agencies.[2]

On January 23, 2012, pursuant to section 165(i) of the Dodd-Frank Act, the Corporation issued a notice of proposed rulemaking in the **Federal Register** that proposed to require covered banks to conduct annual stress tests (''NPR'' or ''proposed rule'').[3] The Corporation is now issuing a final rule implementing the requirements of section 165(i)(2) as proposed in the NPR, with certain modifications as described further below.

II. Comments Received

A. Overview

The NPR solicited public comment on all aspects of the proposed rule. The NPR's comment period ended on April 30, 2012, and resulted in the FDIC receiving 18 comment letters. Comments were submitted by, or on behalf of, individuals, banks and bank holding companies, consulting firms, and banking and financial services industry trade groups and associations. The comment letters generally supported the broader goals of the NPR, but many expressed concerns with respect to certain aspects of the proposed rule, as discussed in more detail below.

B. Agency Coordination

A number of commenters expressed concerns about the scope of the proposed rule and the need for coordination between the agencies in implementing the stress test requirements for various institutions. These commenters generally suggested that the agencies should seek comparability on their respective stress testing requirements and resolve some of the key differences between their respective proposals to ensure consistent and comparable stress testing for all covered financial institutions and to minimize regulatory burden.

The Corporation understands and is sensitive to commenters' concerns regarding the importance of issuing a consistent and comparable set of final stress testing rules across the banking agencies. The FDIC understands that there are a number of insured depository institutions subject to the stress testing final rules that may operate within organizational structures with regulated entities that may be supervised by different federal banking

[1] Public Law 111–203, 124 Stat. 1376 (2010).

[2] Under section 2(12) of the Dodd-Frank Act, the term ''Primary financial regulatory agency'' includes the federal banking agencies, including the Corporation, the Board of Governors, and the Office of the Comptroller of the Currency (''OCC''); the Securities and Exchange Commission; the Commodity Futures Trading Commission; and the Federal Housing Finance Agency. 12 U.S.C. 5301(12).

[3] 77 FR 3166 (Jan. 23, 2012).

regulators. The FDIC has developed this rule in coordination with the FRB and the Federal Insurance Office as required by section 165(i)(2)(C). Additionally, the FDIC has worked closely with the other banking agencies to ensure the standards of the final rule are consistent and comparable in the areas of: scope of application, scenarios, data collection and reporting, and disclosure. The Board and OCC have issued separate final stress test rules with respect to their supervised entities.

C. Effective Date of Proposed Rule

The NPR sought public comment on the timing of the proposed rule, both with respect to the proposed immediate effectiveness and the proposed time period allotted for completion of the stress tests.

With respect to the proposed effective date, several commenters recommended delayed effective dates based on the asset size of the bank. One commenter suggested a delayed effective date because, due to the complexity of the rule's stress testing requirements, regional and community banks would require additional time to build and effectuate the systems necessary to conduct testing. Another commenter noted that community banks have not participated in stress tests and have not experienced the supervisory expectations that accompany the stress testing process and therefore need additional time to comply with the proposed rule. Several commenters requested delaying the implementation of the proposed rule for at least one year.

The FDIC recognizes that a number of state nonmember banks and state savings associations are at different stages in developing their stress testing frameworks. Certain institutions may need additional time to fully develop their stress testing systems, processes, and procedures, and to collect the information that the FDIC may require in connection with these tests. After considering the comments, the FDIC has decided to delay implementation of the final rule for institutions with total consolidated assets of more than $10 billion but less than $50 billion until September 30, 2013, to ensure that these institutions have sufficient time to develop high-quality stress testing programs. Furthermore, the FDIC has decided to delay the initial public disclosure requirement for these institutions until the 2014 stress test (with the public disclosure to be made in 2015).

Most banks with consolidated assets of $50 billion or more have been involved in stress testing previously, including the 2009 Supervisory Capital Assessment Program (SCAP) and the Board's Comprehensive Capital Analysis and Review (CCAR) stress tests, and consequently have in place a framework necessary to conduct the stress tests required by this rule. Given the size, complexity, and importance of these covered banks to the safety and soundness of the United States banking system, the FDIC believes it is appropriate for these covered banks to commence stress testing as soon as possible. Consequently, state nonmember banks and state savings associations with consolidated total assets equal to or exceeding $50 billion will be required to conduct their first annual stress tests under this final rule using financial data as of September 30, 2012.

The FDIC is aware, however, that some state nonmember banks and state savings associations with assets of $50 billion or more may not be able or ready to conduct the annual stress test this year in a manner that would yield meaningful results. For example, covered banks that were not subject to SCAP and CCAR may need more time to develop and implement a robust stress testing framework. Therefore, the FDIC is reserving authority in the rule to permit these covered banks to delay the application of the requirements under this final rule on a case-by-case basis.

D. Timing of the Stress Test Requirements

The NPR sought public comment on the proposed time period allotted for completion of the stress tests. A number of comments were received expressing concern with respect to the proposed rule's timing for the annual stress test. Several commenters noted that the proposed rule would require covered banks to conduct stress tests during the busiest time of year for many institutions. Furthermore, one commenter argued that the narrow timeframe between the release of scenarios and the submission of the required reports could present timing issues for institutions, particularly smaller banks, in preparing year-end information. Additionally, several commenters requested that the Corporation provide flexibility with respect to when covered banks are required to perform stress tests. For example, one commenter recommended that covered banks be permitted to choose when they will conduct stress testing throughout the year, and also suggested that the Corporation should provide economic scenarios for the stress tests no later than September 30 of each calendar year.

After consideration of the comments, the FDIC has decided to make changes in the timeline in the final rule. The Corporation intends to distribute the scenarios to all covered banks no later than November 15 of each year, which aligns the development and issuance of the scenarios with the other agencies and which is approximately seven weeks prior to the date by which an over $50 billion covered bank must report the results of its annual stress test. The Corporation believes, based on its supervisory experience, that over $50 billion covered banks will have adequate time to carry out the required stress tests. For the $10 billion to $50 billion covered banks, the final rule extends the reporting date to March 31 of each year giving additional time to these institutions to conduct stress tests and report the results. The final rule also permits these institutions to report their stress test results under the same timeframe as their parent holding company.

The final rule states that a state nonmember bank or state savings association that becomes a covered bank after the final rule's effective date shall comply with the requirements of the final rule and conduct its stress test beginning in the calendar year after the date the state nonmember bank or state savings association becomes a covered bank. This modification to the proposed rule is in response to commenters' concerns that certain institutions have not previously been subject to stress-testing requirements and may need additional time to develop the systems and procedures, as well as information collection processes necessary to conduct these tests.

E. Scenario Development

A number of the comments received by the Corporation raised concerns with respect to the development and use of economic scenarios within the proposed rule. For example, one commenter suggested that the scenarios should be realistic and robust enough to illuminate potential problems, and that, at a minimum, the ''severely adverse'' scenario should be as adverse as conditions were during the recent financial crisis. A trade association recommended that the scenarios address only general macroeconomic factors for institutions with between $10 billion and $50 billion in assets, while more complex institutions or those that have significant trading positions should incorporate rate ''shocks'' into their stress tests. Another commenter requested that the banking regulators

and the bank mutually determine stress testing criteria that are tailored to a bank's specific business profile, including unique asset mixes and operating profiles, in order to avoid the distortions that a ''one size fits all'' approach would create.

Several commenters requested that banks with small geographic footprints be permitted to develop economic scenarios relevant to banks' regional operations. One such commenter argued that the requirements could become a costly ''check the box'' exercise if stress scenarios are not relevant to banks with small geographic footprints. The commenter also recommended that the Corporation provide guidance to banks for developing their own scenarios, including reports on regional economic outlooks.

A comment submitted jointly by a number of industry organizations requested that the Corporation and other federal banking agencies minimize the burden of the multiple and overlapping stress test requirements by consistently using the same set of supervisory stress scenarios and models for all stress-test requirements. The FDIC intends to coordinate with other federal banking agencies on the development of scenarios. To promote a consistent and transparent framework to support scenario design, the banking agencies anticipate seeking comment on the procedures to be used by the agencies in the development of the scenarios. With regard to commenters' requests to use their own internally generated scenarios, the FDIC believes that all covered banks should use the same set of scenarios so that the results are more directly comparable. However, to allow for unforeseen circumstances, the FDIC reserves the authority to require a covered bank to use different or additional scenarios that the FDIC deems appropriate.

F. Reporting

Commenters also expressed concerns about the required reports that must be submitted to the Corporation under the proposed rule. For example, one commenter suggested that the Corporation's expectations for the required reports should be clear and simple enough so that institutions, particularly smaller banks, do not have to rely on vendors or third-party professionals to comply with the requirements.

A number of commenters suggested that it would be appropriate in certain situations to allow a covered bank that is a subsidiary of a bank holding company (that is itself subject to stress testing requirements) to submit a single report for both the bank and the bank holding company. One such commenter requested that the Corporation provide more comprehensive guidance with respect to the standards by which the company-run stress tests will be analyzed.

The FDIC recently proposed reporting templates for covered banks with consolidated assets of $50 billion or more.[4] The Dodd-Frank Act stress testing reporting requirements apply to all covered banks, but the FDIC recognizes that many covered banks with consolidated total assets of $50 billion or more have been subject to stress testing requirements under the Board's CCAR or Capital Plan Review (CapPR) exercises. The FDIC also recognizes that these banks' stress tests will be applied to more complex portfolios and therefore warrant a broader set of reports to adequately capture the results of the company-run stress tests. These reports will necessarily require more detail than would be appropriate for smaller, less complex banks. Therefore, the FDIC will propose more simplified and separate reporting templates for institutions with total consolidated assets of more than $10 billion but less than $50 billion than for covered banks with total consolidated assets of $50 billion or more. The general expectations for the proposed reporting requirements are discussed further below.

The FDIC reserves the authority to require a $10 billion to $50 billion covered bank to use the reporting template for larger banks. The FDIC may also, on a case-by-case basis, require a covered bank to report stress test results using a simpler format to be specified by the FDIC.

G. Public Disclosure of Stress Test Results

Many of the comments received by the Corporation addressed issues associated with the proposed rule's public disclosure requirement. Several commenters expressed concern that the publication of detailed stress test results could be misinterpreted by the general public which could, in turn, undermine public confidence in banks. One such commenter noted that the required public disclosure of results may be used for comparison across institutions, suggesting that regulators run the risk of creating an environment where banks present a conservative bias where there is flexibility in adopting test inputs.

Several commenters requested additional clarity with respect to the Corporation's expectations for the required summary public disclosure. One commenter noted that the company-run stress tests would not be standardized, and thus, comparison of results across various companies may not be possible. This commenter urged the Corporation to provide companies with a standardized template for disclosure that could enable a better understanding of the stress test results by the capital markets and the general public. Another commenter urged the Corporation to require small banks to disclose only a description of the types of risks being included in the stress test, a general description of the methodologies employed, and the capital ratios at the end of the planning horizon.

Two commenters recommended that the CCAR or CapPR disclosure templates be used for disclosure of the results of the severely adverse scenario for company-run stress tests, at least for covered banks with consolidated assets of $50 billion or more. One of these commenters supported not requiring the publication of summary results under the adverse scenario. Several commenters suggested that covered banks should not be required to disclose baseline stress test results or other information that could be used to reverse-engineer earnings guidance.

After careful consideration of the comments, the FDIC has decided to make the following changes. First, the public disclosure requirement will be delayed for an additional year for institutions with total consolidated assets of more than $10 billion but less than $50 billion so that these institutions will have additional time to develop robust stress testing methodologies before they report publicly. Therefore, these covered banks will conduct their required stress tests for the first time in 2013, with the first disclosure of a summary of stress test results occurring in 2015, based on the results of the 2014 stress tests. Covered banks with total consolidated assets of $50 billion or more that are subject to this final rule as of the effective date of this final rule must conduct their first stress test this year, with disclosure required in 2013.

Institutions that become $10 billion to $50 billion covered banks after the effective date of the final rule would begin stress testing in the calendar year after they become covered banks. This is a change from the proposed rule, which would have required institutions to begin stress testing in the same calendar year if they became covered banks no less than 90 days before September 30 of that year. This change was in response to comments that requested

[4] 77 FR 52718 (Aug. 30, 2012).

that the Corporation's final rule be consistent with the OCC's and the Board's final rules under Section 165(i).

Additionally, the final rule removes the requirement that covered banks publicly disclose results under the baseline scenario and adverse scenario. The FDIC agrees with the commenters that publicly disclosing the above items under a baseline or adverse scenario could be construed as long-term earnings forecasts.

H. Other Issues

In addition to the issues identified above, the Corporation received a number of comments that addressed a wide range of other topics associated with the proposed rule. A number of commenters suggested establishing a threshold to determine when a covered bank that is a subsidiary of an institution that is itself subject to stress-testing requirements would be required to perform independent stress tests and comply with the requirements of the proposed rule. Commenters suggested that the proposed rule may create duplicative efforts when a subsidiary covered bank comprises greater than 90 percent of its holding company's total consolidated assets. One of these commenters suggested that in order to eliminate duplicate stress testing, the Corporation should accept the CCAR and the Board of Governors' Board FR Y–14A form submissions for annual stress tests of a covered bank that comprises greater than 90 percent of its bank holding company's total consolidated assets and that also serves as the lead depository institution for the bank holding company covered by the CCAR process.

Another commenter noted that the completion of the stress testing and related supervisory evaluation process should not hinder or delay covered banks' ability to take necessary strategic capital actions not otherwise set forth in previously approved capital plans. One of the comments received requested that the Corporation set forth a robust and transparent process for responding to inquiries in a timely manner and suggested that experienced examiners should offer instruction, assistances, and feedback to facilitate the good faith efforts of smaller banks to implement the proposed rule. This commenter also suggested that the Corporation offer a dedicated email address that banks could use to submit questions and receive answers in a timely manner.

The FDIC has carefully considered the comments and has made appropriate revisions to the final rule as described below.

III. The Final Rule

The Corporation is now issuing this final rule to implement the requirements of section 165(i)(2) as proposed in the NPR, with certain modifications, as discussed below. Under this final rule, FDIC-insured state nonmember banks and FDIC-insured state-chartered savings associations with total consolidated assets of more than $10 billion would be required to conduct an annual stress test. The FDIC is delaying the application of the annual stress test requirements by one year for state nonmember banks and state-chartered savings associations with consolidated assets of more than $10 billion but less than $50 billion.

A. The Purpose of the Annual Stress Test

The FDIC views the stress tests conducted under the final rule as providing forward-looking information to supervisors to assist in their overall assessments of a covered bank's capital adequacy and to aid in identifying downside risks and the potential impact of adverse outcomes on the covered bank. In addition, the FDIC may use stress tests to determine whether additional analytical techniques and exercises are appropriate for a covered bank to employ in identifying, measuring, and monitoring risks to the financial soundness of the covered bank, and may require a covered bank to implement such techniques and exercises in conducting its stress tests. Further, these stress tests are expected to support ongoing improvement in a covered bank's internal assessments of capital adequacy and overall capital planning.

The FDIC expects that the annual stress tests required under the final rule will be only one component of the broader stress testing activities conducted by covered banks. In this regard, the FDIC notes that the agencies have recently issued final joint guidance on ''Stress Testing for Banking Organizations with More Than $10 Billion in Total Consolidated Assets.'' [5] These broader stress testing activities should address the impact of a range of potentially adverse outcomes across a set of risk types affecting aspects of the covered bank's financial condition including, but not limited to, capital adequacy. In addition, a full assessment of a covered bank's capital adequacy should take into account a range of factors, including evaluation of its capital planning processes, the governance over those processes, regulatory capital measures, results of supervisory stress tests where applicable, and market assessments.

B. Applicability

The final rule will apply to covered banks that are FDIC-insured state nonmember banks and FDIC-insured state savings associations with more than $10 billion in total consolidated assets. Covered banks will be required conduct stress in accordance with the requirements of the final rule. However, the final rule separates a ''covered bank'' into two categories: a state nonmember bank or state savings association that is either a $10 billion to $50 billion covered bank or an over $50 billion covered bank. The final rule defines a $10 billion to $50 billion covered bank as any state nonmember bank or state savings association with average total consolidated assets that are greater than $10 billion but less than $50 billion. The final rule defines an over $50 billion covered bank as any state nonmember bank or state savings association with average total consolidated assets that are not less than $50 billion. The stress testing, reporting, and disclosure requirements, and deadlines of the final rule differ depending on whether the covered bank is a $10 billion to $50 billion covered bank or an over $50 billion covered bank.

The FDIC recognizes that some covered bank subsidiaries may be affiliated with larger institutions also subject to requirements for stress testing, reporting, and disclosure. In such cases, it may be less burdensome and more appropriate for the covered bank subsidiaries to follow the timing requirements of their parent holding companies. The final rule permits covered bank subsidiaries to choose to conduct their stress tests using the same timeline requirements as their parent holding companies.

A state nonmember bank or state savings association becomes a covered bank for purposes of the final rule based on its total consolidated assets averaged over each of the institution's four most recent consecutive quarters as reported on its Call Reports. The date on which a state nonmember bank or state savings association becomes a covered bank is the as-of date of the fourth consecutive Call Report in which its reported average total consolidated assets are greater than $10 billion. Similarly, a covered bank will remained subject to the stress testing requirements of the final rule until it has $10 billion or less in total consolidated assets for each of the four most recent consecutive quarters as reported in the covered

[5] See 77 FR 29458 (May 17, 2012).

bank's four most recently filed Call Reports. Public comments requested that the Corporation's final rule be consistent with the OCC's and the Board's final rules under Section 165(i). Therefore, in order to maintain consistency with the OCC's and the Board's final rules and to provide clarity in the application of standards of coverage, the Corporation will use the measure described in the final rule to determine whether an institution meets the definition of a covered bank and at which point a state nonmember bank or state savings association ceases to be a covered bank.

The date by which a state nonmember bank or state savings association must conduct its first annual stress test under this final rule depends on its size category and whether it becomes a covered bank before or after the effective date of this final rule. A state nonmember bank or state savings association that is subject to this final rule as of October 15, 2012 must conduct the annual stress test under this final rule beginning this year if it is an over $50 billion covered bank, whereas a $10 billion to $50 billion covered bank would conduct its first annual stress test in 2013. Further, the final rule requirement for public disclosure of a summary of the stress testing results for a $10 billion to $50 billion covered bank will not occur until the 2014 stress test.

A state nonmember bank or state savings association that becomes a covered bank after October 15, 2012 would be required to conduct its first annual stress test in the calendar year following the year in which it becomes a covered bank. For example, a bank for which the four-quarter average of total consolidated assets exceeded $10 billion on its June 2013 Call Report (based on the average from its September 2012, December 2012, March 2013, and June 2013 Call Reports) would become a covered bank on June 30, 2013, and would conduct their first stress test in 2014.

C. Shell Holding Companies and Multi-Bank Holding Companies

When a covered bank comprises the bulk of the assets for a given parent holding company, the inputs to the stress tests conducted by that institution and the holding company, and the conclusions reached, would be expected to be similar. The FDIC expects to take this into account in applying the requirements of this rule. For example, for a holding company that is essentially a shell holding company with a single state nonmember or state savings association that has total consolidated assets of more than $10 billion, the Board and the FDIC would coordinate efforts and communicate with the holding company and the covered bank on how to adequately address their respective stress testing requirements while avoiding duplication of effort.

The FDIC recognizes that certain parent company structures may include one or more subsidiary banks or savings associations, each with total consolidated assets greater than $10 billion. The stress test requirements of section 165(i)(2) apply to the parent company and to each subsidiary bank or savings association of the covered company that has $10 billion or more in total consolidated assets. The FDIC anticipates addressing, on a case-by-case basis through the supervisory process, instances in which it may be appropriate to modify stress testing requirements when there are multiple covered banks within a single parent organization.

D. Scenarios

Under the final rule, each covered bank would be required to conduct an annual stress test using its financial data as of September 30 of that year, unless the FDIC communicates, in the fourth quarter of that year, a different required as-of date for any or all categories of financial data. Additionally, the Corporation could accelerate or extend any specified deadline for stress testing if the Corporation determined that such modification is appropriate in light of the institution's activities, level of complexity, scope of operations, risk profile, or regulatory capital.

The stress test must assess the potential impact of different scenarios on the capital of the covered bank and certain related items over a forward-looking, nine-quarter planning horizon (that is, through the December 31 reporting date of the second calendar year following the year containing the September 30 as-of date), taking into account all relevant exposures and activities.

The FDIC will provide a minimum of three economic scenarios, (baseline, adverse, and severely adverse), or such additional scenarios as the FDIC determines appropriate, no later than November 15, which the covered bank must use for the stress test. While each scenario includes the paths of a number of economic variables that are typically considered in stress test models, the FDIC expects that covered banks may use all or a subset of the economic variables provided, and may extrapolate other variables (such as local economic variables) from the paths of the economic variables provided, as appropriate, to conduct the stress test.

The FDIC may require a covered bank to include one or more additional scenarios in its stress test based on the institutions activities, level of complexity, risk profiles, scope of operations and regulatory capital, in addition to any other relevant factors. The FDIC will notify the institution in writing that it will be required to include one or more additional scenarios in its stress test, and the notification will include a description of the scenario and the basis for requiring the institution to include the scenario in its stress test.

The FDIC has established provisions within the final rule that apply to covered banks having significant trading activities. For those covered banks, an additional trading and counterparty risk scenario may be included as a component of their stress test scenarios. The FDIC will select an as-of date between October 1 and December 1 of that calendar year for the trading and counterparty risk scenario which will be communicated to the covered bank no later than December 1. This provision is necessary to allow the FDIC to tailor the scenarios and other stress test requirements for those covered banks to ensure that the stress tests provide a meaningful identification of downside risks and assessment of the potential impact of adverse outcomes on the covered bank's capital. Typically, the scenarios would include market price and rate ''shocks'' consistent with historical or hypothetical adverse market events.

The FDIC expects that the annual stress test scenarios will be revised from time to time to ensure that each scenario remains relevant under current economic and industry conditions. The FDIC will consult closely with the Board and OCC on the development of the annual stress test scenarios to ensure consistent and comparable stress tests for all covered financial institutions and to minimize regulatory burden.

The FDIC expects to issue for comment proposed guidance and procedures for scenario development at a later date.

E. Stress Test Methodologies and Practices

The final rule requires each covered bank to use the annual stress test scenarios provided by the FDIC in conducting its annual stress tests. Each covered bank must use a planning horizon of at least nine quarters over which the impact of specified scenarios would be assessed. The nine-quarter planning horizon would permit the covered bank to make informed projections of its financial and capital

positions for a two-calendar-year period. The covered bank is required to calculate, for each quarter-end within the planning horizon, estimates of losses, pre-provision net revenues, net income, and provision for loan and lease losses that result from the conditions specified in each scenario. Such a covered bank also is required to calculate, for each quarter-end within the planning horizon, the potential impact on its capital levels and regulatory capital ratios applicable to the institution under 12 CFR Part 325 (and any other capital ratios specified by the Corporation), incorporating the effects of any expected capital actions over the planning horizon.

The final rule also requires the senior management of each covered bank to establish and maintain a system of controls, oversight, and documentation, including policies and procedures, designed to ensure that the stress testing processes used by the covered bank are effective in meeting the requirements of the final rule. The covered bank's policies and procedures must, at a minimum, outline the covered bank's stress testing practices and methodologies, and processes for validating and updating its stress testing practices consistent with applicable laws, regulations and supervisory guidance.[6] The covered bank's board of directors (or a committee thereof) must approve and review the policies and procedures of the stress testing processes as frequently as economic conditions may warrant, but no less than annually. The covered bank's board of directors and senior management must receive a summary of the results of the annual stress test.

F. Reporting and Disclosures

Section 165(i)(2)(B) requires a covered bank to submit a report to the Board and its primary financial regulatory agency at such time, in such form, and containing such information as the primary financial regulatory agency shall require. Section 165(i)(2)(C)(iv) mandates that the primary financial regulatory agencies require a covered bank to publish a summary of its stress test results.

The final rule requires that each over $50 billion covered bank submit a report of the stress test results and documentation to the FDIC and to the Board by January 5. The FDIC published for notice and comment specific annual stress test reporting requirements for over $50 billion covered banks in a separate information collection under the Paperwork Reduction Act (44 U.S.C. 3501–3521).[7] The Corporation plans to publish for comment separately the required report for covered banks with total consolidated assets of more than $10 billion but less than $50 billion. For $10 billion to $50 billion covered banks, the final rule requires that each bank submit a report of the stress test results to the FDIC and to the Board by March 31.

The confidentiality of information submitted to the Corporation under the final rule will be determined in accordance with applicable law including any available exemptions under the Freedom of Information Act (5 U.S.C. 552(b)) and the FDIC's Rules and Regulations regarding the Disclosure of Information (12 CFR Part 309).

Based on information submitted by a covered bank in the required report to the Corporation, as well as other relevant information, the Corporation will conduct an analysis of the quality of the bank's stress test processes and related results. The Corporation envisions that feedback concerning such analysis will be provided to a covered bank through the supervisory process. In addition, each covered bank must consider the results of the stress tests conducted under the final rule in the normal course of business including, but not limited to, the banking organization's capital planning, assessment of capital adequacy, and risk management practices. The Corporation may also require other actions consistent with safety and soundness of the covered bank.

Consistent with section 165(i)(2), the final rule also requires each covered bank to publish a summary of the results of its annual stress tests after submitting its annual stress test report to the FDIC and the Board. Under the final rule, a $10 billion to $50 billion covered bank must publish a summary of the results of its annual stress test from the period beginning on June 15 and ending June 30 and an over $50 billion covered bank must publish its summary disclosures from the period beginning on March 15 and ending on March 31.

The timing of the disclosures in the final rule has changed from the timing sequence proposed in the NPR. The proposed rule would have required all disclosures to be made no later than April 5. The final rule extends the disclosure due date for $10 billion to $50 billion covered banks to June 30. Therefore, this final rule replaces the specific disclosure due date with a 15-day period in which disclosures must be made. This change ensures adequate time for review of stress test results prior to disclosure.

The summary may be published on a covered bank's Web site or any other forum that is reasonably accessible to the public. The required information publicly disclosed by each covered bank for the severely adverse scenario, at a minimum, includes:

i. A description of the types of risks being included in the stress test;

ii. A summary description of the methodologies used in the stress test;

iii. Estimates of aggregate losses, pre-provision net revenue, net income, provision for loan and lease losses, capital ratios (including regulatory and any other capital ratios specified by the FDIC); and

iv. An explanation of the most significant causes for the changes in regulatory capital ratios, such as the amount of losses attributable to a particular portfolio.

Covered banks that are consolidated subsidiaries of a bank holding company or savings and loan holding company will be permitted to publish abbreviated disclosures with the parent's summary and on the same timeline as the parent holding company. These disclosures will include a summary of changes in regulatory capital ratios of the depository institution subsidiary over the planning horizon, including an explanation of the most significant causes for changes in regulatory capital ratios, such as the amount of losses attributable to a particular portfolio. However, the FDIC reserves the right to require additional disclosures if the FDIC believes that the disclosures at the holding company level do not accurately capture the potential impact of the scenarios on the condition of the covered bank.

G. Summary of Steps for Annual Stress Test

The table below describes the steps and timeframes for the annual stress test for covered banks.

[6] *See* Supervisory Guidance on Stress Testing for Banking Organizations With More Than $10 Billion in Total Consolidated Assets, 77 FR 29458 (May 17, 2012).

[7] 77 FR 52718 (Aug. 30, 2012).

Process Overview of Annual Stress Test (Using Data as of September 30th)		
Step	Timeframe for over $50 billion covered banks	Timeframe for $10 billion to $50 billion covered banks
1. FDIC provides covered banks with scenarios for annual stress tests.	No later than November 15th	No later than November 15th.
2. Covered banks submit required regulatory reports to the FDIC on their stress tests.	No later than January 5th	No later than March 31st.[8]
3. Covered banks make required public disclosures	Between March 15th and March 31st	Between June 15th and June 30th.

H. Administrative Law Matters

Administrative Procedure Act

The final rule will be effective immediately upon publication in the **Federal Register**. Section 553(d)(3) of the Administrative Procedure Act (''APA'') provides that publication of a rule shall be made not less than 30 days before its effective date, except ''* * * (3) as otherwise provided by the agency for good cause found and published with the rule.'' Consistent with section 553(d)(3) and for the reasons discussed below, the FDIC finds good cause exists to publish this final rule with an immediate effective date.[9]

The FDIC believes the final rule is necessary to address the continuing exposure of the banking industry to potentially adverse economic conditions. The FDIC expects that all covered banks should have the capacity to understand their risks and the potential impact of stressful events and circumstances on their financial condition. The stress test requirements contained in the final rule will help covered banks and the FDIC to better understand such banks' financial condition in stressed environments, including the potential impact on covered banks' capital adequacy. Further, stress tests serve as an ongoing risk management tool that supports a covered bank's forward-looking assessment of its risks and better equips such organizations to address a range of adverse outcomes. As adverse economic conditions can occur quickly, the process of stress testing needs to begin promptly. Ensuring that covered banks are prepared for adverse economic situations is essential for their health and the overall financial stability of the economy. Accordingly, the FDIC finds good cause for the final rule to take effect immediately upon publication in the **Federal Register**.

Paperwork Reduction Act Analysis

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3521) (''PRA'') prohibits the Corporation from conducting or sponsoring, and respondents are not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (''OMB'') control number. In accordance with the PRA, the Corporation published notice of the proposed information collection for over $50 billion covered banks on August 30, 2012.[10] Following the close of the sixty-day comment period associated with the Corporation's proposed information collection notice, the Corporation will review the public comments and submit a proposed information collection to the OMB director for approval. If approved, covered banks would then be subject to the Corporation's stress test reporting requirements contained in the final rule. Additionally, prior to the 2013 stress test, the Corporation intends to publish in the **Federal Register** a proposed information collection notice for $10 billion to $50 billion covered banks.

Title of Information Collection: Annual Stress Test Reporting Template and Documentation for Covered Banks under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

For over $50 billion covered banks, following the close of the sixty-day comment period associated with the Corporation's proposed information collection notice, the Corporation will submit its proposed information collection to the OMB director for approval. For $10 billion to $50 billion covered banks, the Corporation will submit a proposed information collection to OMB following the publication and 60-day comment period of a proposed information collection notice for $10 billion to $50 billion covered banks.

OMB Number: 3064–0187.

Frequency of Response: Annually.

Affected Public: State nonmember banks and state savings associations supervised by the Corporation with more than $10 billion in total consolidated assets.

Estimated Total Burden (includes all covered banks):

The estimated burden for the reporting and disclosure requirements is as follows:

	Number of respondents	Annual frequency	Hourly estimate	Total hours
Initial Paperwork Burden:				
Initial Report	25	1	2,000	50,000
Total	25	1	2,000	50,000
Ongoing Paperwork Burden:				
Annual Report	25	1	1,040	26,000
Total	25	1	1,040	26,000

Abstract: The information collection requirements are found in sections 325.205, 325.206, and 325.207 of the final rule. These requirements implement the stress testing and stress testing reporting requirements set forth in Section 165(i) of the Dodd-Frank Act. Section 325.205(a) identifies the calculations of the potential impact on

[8] A covered bank subsidiary may elect to report and issue its required public disclosure on its parent bank holding company's or savings and loan holding company's timeline.

[9] 5 U.S.C. 553(d)(3).

[10] 77 FR 52718 (Aug. 30, 2012).

capital that must be made during each quarter of the planning horizon. Section 325.205(c) requires that each covered bank must establish and maintain a system of controls, oversight, and documentation, including policies and procedures that describe the covered bank's stress test practices and methodologies, as well as processes for updating such bank's stress test practices. Section 325.206 sets forth the requirements for stress test reports to be filed annually with the Corporation and the Board in the time, manner, and form specified by the Corporation. Section 325.207 requires that a covered bank must publish a summary of the results of its annual stress tests. The summary must include a description of the types of risks being included in the stress test, a summary description of the methodologies used in the stress test, and estimates of losses, pre-provision net revenue, provision for loan and lease losses, net income and pro forma capital ratios (including regulatory and any other capital ratios specified by the FDIC) over the planning horizon, under the severely adverse scenario.

Regulatory Flexibility Act Analysis

Pursuant to section 605(b) of the Regulatory Flexibility Act (''RFA''),[11] the regulatory flexibility analysis otherwise required under section 604 of the RFA is not required if an agency certifies that the rule will not have a significant economic impact on a substantial number of small entities (defined for purposes of the RFA to include banks with assets less than or equal to $175 million) [12] and publishes its certification and a short, explanatory statement in the **Federal Register** along with its rule. For the reasons provided below, the FDIC certifies that the final rule does not have a significant economic impact on a substantial number of small entities. Since the final rule applies only to state nonmember banks and state savings associations with more than $10 billion in total consolidated assets, the Corporation does not expect that the final rule will directly affect a substantial number of small entities. Accordingly, a regulatory flexibility analysis is not required.

Plain Language

Section 722 of the Gramm-Leach-Bliley Act [13] requires federal banking agencies to use plain language in all proposed and final rules published after January 1, 2000. The Corporation sought to present the proposed rule in a simple and straightforward manner and invited comment on how to make the proposed rule easier to understand. The FDIC received no comments on the use of plain language.

Riegle Community Development and Regulatory Improvement Act

Section 302 of Riegle Community Development and Regulatory Improvement Act (''RCDRIA'') generally requires that regulations prescribed by federal banking agencies which impose additional reporting, disclosures or other new requirements on insured depository institutions take effect on the first day of a calendar quarter which begins on or after the date on which the regulations are published in final form unless an agency finds good cause that the regulations should become effective sooner. The final rule will be effective immediately upon publication in the **Federal Register**. The first day of a calendar quarter which begins on or after the date on which the regulations are published will be January 1, 2013. Accordingly, the FDIC invokes the good cause exception to the publication requirement because the final rule is necessary to address the continuing exposure of the banking industry to potentially adverse economic factors. For the same reasons discussed in support of the good cause waiver from the 30-day delayed effective date required by the APA, the FDIC finds that good cause exists for an immediate effective date for the final rule.

Small Business Regulatory Enforcement Fairness Act

The Office of Management and Budget has determined that the final rule is not a ''major rule'' within the meaning of the relevant sections of the Small Business Regulatory Enforcement Fairness Act of 1996 [14] (''SBREFA''). As required by SBREFA, the FDIC will file the appropriate reports with Congress and the Government Accountability Office so that the final rule may be reviewed.

List of Subjects in 12 CFR Part 325

Administrative practice and procedure, banks, banking, Federal Deposit Insurance Corporation, reporting and recordkeeping requirements, state savings associations, stress tests.

Authority and Issuance

The Corporation amends part 325 of chapter III of title 12 of the Code of Federal Regulations as follows:

[11] 5 U.S.C. 605(b).

[12] 5 U.S.C. 601, *et seq.*

[13] Public Law 106–102, 113 Stat. 1338, 1471, 12 U.S.C. 4809 (1999).

[14] 5 U.S.C. 801, *et seq.*

PART 325—CAPITAL MAINTENANCE

■ 1. The authority citation for part 325 is revised to read as follows:

Authority: 12 U.S.C. 1815(a), 1815(b), 1816, 1818(a), 1818(b), 1818(c), 1818(t), 1819(Tenth), 1828(c), 1828(d), 1828(i), 1828(n), 1828(o), 1831o, 1831p-1, 1835, 3907, 3909, 4808; Pub. L. 102–233, 105 Stat. 1761, 1789, 1790 (12 U.S.C. 1831n note); Pub. L. 102–242, 105 Stat. 2236, as amended by Pub. L. 103–325, 108 Stat. 2160, 2233 (12 U.S.C. 1828 note); Pub. L. 102–242, 105 Stat. 2236, 2386, as amended by Pub. L. 102–550, 106 Stat. 3672, 4089 (12 U.S.C. 1828 note); 12 U.S.C. 5365(i); 12 U.S.C. 5412(b)(2)(B).

■ 2. Add subpart C to read as follows:

Subpart C—Annual Stress Test

Sec.

325.201 Authority, purpose, and reservation of authority.
325.202 Definitions.
325.203 Applicability.
325.204 Annual stress tests required.
325.205 Methodologies and practices.
325.206 Required reports of stress test results to the FDIC and the Board of Governors of the Federal Reserve System.
325.207 Publication of stress test results.

Subpart C—Annual Stress Test

§ 325.201 Authority, purpose, and reservation of authority.

(a) Authority. This subpart is issued by the Federal Deposit Insurance Corporation (the ''Corporation'' or ''FDIC'') under 12 U.S.C. 5365(i)(2), 12 U.S.C. 5412(b)(2)(B), 12 U.S.C. 1818, 12 U.S.C. 1819(a)(Tenth), 12 U.S.C. 1831o, and 12 U.S.C. 1831p-1.

(b) Purpose. This subpart implements 12 U.S.C. 5365(i)(2), which requires the Corporation (in coordination with the Board of Governors of the Federal Reserve System (''Board'') and the Federal Insurance Office) to issue regulations that require each covered bank to conduct annual stress tests and establishes a definition of stress test, methodologies for conducting stress tests, and reporting and disclosure requirements.

(c) Reservation of authority. Notwithstanding any other provisions of this subpart, the Corporation may modify some or all of the requirements of this subpart.

(1) The Corporation may accelerate or extend any deadline for stress testing, reporting, or publication of the stress test results.

(2) The Corporation may require different or additional tests not otherwise required by this subpart or may require or permit different or additional analytical techniques and methodologies, different or additional scenarios (including components for the

scenarios), or different assumptions for the covered bank to use in meeting the requirements of this subpart. In addition, the FDIC may specify a different as-of date for any or all categories of financial data used by the stress test.

(3) The Corporation may modify the reporting requirements of a report under this subpart or may require additional reports. The Corporation may modify the publication requirements of this subpart and or may require different or additional publication disclosures.

(4) Factors considered: Any exercise of authority under this section by the Corporation will be in writing and will consider the activities, level of complexity, risk profile, scope of operations, and the regulatory capital of the covered bank, in addition to any other relevant factors.

(5) Notice and comment procedures: In exercising its authority to require different or additional stress tests and different or additional scenarios (including components for the scenarios) under paragraph (c)(2) of this section, the Corporation will apply notice and response procedures in the same manner and to the same extent as the notice and response procedures in 12 CFR 325.6, as appropriate.

(6) Nothing in this subpart limits the authority of the Corporation under any other provision of law or regulation to take supervisory or enforcement action, including action to address unsafe and unsound practices or conditions, or violations of law or regulation.

§ 325.202 Definitions.

For purposes of this subpart—

(a) *Adverse scenario* means a set of conditions that affect the U.S. economy or the financial condition of a covered bank that are more adverse than those associated with the baseline scenario and may include trading or other additional components.

(b) *Average total consolidated assets* means the average of the covered bank's total consolidated assets, as reported on the covered bank's Consolidated Report of Condition and Income (Call Report) for the four most recent consecutive quarters. If the covered bank has not filed a Call Report for each of the four most recent consecutive quarters, the covered bank's average total consolidated assets means the average of the covered bank's total consolidated assets, as reported on the covered bank's Call Reports, for the most recent one or more consecutive quarters. The date on which the state nonmember bank or the state savings association becomes a covered bank will be the as-of date of the most recent Call Report used in the calculation of the average.

(c) Baseline scenario means a set of conditions that affect the U.S. economy or the financial condition of a covered bank, and that reflect the consensus views of the economic and financial outlook.

(d) *Covered bank* means any state nonmember bank or state savings association subject to the following categories:

(1) *$10 billion to $50 billion covered bank.* Any state nonmember bank or state savings association with average total consolidated assets calculated as required under this subpart that are greater than $10 billion but less than $50 billion.

(2) *Over $50 billion covered bank.* Any state nonmember bank or state savings association with average total consolidated assets calculated as required under this subpart that are not less than $50 billion.

(e) *Planning horizon* means the period of at least nine quarters over which the relevant projections extend.

(f) *Pre-provision net revenue* means the sum of net interest income and non-interest income, less expenses, before adjusting for loss provisions.

(g) *Provision for loan and lease losses* means the provision for loan and lease losses as reported by the covered bank on its Call Report.

(h) *Regulatory capital ratio* means a capital ratio for which the Corporation established minimum requirements by regulation or order, including the leverage ratio and tier 1 and total risk-based capital ratios applicable to that covered bank as calculated under the Corporation's regulations.

(i) *Scenarios* are those sets of conditions that affect the U.S. economy or the financial condition of a covered bank that the Corporation annually determines are appropriate for use in the company-run stress tests, including, but not limited to, baseline, adverse, and severely adverse scenarios.

(j) *Severely adverse scenario* means a set of conditions that affect the U.S. economy or the financial condition of a covered bank and that overall are more severe than those associated with the adverse scenario and may include trading or other additional components.

(k) *State nonmember bank* and *state savings association* have the same meanings as those terms are defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(l) *Stress test* means the process to assess the potential impact of scenarios on the consolidated earnings, losses, and capital of a covered bank over the planning horizon, taking into account the current condition of the covered bank and the covered bank's risks, exposures, strategies, and activities.

§ 325.203 Applicability.

(a) *First stress test for covered banks subject to stress testing requirements as of October 15, 2012.*

(1) A $10 billion to $50 billion covered bank as of October 15, 2012 must conduct its first stress test under this subpart using financial statement data as of September 30, 2013, and report the results of its stress test on or before March 31, 2014.

(2) A $10 billion to $50 billion covered bank that is subject to its first annual stress test pursuant to section 203(a)(1) of this subpart must make its initial public disclosure in the period starting June 15 and ending June 30 of 2015, by disclosing the results of a stress test conducted in 2014, using financial statement data as of September 30, 2014.

(3) A state nonmember bank or state savings association that is an over $50 billion covered bank as of October 15, 2012, must conduct its first stress test under this subpart using financial statement data as of September 30, 2012, and report the results of its stress test on or before January 5, 2013.

(b) *Covered banks that become subject to stress testing requirements after* October 15, 2012. A state nonmember bank or state savings association that becomes a covered bank after October 15, 2012 will conduct its first annual stress test under this subpart beginning in the next calendar year after the date the state nonmember bank or state savings association becomes a covered bank.

(c) *Ceasing to be a covered bank or changing categories.* (1) A covered bank will remain subject to the stress test requirements based on its applicable category unless and until total consolidated assets of the covered bank falls below the relevant size threshold for each of four consecutive quarters as reported on the covered bank's most recent Call Reports. The calculation will be effective on the as-of date of the fourth consecutive Call Report.

(2) Notwithstanding paragraph (c)(1) of this section, a state nonmember bank or state savings association that migrates from a $10 billion to $50 billion covered bank to an over $50 billion covered bank will be subject to the stress test requirements applicable to an over $50 billion covered bank immediately as of the date the state nonmember bank or state savings association satisfies the size threshold for an over $50 billion covered bank.

(d) *Covered bank subsidiaries of a bank holding company or savings and*

loan holding company subject to annual stress test requirements. (1) Notwithstanding the requirements applicable to covered banks under this section, a covered bank that is a consolidated subsidiary of a bank holding company or savings and loan holding company that is required to conduct an annual company-run stress test under applicable regulations of the Board of Governors of the Federal Reserve System may elect to conduct its stress test and report to the FDIC on the same timeline as its parent bank holding company or savings and loan holding company.

(2) A covered bank that elects to conduct its stress test under paragraph (d)(1) of this section will remain subject to the same timeline requirements of its parent company until otherwise approved by the FDIC.

§ 325.204 Annual stress tests required.

(a) General requirements. (1) $10 billion to $50 billion covered bank. A $10 billion to $50 billion covered bank must conduct a stress test on or before March 31 of each calendar year based on financial data as of September 30 of the preceding calendar year.

(2) Over $50 billion covered bank. An over $50 billion covered bank must conduct a stress test on or before January 5 of each calendar year based on financial data as of September 30 of the preceding calendar year.

(b) Scenarios provided by the Corporation. In conducting the stress test under this subpart, each covered bank must use the scenarios provided the Corporation. The scenarios provided by the Corporation will reflect a minimum of three sets of economic and financial conditions, including: Baseline, adverse, and severely adverse scenarios. The Corporation will provide a description of the scenarios required under this section to each covered bank no later than November 15 of that calendar year.

(c) *Significant trading activities.* The Corporation may require a covered bank with significant trading activities, as determined by the Corporation, to include a trading and counterparty component for the scenarios used in its stress test. The trading and counterparty position data used in this component of the scenarios will be as of a date between October 1 and December 1 of that calendar year selected by the Corporation and communicated to the covered bank no later than December 1 of the calendar year.

§ 325.205 Methodologies and practices.

(a) *Potential impact on capital.* In conducting a stress test under this subpart, during each quarter of the planning horizon, each covered bank must estimate the following for each scenario required to be used:

(1) Pre-provision net revenues, losses, loan loss provisions and net income; and

(2) The potential impact on the regulatory capital levels and ratios applicable to the covered bank, and any other capital ratios specified by the Corporation, incorporating the effects of any capital action over the planning horizon and maintenance of an allowance for loan losses appropriate for credit exposures throughout the planning horizon.

(b) *Controls and oversight of stress testing processes.* (1) The senior management of a covered bank must establish and maintain a system of controls, oversight, and documentation, including policies and procedures, that are designed to ensure that its stress test processes satisfy the requirements in this subpart. These policies and procedures must, at a minimum, describe the covered bank's stress test practices and methodologies, and processes for validating and updating the covered bank's stress test practices and methodologies consistent with applicable laws, regulations, and supervisory guidance.

(2) The board of directors, or a committee thereof, of a covered bank must approve and review the policies and procedures of the stress testing processes as frequently as economic conditions or the condition of the covered bank may warrant, but no less than annually. The board of directors and senior management of the covered bank must receive a summary of the results of the stress test.

(3) The board of directors and senior management of each covered bank must consider the results of the stress tests in the normal course of business, including but not limited to, the covered bank's capital planning, assessment of capital adequacy, and risk management practices.

§ 325.206 Required reports of stress test results to the FDIC and the Board of Governors of the Federal Reserve System.

(a) *Report required for annual stress test results—(1) $10 billion to $50 billion covered bank.* A $10 billion to $50 billion covered bank must report to the FDIC and to the Board on or before March 31 the results of the stress test in the manner and form specified by the FDIC.

(2) Over $50 billion covered bank. An over $50 billion covered bank must report to the FDIC and to the Board, on or before January 5, the results of the stress test in the manner and form specified by the FDIC.

(b) *Content of reports.* (1) The reports required under paragraph (a) of this section must include under the baseline scenario, adverse scenario, severely adverse scenario and any other scenario required by the Corporation under this subpart, a description of the types of risks being included in the stress test, a summary description of the methodologies used in the stress test, and, for each quarter of the planning horizon, estimates of aggregate losses, pre-provision net revenue, provision for loan and lease losses, net income, and pro forma capital ratios (including regulatory and any other capital ratios specified by the FDIC). In addition, the report must include an explanation of the most significant causes for the changes in regulatory capital ratios and any other information required by the Corporation.

(2) The description of aggregate losses and net income must include the cumulative losses and cumulative net income over the planning horizon, and the description of each regulatory capital ratio must include the beginning value, ending value, and minimum value of each ratio over the planning horizon.

(c) *Confidential treatment of information submitted.* The confidentiality of information submitted to the Corporation under this subpart and related materials will be determined in accordance with applicable law including any available exemptions under the Freedom of Information Act (5 U.S.C. 552(b)) and the FDIC's Rules and Regulations regarding the Disclosure of Information (12 CFR Part 309).

§ 325.207 Publication of stress test results.

(a) *Publication date.* (1) A $10 billion to $50 billion covered bank must publish a summary of the results of its annual stress test in the period starting June 15 and ending June 30.

(2) An over $50 billion covered bank must publish a summary of the results of its annual stress tests in the period starting March 15 and ending March 31.

(b) *Publication method.* The summary required under this section may be published on the covered bank's Web site or in any other forum that is reasonably accessible to the public. A covered bank that is a consolidated subsidiary of a bank holding company or savings and loan holding company that is required to conduct an annual company-run stress test under applicable regulations of the Board of Governors of the Federal Reserve

System will be deemed to have satisfied the public disclosure requirements under this subpart if it publishes a summary of its stress test results with its parent bank holding company's or savings and loan holding company's summary of stress test results. Subsidiary covered banks electing to satisfy their public disclosure requirement in this manner must include a summary of changes in regulatory capital ratios of such covered bank over the planning horizon, and an explanation of the most significant causes for the changes in regulatory capital ratios.

(c) *Information to be disclosed in the summary.* A covered bank must disclose the following information regarding the severely adverse scenario if it is not a consolidated subsidiary of a parent bank holding company or savings and loan holding company that has elected to make its disclosure under section 203(d):

(1) A description of the types of risks included in the stress test;

(2) A summary description of the methodologies used in the stress test;

(3) Estimates of aggregate losses, pre-provision net revenue, provision for loan and lease losses, net income, and pro forma capital ratios (including regulatory and any other capital ratios specified by the FDIC); and

(4) An explanation of the most significant causes for the changes in the regulatory capital ratios.

(d) *Content of results.* (1) The disclosure of aggregate losses, pre-provision net revenue, provisions for loan and lease losses, and net income under this section must be on a cumulative basis over the planning horizon.

(2) The disclosure of regulatory capital ratios and any other capital ratios specified by the Corporation under this section must include the beginning value, ending value, and minimum value of each ratio over the planning horizon.

Dated at Washington, DC, this 9th day of October, 2012.

By order of the Board of Directors.

Robert E. Feldman,

Executive Secretary, Federal Deposit Insurance Corporation.

[FR Doc. 2012–25194 Filed 10–12–12; 8:45 am]

BILLING CODE 6714–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 97

[Docket No. 30865; Amdt. No. 3500]

Standard Instrument Approach Procedures, and Takeoff Minimums and Obstacle Departure Procedures; Miscellaneous Amendments

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This rule establishes, amends, suspends, or revokes Standard Instrument Approach Procedures (SIAPs) and associated Takeoff Minimums and Obstacle Departure Procedures for operations at certain airports. These regulatory actions are needed because of the adoption of new or revised criteria, or because of changes occurring in the National Airspace System, such as the commissioning of new navigational facilities, adding new obstacles, or changing air traffic requirements. These changes are designed to provide safe and efficient use of the navigable airspace and to promote safe flight operations under instrument flight rules at the affected airports.

DATES: This rule is effective October 15, 2012. The compliance date for each SIAP, associated Takeoff Minimums, and ODP is specified in the amendatory provisions.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the **Federal Register** as of October 15, 2012.

ADDRESSES: Availability of matter incorporated by reference in the amendment is as follows:

For Examination—

1. FAA Rules Docket, FAA Headquarters Building, 800 Independence Avenue SW., Washington, DC 20591;

2. The FAA Regional Office of the region in which the affected airport is located;

3. The National Flight Procedures Office, 6500 South MacArthur Blvd., Oklahoma City, OK 73169 or,

4. The National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202–741–6030, or go to:*http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.*

Availability—All SIAPs are available online free of charge. Visit nfdc.faa.gov to register. Additionally, individual SIAP and Takeoff Minimums and ODP copies may be obtained from:

1. FAA Public Inquiry Center (APA–200), FAA Headquarters Building, 800 Independence Avenue SW., Washington, DC 20591; or

2. The FAA Regional Office of the region in which the affected airport is located.

FOR FURTHER INFORMATION CONTACT: Richard A. Dunham III, Flight Procedure Standards Branch (AFS–420) Flight Technologies and Programs Division, Flight Standards Service, Federal Aviation Administration, Mike Monroney Aeronautical Center, 6500 South MacArthur Blvd., Oklahoma City, OK. 73169 (Mail Address: P.O. Box 25082 Oklahoma City, OK. 73125) telephone: (405) 954–4164.

SUPPLEMENTARY INFORMATION: This rule amends Title 14, Code of Federal Regulations, Part 97 (14 CFR part 97) by amending the referenced SIAPs. The complete regulatory description of each SIAP is listed on the appropriate FAA Form 8260, as modified by the National Flight Data Center (FDC)/Permanent Notice to Airmen (P–NOTAM), and is incorporated by reference in the amendment under 5 U.S.C. 552(a), 1 CFR part 51, and § 97.20 of Title 14 of the Code of Federal Regulations.

The large number of SIAPs, their complex nature, and the need for a special format make their verbatim publication in the **Federal Register** expensive and impractical. Further, airmen do not use the regulatory text of the SIAPs, but refer to their graphic depiction on charts printed by publishers of aeronautical materials. Thus, the advantages of incorporation by reference are realized and publication of the complete description of each SIAP contained in FAA form documents is unnecessary. This amendment provides the affected CFR sections and specifies the types of SIAP and the corresponding effective dates. This amendment also identifies the airport and its location, the procedure and the amendment number.

The Rule

This amendment to 14 CFR part 97 is effective upon publication of each separate SIAP as amended in the transmittal. For safety and timeliness of change considerations, this amendment incorporates only specific changes contained for each SIAP as modified by FDC/P–NOTAMs.

The SIAPs, as modified by FDC P–NOTAM, and contained in this amendment are based on the criteria contained in the U.S. Standard for