

Federal Communications Commission.

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DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

FEDERAL RESERVE SYSTEM

FEDERAL DEPOSIT INSURANCE CORPORATION

DEPARTMENT OF THE TREASURY

Office of Thrift Supervision

Agency Information Collection

Activities: Submission for OMB Review; Joint Comment Request

AGENCIES: Office of the Comptroller of the Currency (OCC), Treasury; Board of Governors of the Federal Reserve System (Board); Federal Deposit Insurance Corporation (FDIC); and Office of Thrift Supervision (OTS), Treasury.

ACTION: Notice of information collections to be submitted to OMB for review and approval under the Paperwork Reduction Act.

SUMMARY: In accordance with the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the OCC, the Board, the FDIC, and the OTS (collectively, the agencies) 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. On September 25, 2006, the agencies, under the auspices of the Federal Financial Institutions Council (FFIEC), requested public comment on a proposal to implement new regulatory reporting requirements for banks¹ that qualify for and adopt the Advanced Capital Adequacy Framework to calculate their risk-based capital requirement or are in the parallel run stage of qualifying to

¹ For simplicity, and unless otherwise indicated, this notice uses the term "bank" to include banks, savings associations, and bank holding companies (BHCs). The terms "bank holding company" and "BHC" refer only to bank holding companies regulated by the Board and do not include savings and loan holding companies regulated by the OTS. For a detailed description of the institutions covered by this notice, refer to Part I, Section 1, of the final rule entitled Risk-Based Capital Standards: Advanced Capital Adequacy Framework.

adopt this framework (71 FR 55981). The agencies have made certain modifications to the proposed reporting requirements as described in this notice both in response to comments received and to reflect requirements of the final rule implementing the Advanced Capital Adequacy Framework (72 FR 69288, referred to hereafter as the final rule). The FFIEC, of which the agencies are members, has approved publication of these reporting requirements and the agencies are submitting these reporting requirements to OMB for review and approval. Upon approval, OMB control numbers will be obtained.

DATES: Comments must be submitted on or before February 25, 2008. These reporting requirements are effective April 1, 2008, and institutions subject to these requirements must begin reporting data at the end of the first quarter in which they have begun their parallel run period.

ADDRESSES: Interested parties are invited to submit written comments to any or all of the agencies. All comments, which should refer to the OMB control number(s), will be shared among the agencies.

OCC: Communications Division, Office of the Comptroller of the Currency, Public Information Room, Mail Stop 1-5, Attention: 1557-NEW, 250 E Street, SW., Washington, DC 20219. In addition, comments may be sent by fax to (202) 874-4448, or by electronic mail to regs.comments@occ.treas.gov. You may personally inspect and photocopy comments at the OCC's Public Information Room, 250 E 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) 874-5043. 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.

Board: You may submit comments, which should refer to "FFIEC 101" by any of the following methods:

- **Agency Web Site:** <http://www.federalreserve.gov>. Follow the instructions for submitting comments on the <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.
- **Federal eRulemaking Portal:** <http://www.regulations.gov>. Follow the instructions for submitting comments.
- **E-mail:** regs.comments@federalreserve.gov.

Include docket number in the subject line of the message.

- **FAX:** 202-452-3819 or 202-452-3102.

- **Mail:** Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551.

All public comments are available from the Board's Web site at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm> as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room MP-500 of the Board's Martin Building (20th and C Streets, NW.) between 9 a.m. and 5 p.m. on weekdays.

FDIC: You may submit comments, which should refer to "FFIEC 101," by any of the following methods:

- <http://www.FDIC.gov/regulations/laws/federal/notices.html>.
- **E-mail:** comments@FDIC.gov.

Include "FFIEC 101" in the subject line of the message.

- **Mail:** Valerie Best (202-898-3907), Supervisory Counsel, Attn: Comments, Room F-1070, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

- **Hand Delivery:** Comments may be hand delivered to the guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7 a.m. and 5 p.m.

Public Inspection: All comments received will be posted without change to <http://www.fdic.gov/regulations/laws/federal/notices.html> including any personal information provided. Comments may be inspected at the FDIC Public Information Center, Room E-1002, 3501 Fairfax Drive, Arlington, VA 22226, between 9 a.m. and 5 p.m. on business days.

OTS: You may submit comments, identified by "FFIEC 101" by any of the following methods:

- **E-mail address:** infocollection.comments@ots.treas.gov. Please include "FFIEC 101" in the subject line of the message and include your name and telephone number in the message.

- **Fax:** (202) 906-6518.

- **Mail:** Information Collection Comments, Chief Counsel's Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552, Attention: "FFIEC 101."

- **Hand Delivery/Courier:** Guard's Desk, East Lobby Entrance, 1700 G Street, NW., from 9 a.m. to 4 p.m. on business days, Attention: Information Collection Comments, Chief Counsel's Office, Attention: "FFIEC 101."

Instructions: All submissions received must include the agency name and OMB

Control Number for this information collection. All comments received will be posted without change to the OTS Internet Site at <http://www.ots.treas.gov/pagehtml.cfm?catNumber=67&an=1>, including any personal information provided.

Docket: For access to the docket to read background documents or comments received, go to <http://www.ots.treas.gov/pagehtml.cfm?catNumber=67&an=1>.

In addition, you may inspect comments at the Public Reading Room, 1700 G Street, NW., by appointment. To make an appointment for access, call (202) 906-5922, send an e-mail to public.info@ots.treas.gov, or send a facsimile transmission to (202) 906-7755. (Prior notice identifying the materials you will be requesting will assist us in serving you.) We schedule appointments on business days between 10 a.m. and 4 p.m. In most cases, appointments will be available the next business day following the date we receive a request.

Additionally, commenters may send a copy of their comments to the OMB desk officer for the agencies by mail to the Office of Information and Regulatory Affairs, U.S. Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW., Washington, DC 20503, or by fax to (202) 395-6974.

FOR FURTHER INFORMATION CONTACT: For further information about the regulatory reporting requirements discussed in this notice, please contact any of the agency clearance officers whose names appear below. In addition, copies of reporting schedules and instructions can be obtained from the FFIEC's Web site.²

OCC: Mary Gottlieb, OCC Clearance Officer (202-874-5090), Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 250 E Street, SW., Washington, DC 20219.

Board: Michelle Shore, Federal Reserve Board Clearance Officer, Division of Research and Statistics, Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551 (202-452-3829). Telecommunications Device for the Deaf (TDD) users may call (202) 263-4869.

FDIC: Valerie Best (202-898-3812), Supervisory Counsel, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

OTS: Ira L. Mills at ira.mills@ots.treas.gov, (202) 906-6531, or facsimile number (202) 906-6518, Regulations and Legislation Division,

Chief Counsel's Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552.

SUPPLEMENTARY INFORMATION: The agencies are requesting OMB approval to implement the following new information collection.

Report Title: Advanced Capital Adequacy Framework Regulatory Reporting Requirements.

Form Number: FFIEC 101.

Frequency of Response: Quarterly.

Affected Public: Business or other for-profit.

OCC

OMB Number: 1557-NEW.

Estimated Number of Respondents: 52 national banks.

Estimated Time per Response: 625 hours.

Estimated Total Annual Burden: 130,000 hours.

Board

OMB Number: 7100-NEW.

Estimated Number of Respondents: 6 state member banks.

Estimated Time per Response: 625 hours.

Estimated Total Annual Burden: 15,000 hours.

OMB Number: 7100-NEW.

Estimated Number of Respondents: 15 BHCs.

Estimated Time per Response: 625 hours.

Estimated Total Annual Burden: 37,500 hours.

FDIC

OMB Number: 3064-NEW.

Estimated Number of Respondents: 19 state nonmember banks.

Estimated Time per Response: 625 hours.

Estimated Total Annual Burden: 47,500 hours.

OTS

OMB Number: 1550-NEW.

Estimated Number of Respondents: 5 savings associations.

Estimated Time per Response: 625 hours.

Estimated Total Annual Burden: 12,500 hours.

General Description of Reports

This information collection is mandatory for banks using the Advanced Capital Adequacy Framework: 12 U.S.C. 161 (for national banks), 12 U.S.C. 324 and 12 U.S.C. 1844(c) (for state member banks and BHCs respectively), 12 U.S.C. 1817 (for insured state nonmember commercial and savings banks), and 12 U.S.C. 1464 (for savings associations). This

information collection will be given confidential treatment (5 U.S.C. 552(b)(4)) except for selected data items (Schedules A and B, and data items 1-2 of the operational risk Schedule S) that will be released for reporting periods after an institution has successfully completed its parallel run period and is qualified to use the advanced approaches for regulatory capital purposes. The agencies will not publicly release information submitted during an entity's parallel run period.

Abstract

Each bank that qualifies for and applies the advanced internal ratings-based approach to calculate regulatory credit risk capital and the advanced measurement approaches to calculate regulatory operational risk capital, as described in the final rule, is required to file quarterly regulatory data. The agencies will use these data to assess and monitor the levels and components of each reporting entity's risk-based capital requirements and the adequacy of the entity's capital under the Advanced Capital Adequacy Framework; to evaluate the impact and competitive implications of the Advanced Capital Adequacy Framework on individual reporting entities and on an industry-wide basis; as one input to develop an interagency study at the end of the second transitional floor period as described more fully in the final rule implementing the Advanced Capital Adequacy Framework; and to supplement on-site examination processes. The reporting schedules will also assist banks in understanding expectations around the system development necessary for implementation and validation of the Advanced Capital Adequacy Framework. Submitted data that is released publicly following a reporting entity's parallel run period will also provide other interested parties with information about banks' risk-based capital.

Current Actions

Risk-Based Capital Standards: Advanced Capital Adequacy Framework: Regulatory Reporting Requirements

I. Background

On September 25, 2006, the agencies issued for comment a joint notice of proposed regulatory capital reporting requirements (71 FR 55981) for U.S. banks that qualify for and adopt the advanced internal ratings-based (AIRB) approach for calculating regulatory credit risk capital and the advanced measurement approaches (AMA) for

² http://www.ffiec.gov/ffiec_report_forms.htm.

calculating regulatory operational risk capital (together, the advanced approaches). These proposed regulatory reporting requirements were issued concurrently with the joint notice of proposed rulemaking seeking public comment on a new risk-based capital framework for banks (71 FR 55830). On December 7, 2007, the agencies published final rules implementing the new risk-based capital framework (72 FR 69288). This notice describes the final risk-based capital reporting requirements for banks that qualify for and adopt the new risk-based capital framework or are in the parallel run stage of qualifying to adopt this framework.

Data items contained within the reporting proposal pertained to the risk parameters and drivers of a bank's regulatory capital measures under the AIRB and AMA approaches. The reporting proposal identified a number of uses for the data to be submitted, which included the ability of the agencies to monitor risk-based capital requirements, assess the components of these requirements, evaluate the impact of implementing the new advanced approaches, and supplement on-site examination processes relating to the implementation of the new advanced approaches. The proposal also indicated that certain summary information would be made available to the public for reporting periods after a bank has qualified to use the advanced approaches for regulatory capital to provide a sufficient degree of public disclosure to market participants.

The agencies have evaluated comments received on the reporting proposal and have made changes to the reporting requirements as described below. Certain changes to the reporting requirements, collected data elements, and reporting instructions have also been made to conform reporting to changes made to the final rule.

II. Comment Overview

The agencies received sixteen comment letters that directly addressed the reporting proposal. In addition to providing responses to the specific questions posed by the agencies, a number of commenters identified both general and technical issues relating to the reporting requirements, report schedules, and reporting instructions. Some additional comments focused primarily on the Pillar 3 disclosure requirements of the joint notice of proposed rulemaking, but also included less specific comments on regulatory reporting.

In general, commenters reflected concerns over the perceived burdens of

the proposed reporting requirements without sufficient offsetting benefits in terms of the analytical needs of supervisors and the information needs of investors and other public users of financial information. Specific areas of concern identified in the comments covered a range of issues including concerns about (1) the length of time allowed following a quarter-end to file reports with the agencies, (2) public disclosures of certain risk estimates used to calculate risk-weighted assets for credit risk portfolios, (3) public disclosures of certain data items contained in the operational risk schedule, (4) the reporting of credit risk portfolios not defined in the proposed rulemaking, (5) the reporting of data elements not required for calculation of regulatory capital, and (6) potential duplication or inconsistencies of the reporting requirements with Pillar 3 disclosures.

The agencies have made a number of modifications to the reporting requirements in light of these comments. Among the changes that address concerns about reporting burden, the agencies have eliminated three schedules and approximately 600 reportable data items, expanded the submission deadlines during a bank's parallel run period, and allowed more data items to be reported on an optional basis (depending on information availability, e.g., information pertaining to pre-credit risk mitigation risk estimates for wholesale exposures when the substitution approach is used, and various data items pertaining to operational risk modeling). Additionally, in recognition of concerns about report certification requirements, the agencies have adopted alternative certification language that focuses on meeting the requirements imposed by the final rule and reporting instructions as opposed to a statement attesting to the accuracy of data items that include parameter estimates.

The reporting proposal raised three specific questions for industry's consideration. First, the agencies asked about the feasibility of collecting additional information to help isolate the causes of changes in regulatory credit risk-based capital requirements (the lookback portfolio approach). The agencies have decided not to pursue the collection of this additional information at this time but intend to explore with the industry in the future ways to facilitate such analyses. Second, the agencies asked about the desirability of using an alternative approach to fixed bands for reporting wholesale and retail schedules. Although the majority of commenters favored the alternative

approach, the agencies have decided to retain the fixed band approach to achieve greater comparability among reporting banks. Third, the agencies asked about the appropriateness of making certain data items available to the public for reporting periods subsequent to a bank's parallel run period. With the exception of certain information contained in the operational risk schedule (data items 3 through 7 of this schedule), the agencies have decided to continue to require public disclosure of all other data items contained in Schedules A and B, and data items 1 and 2 only of the operational risk schedule, for reporting periods after a bank has qualified to use the advanced approaches for regulatory capital purposes. The agencies believe that such disclosures are consistent with Pillar 3 of the Advanced Capital Adequacy Framework and will provide useful information to investors and other market participants about a bank's capital structure, risk exposures, and main components of a bank's regulatory capital calculations. As in the reporting proposal, all other information submitted per these reporting requirements will remain confidential.

One commenter also indicated its belief that the burden estimate provided in the reporting proposal of 280 hours per respondent was significantly understated. Although the final reporting requirements require submission of significantly less data items than under the reporting proposal, the agencies have revised their estimates of reporting burden on a per respondent basis upward in recognition of reporting burdens incurred by banks on other types of regulatory reports and the level of detail required to be submitted under these reports.

Certain other modifications, such as the elimination of data items relating to expected loss given default, were made to conform the reporting requirements and instructions to the final rule. A complete discussion of comments, and changes made to the reporting requirements, is contained in the following sections.

III. Scope and Frequency of Reporting Banks That Are Required To Submit Reports

The reporting requirements associated with the final rule will apply, as proposed, to each BHC, on a consolidated basis, and each depository institution that qualifies for and applies the advanced approaches (section I of the final rule provides a detailed discussion of institutions covered by these reporting requirements), as well as

banks in the parallel run stage of qualifying to use the advanced approaches. The agencies did not receive any comments objecting to the scope of application of these reporting requirements as stated.

Frequency of Reports

As proposed, the reports described herein are to be submitted to the agencies on a quarterly basis. The agencies did not receive comments that generally opposed quarterly reporting. However, as discussed below, some commenters argued for less frequent or lagged reporting of certain data elements relating to operational risk.

Reporting Due Dates

A number of commenters raised concerns over the proposed requirement to align reporting due dates with those currently required for banks, savings associations, and BHCs that file Consolidated Reports of Condition and Income (Call Reports), Thrift Financial Reports (TFRs), and BHC FR Y-9C reports, respectively. These commenters offered a range of alternative reporting deadlines but generally argued for extended deadlines through at least the parallel run and transitional floor periods. The agencies agree that it is reasonable to extend reporting deadlines through the parallel run period to 60 days following the end of a quarter. However, the agencies believe that once a bank qualifies to use the advanced approaches and enters the transitional floor period, the bank should have the ability to fully support regulatory capital calculations to coincide with the timing of other financial disclosures. Accordingly, after a bank's parallel run period, the agencies are requiring submission of the information required by this notice within the same timeframes set forth in the reporting instructions for the Call Report, TFR, and BHC FR Y-9C filed by banks, savings associations, and BHCs, respectively.

Report Certification Requirements

Under the reporting proposal, banks would be required to meet the same reporting standards that are applied to other regulatory reports including certification by a bank's Chief Financial Officer attesting to the correctness of the reports. While acknowledging the reasonableness of requiring certifications of reported information, one commenter raised concerns over certifications of the accuracy of risk parameter estimates and the procedures used to validate those estimates. In recognition of these concerns, the agencies have modified the certification

requirements for this regulatory report submission. These report certifications are substantially similar to those required for banks' Pillar 3 disclosures in that they require one or more senior officers of the reporting entity to attest that the risk estimates and other information submitted to the agencies meet the requirements set forth in the final rule and reporting instructions.

Initial Reporting Period

For those banks subject to these reporting requirements, the first reporting period (as proposed) will correspond to the quarter-end of the first quarter of a bank's parallel run period. Although no commenters objected to this requirement, some commenters did raise concerns over the ability to implement those systems changes necessary to meet these reporting requirements without a sufficient amount of time between publishing these requirements and the first reporting period. The agencies are mindful of the tight timeframes for banks whose first reporting period corresponds to the quarter-end following the effective date of the final rule. The agencies expect that systems development will be an iterative process during the parallel run period, with steady improvement in overall reporting and gradual reduction of manual processes prior to qualification.

Relationship to Other Regulatory Reporting of Risk-Based Capital

As proposed, banks subject to these reporting requirements will submit capital information under both this notice and under the existing risk-based capital reporting requirements (the general risk-based capital rules) during their respective parallel run periods and subsequent transitional floor periods.³ A bank would discontinue reporting under the general risk-based capital rules once it is permitted to exit its third transitional floor period. The agencies received no comments on this requirement.

Electronic Submission of Reports

Consistent with requirements for the agencies' reports which collect data under the existing risk-based capital reporting requirements, banks subject to

these reporting requirements must submit these reports in an electronic format using file specifications and formats determined by the agencies.

IV. Overview of the Data Reporting Requirements

The reporting proposal contained 22 separate schedules: One schedule (Schedule A) detailing banks' capital elements (the numerator of the risk-based capital calculation); one schedule (Schedule B) that summarizes the components of risk-weighted assets for categories of credit risk portfolios, operational risk exposures, and market risk; and 20 schedules (Schedules C through V) that provide additional detail on the risk parameters and drivers of credit risk-weighted and operational risk-weighted assets. For wholesale and retail credit exposures, the reporting schedules contain information on the risk parameters used in specific risk-based capital formulas to determine risk-weighted asset amounts, namely: Probability of default (PD, which measures the likelihood that an obligor will default over a one-year horizon); loss given default (LGD, which is an estimate of the economic loss if a default occurs during downturn economic conditions); exposure at default (EAD, which is measured in dollars and is an estimate of the amount that would be owed to the bank at the time of default); and, for wholesale credit exposures, an exposure's effective maturity (M, which is measured in years and reflects the effective remaining maturity of the exposure). The retail credit risk schedules also include information on loan-to-values, credit bureau scores, and account seasoning, which are likely to be important risk drivers within these portfolios. For securitization, equity, and operational risk exposures, the reporting schedules include data on the main inputs to, and outputs of, internal models and regulatory risk weight functions used to determine risk-weighted assets for these exposures.

Several commenters raised concerns about burdens associated with and the need for reporting of certain types of credit exposures not explicitly defined outside the reporting proposal. These exposure types include Construction Income Producing Real Estate (IPRE) and Other Retail Exposures—Small Business. In response to industry concerns, the agencies have consolidated several schedules. Specifically, the final reporting requirements consolidate reporting of Construction IPRE and non-construction IPRE exposures into one IPRE schedule (new Schedule F), consolidate reporting

³ General risk-based capital data under the existing risk-based capital standards are currently captured in the Consolidated Reports of Condition and Income (Call Report) for banks (Form FFIEC 031 or FFIEC 041); OMB No. 1557-0081 for the OCC, 7100-0036 for the Board, and 3064-0052 for the FDIC), the Thrift Financial Report (TFR) for savings associations (OTS Form 1313; OMB No. 1550-0023), and the Consolidated Financial Statements for Bank Holding Companies (Board Form FR Y-9C; OMB No. 7100-0128).

of Qualifying Revolving Exposures—Credit Cards and Qualifying Revolving Exposures—All Other into one Qualifying Revolving Exposure schedule (new Schedule N), and consolidate reporting of Other Retail Exposures—Small Business and Other Retail Exposures—All Other into one Other Retail Exposure schedule (new Schedule O). With these schedule consolidations, the final reporting requirements require the submission of 19 schedules instead of the 22 schedules contained in the reporting proposal.

A. Publicly Available Risk-Based Capital Data for the Advanced Approaches

Content of Schedules A and B

Schedule A contains information about the components of Tier 1 and Tier 2 capital, as well as adjustments to regulatory risk-based capital as defined in the final rule. Certain modifications were made to data item captions, schedule footnotes, and instructions for clarification purposes and to conform the reporting requirements to the final rule. More specifically, in Part 1 of Schedule A for banks and BHCs, data item 6b, “Qualifying trust preferred securities,” as well as the deduction in data item 7b, “LESS: Cumulative change in fair value of all financial liabilities accounted for under a fair value option that is included in retained earnings and is attributable to changes in the bank’s own creditworthiness,” were added to derive the appropriate numerator for the Tier 1 risk-based capital calculation. In addition, the deductions in data items 10a and 16a, “LESS: Insurance underwriting subsidiaries’ minimum regulatory capital (for BHCs only)” were added to conform to the final rule and are necessary to derive the numerator for both the Tier 1 and Tier 2 risk-based capital calculation. A number of proposed data items relating to the regulatory leverage capital ratio were also eliminated from Part 1 of the schedule because they are reported in other regulatory reports.

Schedule B contains summary information about risk-weighted assets by exposure categories, and for credit risk exposures, outstanding balances and aggregated information about the estimates that underlie the calculation of risk-weighted assets. The information in Schedule B is largely unchanged from the reporting proposal with some minor modifications. The modifications include: (1) The addition of data item 24 for unsettled transactions (balance sheet amount and risk-weighted assets) in response to industry comments, (2) the addition of data item 28 for the

calculation of total credit risk-weighted assets scaled by the 1.06 multiplier contained in the final rule, (3) the addition of data item 29 to recognize risk-weighted asset deductions for excess eligible credit reserves not included in Tier 2 capital (to be consistent with paragraph (a)(2) of section 13 of the final rule), (4) the elimination of three data items for exposure types whose reporting has been consolidated with other exposure types as described above, and (5) changes to various caption headings to align them with the descriptions and definitions contained in the final rule.

The agencies received the following technical comments on data elements contained in Schedule B, Summary of Risk Weighted Assets for Banks Approved to Use the Advanced Approaches:

- Several commenters recommended re-labeling line 30 in the reporting proposal from Immaterial Exposures to Credit Exposures on Other Methods. These commenters argued that a broader exposure category was needed for the inclusion of unsettled securities transactions and other exposures where it is not feasible to estimate risk parameters under the advanced approaches. The agencies have modified Schedule B to include a separate data item for reporting the balance sheet amounts and risk-weighted assets associated with unsettled transactions (data item 24). The agencies note that the final rule specifically addresses and defines credit exposures that are not included within a defined exposure category, as well as non-material portfolios of exposures. Schedule B has been modified to include reporting of the risk-weighted assets and balance sheet amounts for these categories of exposures as described in the final rule;

- Several commenters sought clarification that the Expected Credit Loss (ECL) column in Schedule B should be reported after considering credit risk mitigation (CRM) effects. The agencies confirm that all ECL data items within the reporting schedules are to be reported on a post-CRM basis; and

- One commenter requested revisions to Schedule B to allow for agreement between aggregated credit portfolio (balance sheet) information and amounts listed in other regulatory reports such as Call Reports and the BHC FR Y-9C report. The agencies acknowledge the desired objective conveyed by this commenter to ensure that regulatory capital calculations encompass all exposures within a bank. However, the agencies believe it is more important to delineate exposures by exposure categories (and subcategories)

as defined within the final rule since each of these exposures is associated with a specific set of risk weight curves, risk weight functions, or calculation approaches. As a result, the agencies have decided not to redefine exposure categories to be consistent with those defined within other regulatory reports. The agencies have also decided not to impose additional burden of reconciling the financial information contained in these reports to balance sheet information contained in other regulatory reports. Rather, the agencies believe that the comprehensiveness of these reports can be confirmed through other means such as on-site reviews.

Publicly Available Information

The agencies received a number of comments relating to the public disclosure of information reported in Schedules A and B, and data items 1 through 7 of the Operational Risk schedule. These commenters argued for limited or phased-in disclosure of Schedule B data items in particular, limiting disclosure of Schedule B data items to risk-weighted assets by exposure type and related on- and off-balance sheet amounts, or flexibility in timing of submissions when an institution views certain information as proprietary in nature. These commenters generally argued that components of the risk-weighted asset calculation such as PD, LGD, and EAD are not well understood, are incomplete measures of risk, are not comparable across institutions, and may be subject to misinterpretation by investors and other market participants.

After consideration, the agencies have decided to retain public disclosure of all data items in Schedules A and B (as modified) for reporting periods after a bank has qualified to use the advanced approaches for regulatory capital purposes (i.e., once a bank enters its first transitional floor period). All reported information will remain confidential during the bank’s parallel run. The agencies believe such disclosures, at the bank level, are consistent with the Advanced Capital Adequacy Framework and will provide useful information to investors and other market participants about a bank’s capital structure, its risk exposures, and the main components and risk drivers underlying the bank’s regulatory capital calculations. Although the agencies agree with industry comments that care must be taken in making comparisons of aggregated risk parameters across institutions, the agencies note that comparability concerns have been substantially reduced by changes made to the final rule (such as the elimination

of expected loss given default or ELGD and the adoption of the New Accord's definition of default for wholesale credit exposures). As with the Pillar 3 disclosure requirements, the agencies believe public disclosure of the information in Schedules A and B is consistent with the objectives of market discipline and transparency advanced within the final rule and will provide investors and other market participants with a basic set of summary-level standardized information about the main components of banks' risk-based capital requirements. As noted in the proposed reporting requirements, banks may be able to use certain data items in these disclosures to augment Pillar 3 disclosures required by the final rule.

Data items 1 and 2 only of the operational risk schedule (Schedule S), will also be made publicly available for reporting periods after a bank has qualified to use the advanced approaches for regulatory capital purposes (i.e., once an institution enters into its first transitional floor period). This requirement is a modification of the reporting proposal, which proposed making data items 1 through 7 of this schedule publicly available along with information in Schedules A and B. A number of commenters raised concerns that data items 3 through 7 of the operational risk schedule contain proprietary or sensitive information. In light of these comments, the agencies have reevaluated whether these data elements are appropriate for public disclosure and have concluded they are not. Therefore, all operational risk schedule data items with the exception of data items 1 and 2 will remain confidential. Commenters generally agreed that data items 1 and 2 of this schedule were appropriate for public disclosure.

B. Non-Publicly Available Risk-Based Capital Data for the Advanced Approaches

With the exception of data items 1 and 2 in Schedule S, information submitted in Schedules C through S will be shared among the four agencies but will not be released to the public. The data elements contained in these schedules will provide the agencies with additional, aggregated detail about the components and main drivers of reporting banks' risk-based capital levels. The agencies will use this information to help focus on-site supervisory examination efforts by facilitating off-site monitoring of banks' regulatory capital calculations and regulatory capital trends, and to facilitate peer comparisons of capital and capital risk estimation parameters.

Reporting of Credit Risk by Fixed Supervisory Bands

For the wholesale and retail credit portfolios (Schedules C through O), aggregated information is reported at the level of fixed supervisory PD bands as defined within the reporting proposal. The agencies received a number of comments on the use of supervisory PD bands for purposes of aggregating information in the wholesale and retail schedules (question 2 of the reporting proposal). Most commenters indicated such aggregations would impose reporting burdens over an alternative approach discussed in the reporting proposal that would have allowed banks to report information by internal loan grades and internal segments. One commenter indicated indifference to the two reporting approaches for wholesale exposures. However, this latter commenter indicated that reporting of retail exposures by fixed PD bands would be more practical since reporting by internal segments could be unwieldy, given the large number of possible segments and segmentation schemes within a given bank, and would reduce, if not eliminate, comparability. One commenter supported reporting by fixed PD band and suggested that reporting burdens could actually increase to achieve comparability under the alternative approach.

The agencies have considered these comments and have decided to retain reporting by fixed supervisory PD bands as presented in the reporting proposal. While the agencies acknowledge some incremental reporting burden related to this approach, the agencies believe this reporting format achieves the desired objective of facilitating peer comparisons of risk-weighted asset and risk parameter estimation information. Moreover, the agencies believe that the alternative approach could introduce incremental reporting burdens over the adopted approach given the need to develop rules for combining and aggregating the large number of possible segmentation schemes used by banks.

Lookback Portfolio Reporting

The agencies also received many comments opposing the data collection alternative presented in question 1 of the reporting proposal. This alternative involved collecting additional information to help identify causes of changes in credit risk regulatory capital requirements (the lookback portfolio proposal). Commenters were strongly opposed to this alternative, citing significant additional reporting burdens and concerns about the lack of specificity of the alternative. Many of

these same commenters indicated that changes in regulatory capital could be better and more efficiently identified through alternative processes such as on-site reviews. After considering these comments, the agencies have decided at this time not to require submissions of the additional information suggested by this alternative lookback reporting proposal.

The agencies continue to see merit in being able to identify whether changes in a bank's assessment of risk are due to changes in the mix of exposures held or due to changes in risk assessments. As a result, the agencies intend to publish a proposal for comment that would facilitate such analyses. This notice would identify safety and soundness issues that could be addressed by additional data items contained in the proposal as well as other alternatives beyond a formal reporting process for obtaining this information. Comments received on this proposal will directly influence the agencies' decision whether to collect additional information beyond what is contained in the reporting requirements contained in this notice.

Wholesale Exposures

Data reported in Schedules C through J include information about the risk-weighted assets, balance sheet exposures, number of obligors, and main components or aggregated risk parameter estimates of the risk-based capital calculation for wholesale credit exposures. Each schedule represents a sub-portfolio of the wholesale exposure category and each portfolio corresponds to a data item on the summary Schedule B. The wholesale sub-portfolios are as follows: Corporate (Schedule C); Bank (Schedule D); Sovereign (Schedule E); Income Producing Real Estate or "IPRE" (Schedule F); High Volatility Commercial Real Estate or "HVCRE" (Schedule G); Eligible Margin Loans, Repo-Style Transactions, and OTC Derivatives with Cross-product Netting (Schedule H); Eligible Margin Loans and Repo-Style Transactions without Cross-product Netting (Schedule I); and OTC Derivatives without Cross-product Netting (Schedule J). As discussed above, exposures reported in these schedules are to be grouped into more detailed sub-portfolio segments using the fixed supervisory PD bands.

Several commenters raised concerns about the reporting proposal's requirement to calculate and disclose the impact of guarantees and credit derivatives on risk-weighted assets for wholesale exposures. These commenters indicated that such a requirement would impose significant burden on

institutions whose current practice is not to maintain separate risk information for obligors and guarantors on certain exposures. Some of these commenters suggested an alternative reporting approach that would require reporting of the EAD amounts associated with exposures where risk is mitigated by guarantees or credit derivatives.

The agencies have considered these comments and note that similar concerns were raised with respect to the application of the substitution approach described in the agencies' proposed rule. For reporting, the agencies have revised the reporting instructions relating to credit risk mitigation to conform to the final rule. Specifically, banks need not calculate and report the impact of guarantees and credit derivatives on risk-weighted assets where a bank extends credit based solely on the financial strength of a guarantor, provided the bank applies the PD substitution approach to all exposures of that obligor. The agencies believe that this modification to the reporting instructions should alleviate much of the concern expressed in the comments since reporting the effects of credit risk mitigation on risk-weighted assets would be required only in those situations where the bank is required by the final rule to maintain separate internal risk ratings for a wholesale obligor and the guarantor or credit provider under a credit derivative. The agencies note that reporting under the double default approach is not affected by this modification since separate internal risk ratings are a necessary requirement to calculate regulatory risk-based capital using this approach. In those cases where it is feasible to do so, the agencies are retaining the approach contained in the reporting proposal to require institutions to report the impact of credit risk mitigation on risk-weighted assets rather than adopt the suggestion made in some comments to report the EAD related to exposures eligible for the substitution, LGD adjustment, or double default approaches.

One commenter also questioned the need for a separate column for the weighted average LGD percentage before consideration of guarantees and credit derivatives, arguing that banks have little incentive to use the LGD adjustment approach since adjustment is subject to a floor based on the PD substitution approach (i.e., the risk-based capital requirement for a hedged exposure can never be lower than that of a direct exposure to the protection provider). Notwithstanding any disincentives to using the LGD

adjustment approach, banks subject to the advanced approaches have the option of using this approach to reduce capital requirements against hedged wholesale exposures. Therefore, the agencies have decided to retain these columns in the wholesale schedules. The agencies intend to reevaluate the need for this information in light of actual submissions.

The agencies received the following technical comments relating to data to be reported in Schedules C through J:

- Two commenters indicated possible confusion in Schedule E of where to reflect the impact of sovereign guarantees since such guarantees often are used to reduce corporate exposures, not sovereign exposures. These commenters noted that the confusion could be eliminated by adopting a recommendation to report the EAD of exposures eligible for the substitution, LGD adjustment, or double default approaches. In response, the agencies have modified the reporting instructions to indicate that while banks should generally use the underlying obligor as the basis for categorizing wholesale credit exposures, the categorization of wholesale exposures may be determined by the guarantor in cases where a PD is not assigned to the obligor;

- One commenter sought clarification of the term "Number of Obligor" listed as a column in Schedules C through G under the following scenarios: (i) When a bank has multiple facilities outstanding to one borrower; (ii) when a bank lends to both a subsidiary and to a parent of that same facility; and (iii) when a bank has two exposures to an obligor, one with no guarantee and the other with a guarantee. The agencies note that similar comments were received with respect to the internal risk rating assignment process described in the proposed rule and that a formal definition for obligor was adopted in the final rule as a result. For reporting purposes, banks should apply this same definition when determining how to quantify the number of obligors to report in Schedules C through G;⁴

⁴ The final rule defines an obligor as the legal entity or natural person contractually obligated on a wholesale exposure except that a bank may treat the following exposures as having separate obligors: (1) Exposures to the same legal entity or natural person denominated in different currencies; (2)(i) an income-producing real estate exposure for which all or substantially all of the repayment of the exposure is reliant on cash flows of the real estate serving as collateral for the exposure; the bank, in economic substance, does not have recourse to the borrower beyond the real estate serving as collateral; and no cross-default or cross-acceleration clauses are in place other than clauses obtained solely out of an abundance of caution; and (ii) other credit exposures to the same legal entity; and (3)(i) a wholesale exposure authorized under section 364

- One commenter sought clarification that exposures reported in the new Schedules I and J include transactions not subject to cross-product netting but may be subject to single-product netting. The agencies confirm this interpretation; and

- One commenter indicated that the PD ranges for the reporting of eligible margin loans, repo-style transactions, and OTC derivatives (new Schedules H through J) should be consistent with the PD ranges contained in other wholesale schedules. The agencies believe that the different PD ranges for exposures in these schedules, which contain a larger number of lower-risk PD bands, will likely result in more meaningful reported distributions of exposures across the credit quality spectrum for these sub-portfolios. Accordingly, the agencies have decided to retain the PD bands as proposed. However, to capture a larger range of low-risk exposures and achieve better comparability across exposure categories, the agencies have also decided to widen one of the PD bands and align the end points of two PD bands with those in other wholesale credit schedules. Specifically, the PD band for line 2 on these schedules was widened to 0.03 to 0.10 (from 0.03 to 0.05 in the reporting proposal); and the PD bands for lines 3 and 4 were changed to 0.10 to 0.15 and 0.15 to 0.25, respectively (from 0.05 to 0.10 and 0.10 to 0.25, respectively).

The agencies made two additional clarifications in the instructions to the wholesale exposure Schedules C through J to conform reporting to the final rule. Both of these clarifications relate to the basis for assigning exposures to the fixed supervisory PD bands specified within each wholesale exposure schedule. Generally, these assignments should be based on the PD estimates associated with the internal loan rating assigned to the obligor. However, consistent with the final rule, an exception is made in cases where the bank extends credit based solely on the financial strength of the guarantor provided that all of the bank's exposures to an obligor are fully covered by eligible guarantees and the bank applies the PD substitution approach to all of those exposures. In these cases, banks may use the PD estimate associated with the internal loan grade assigned to the guarantor for purposes of assigning exposures to a given fixed supervisory PD band. Another exception is made for eligible purchased wholesale exposures

of the U.S. Bankruptcy Code (11 U.S.C. 364) to a legal entity or natural person who is a debtor-in-possession for purposes of Chapter 11 of the Bankruptcy Code; and (ii) other credit exposures to the same legal entity or natural person.

(as defined in the final rule). For these exposures, banks should use segment-level risk estimates for purposes of assigning exposures to a given fixed supervisory PD band.⁵ This treatment is consistent with paragraph (d)(4) of section 31 of the final rule.

The agencies made the following additional modifications to Schedules H, I, and J: (1) To conform reporting to the final rule, the agencies added a data item 13 to columns C and E in Schedules H and I to capture the EAD and risk-weighted asset amounts associated with eligible margin loans subject to a 300 percent risk weight, (2) data items for reporting the number of counterparties were eliminated from all three schedules, and (3) certain captions and footnotes were modified for clarity and to conform to the terminology used in the final rule.

Retail Exposures

Data reported in Schedules K through O include information about the risk-weighted assets, balance sheet exposures, the number of accounts, and the main components or risk parameters of the risk-based capital calculation for retail credit exposures. These schedules also incorporate information pertaining to risk characteristics believed to be commonly used drivers within banks' risk management and measurement processes, to include information on loan-to-values, credit bureau scores, and account seasoning. Each schedule represents a sub-portfolio of the retail exposure category and each portfolio corresponds to a data item on the public Schedule B. These retail sub-portfolios are as follows: Residential Mortgage—Closed-end First Lien Exposures (Schedule K); Residential Mortgage—Closed-end Junior Lien Exposures (Schedule L); Residential Mortgage—Revolving Exposures (Schedule M); Qualifying Revolving Exposures (Schedule N); and Other Retail Exposures (Schedule O). As with the wholesale credit schedules, exposures reported in these schedules are to be grouped into more detailed sub-portfolio segments using the fixed supervisory PD bands.

Many commenters objected to the inclusion of information pertaining to loan-to-values (LTV) and EAD of accounts with updated LTVs for mortgage exposures. These commenters indicated in general that this risk driver information was not necessary for determination of risk-based capital

requirements, is not always used in a bank's segmentation processes, and is not always readily available and therefore potentially burdensome to collect (particularly information pertaining to updated LTVs). The agencies note that the instructions accompanying the reporting proposal required reporting of LTV-related information only to the extent the information is available. The agencies continue to believe that LTV is likely to be an important risk driver for mortgage exposures and will be used by many institutions in the mortgage segmentation process. Several commenters also questioned the collection of weighted average bureau scores, and the names and types of credit scoring systems used, for retail exposures. These commenters indicated in general that this risk driver information was not necessary for determination of risk-based capital requirements, is not always used in a bank's segmentation processes, and may not be meaningful for banks that use internal scores or behavioral scores in their risk measurement and segmentation processes. Some commenters also indicated that some scoring systems (for example, non-U.S. scores) would not align with each other, making the calculation of weighted averages either incomplete or potentially misleading. The agencies note that the instructions accompanying the reporting proposal required reporting of credit bureau score information only to the extent the information is available, and only for commonly-mapped scoring systems used for the largest proportion of exposures in a sub-portfolio when multiple scoring systems are used. The agencies continue to believe that credit bureau scores are likely to be an important risk driver for many types of retail exposures and will be used by many institutions in their retail segmentation processes.

Some commenters also raised concerns about reporting the age of mortgage exposures. These commenters indicated that this information is not always used to segment mortgage loan exposures and that there could be a number of possible ways to interpret the term "average age" used to calculate the weighted average age of a mortgage exposure depending on whether the loan was originated or purchased. These commenters indicated that it would be significantly burdensome to determine months since origination for purchased loans and sought confirmation that the number of months on books could be used instead. The agencies believe that

loan seasoning is likely to be an important risk driver for many types of retail exposures, especially for closed-end mortgage exposures. Accordingly, for closed-end mortgages, the agencies are retaining the definition of account age, which requires that banks determine the age of an account (in months) with respect to the account's origination date. For revolving exposures, the agencies agree that account age (in months) should be determined with respect to the time on the bank's books. For all other retail exposures, the agencies will allow banks the flexibility to determine the age of an account using a reference point deemed most logical by the reporting bank.

The agencies received the following technical comments relating to data to be reported in Schedules K through O:

- Two commenters indicated that it was not a common practice to include both junior and senior lien positions in the calculation of LTVs when only the senior lien position was held. These comments recommended that only senior lien positions be included in the calculation for first lien exposures. The agencies agree with this comment and have revised the footnotes and instructions for first lien mortgage exposures accordingly;

- A commenter sought confirmation that LTV cell values do not cumulate across the columns. The agencies confirm that the LTV cell values do not cumulate across the columns and have reworded the appropriate footnotes in the mortgage schedules; and

- A commenter indicated that if LTV reporting is retained, an additional column should be added to encompass exposures where the LTV is unknown. Since the reporting of LTV information is required only when the information is available, the agencies do not believe it is necessary to collect information pertaining to exposures with unknown LTVs.

After further consideration, the agencies have made an additional modification to the retail credit risk schedules to eliminate all columns requiring the reporting of weighted average LGD before consideration of eligible guarantees and credit derivatives. The agencies believe that the quantification of this data item could have imposed an excessive burden on banks since it would have required disentangling the effect of credit risk mitigation on LGDs assigned to a retail segment. Accordingly, the LGD estimates reflected in all retail credit exposure schedules should be inclusive of any credit risk mitigation effects.

⁵ Reporting of other risk parameters (LGD, EAD, M, and ECL) for eligible purchased wholesale exposures should also be done on a segment-level basis.

Securitization Exposures

Schedule P provides information by rating categories about exposures subject to either the Ratings-Based Approach (RBA) or the Internal Assessment Approach (IAA). Schedule Q provides additional memoranda information about unrated securitization exposures, exposures treated under the Supervisory Formula Approach (SFA), synthetic securitizations, and risk-weighted assets relating to early amortization features of securitizations as prescribed in the final rule.

The agencies did not receive any substantive comments on the securitization exposure schedules but did receive the following technical comments:

- One commenter requested clarification on how to report long-term securitization exposures rated more than one category below investment grade, and short-term securitization exposures rated below the third highest grade. The agencies have clarified reporting instructions to indicate that such exposures are not to be reported in Schedule P. These low-rated exposures are to be included in the appropriate data items of Schedule A (lines 9f and 17c);

- One commenter requested clarification about the possible inconsistency of reporting between data items 1 and 2 on the securitization detail schedule (new Schedule Q) and data item 5 of schedule for securitization exposures subject to either the RBA or IAA (Schedule P). As described below, the agencies have made a number of modifications to the securitization detail schedule to improve the consistency and logical flow of the schedule as well as to conform reported data items and captions with the final rule; and

- Multiple comments were received about the burdens associated with calculating the risk-weighted assets for securitization exposures not capped under section 42(d) of the final rule (data item 6b of Schedule T in the reporting proposal). The agencies have removed this data item from the new Schedule Q.

The following additional modifications were made to the securitization detail schedule (new schedule Q) to more comprehensively capture securitization deductions specified in the final rule and to consolidate certain data items on the schedule: (1) Data item 1 was added to require reporting of deductions under the RBA and IAA approaches; (2) proposed data item 1, “unrated exposures requiring deduction because

no IRB treatment for the underlying exposures,” was replaced by data item 2, requiring reporting of all other securitization deductions; (3) proposed data item 2, deductions under the SFA, was consolidated with proposed data item 3 requiring reporting of exposures and risk-weighted assets for this approach (see data item 3); (4) reporting of exposures and risk-weighted assets of synthetic exposures and hedged synthetic exposures on proposed data items 4 and 5 were consolidated into one line (see data item 4); and (5) the captions for proposed data items 7 and 8, relating to investors’ interest in securitization, were modified to conform to the terminology used in the final rule.

Equity Exposures

Data reported in Schedule R contains exposure amount and risk-weighted asset information about a bank’s equity exposures by type of exposure and by approach to measuring required capital including equity exposures subject to specific risk weights and equity exposures to investment funds. Banks would also complete the appropriate section of the schedule based on whether it uses a simple risk weight approach, a full internal models approach, or a partially modeled approach to measuring required capital for equity exposures.

The agencies received the following technical comments on the equity risk schedule:

- Two commenters indicated that the flow of the schedule’s sections was confusing and recommended that the schedule be redesigned. These commenters also requested clarification of reporting for certain data items such as equity investments in investment funds that have material liabilities. In response, the agencies have modified the equity schedule to more closely align with the structure and flow of the equity risk capital calculation approaches contained in the final rule. The agencies have also developed more specific reporting instructions and modified captions of reported data items to conform with the terminology used in the final rule. With respect to the treatment of equity investments in investment funds with material liabilities, the agencies refer to the discussion of such investments in section V.F.4 in the preamble of the final rule.

The agencies made several additional modifications to the equity schedule to simplify reporting and conform data items within the schedule to the final rule. These changes include the following: (i) The elimination of

proposed data items 7 and 8, for “excluded equity exposures to investment funds” and “aggregate equity exposures in hedge pairs with smaller adjusted carrying value;” (ii) the elimination of reporting for the 100 percent risk-weight category for FHLB/Farmer Mac exposures proposed data item 4 (such exposures are risk weighted at 20 percent under the final rule); (iii) the addition of data item 9, “600 percent risk weight equity exposures under the Simple Risk Weighted Approach (SRWA)” to conform with the final rule; (iv) the addition of data item 14 for reporting exposures to investment funds eligible for treatment under the Money Market Fund Approach defined within the final rule; and (v) splitting proposed data items 13, 18, and 22 to better conform with the logical flow of the calculation of risk-weighted assets for equity exposures under the final rule using one of three different approaches: the SRWA, the full Internal Models Approach (IMA), or the partial IMA.

Operational Risk

The new Schedule S provides data items pertaining to risk-based capital held against operational risk as well as various details about historical operational losses used to model operational risk capital. The schedule also contains data items related to scenarios, distribution assumptions, and loss caps used to model operational risk capital.

The agencies received several comments objecting to quarterly disclosures of certain data contained in the proposed operational risk schedule, particularly those disclosures pertaining to the disclosure of historical loss event frequency and severity information. These commenters indicated that such disclosures were contrary to the principles outlined in the Basel Committee’s New Accord and represented only a portion of information that is used to develop regulatory capital for operational risk. After considering these comments, the agencies have made several modifications to the reporting requirements for operational risk data items that includes the elimination of certain data items (i.e., the reporting of current period loss distribution information) and the inclusion of conditional reporting for a number of data items depending on whether a bank uses a given technique (e.g., historical loss distributions or scenario analyses) or parameterization assumption (e.g., loss threshold) to develop regulatory capital requirements for operational risk. In cases where these techniques or

assumptions are not used, banks would report either "N/A" or "0" (none) for these data items, as discussed in the instructions.

Several commenters also raised a question about which specific subsidiaries the operational risk disclosures would apply to. The agencies believe that all banking subsidiaries that qualify for and adopt the advanced approaches for calculating regulatory capital should be required to submit information about the regulatory capital held against operational risk capital to include certain details about the information used to model operational risk capital. In those situations where a banking subsidiary does not use a specified technique or assumption, it will be allowed to report either "N/A" or "0" depending on the context of the reported data item.

The agencies received the following technical comments on the operational risk schedule:

- Several commenters requested clarification whether column B in the proposed operational risk reporting schedule refers to the quarterly reporting period for the schedule or for a model that may be annual. The agencies have decided to eliminate column B from the schedule;
- Several commenters requested clarification on how to report starting and ending dates for event loss data when these dates differ for frequency and for severity estimation purposes. The agencies have revised the schedule to request starting and ending dates for both historical frequency and severity distribution data, and only to the extent a bank uses this information to model operational risk capital (see data items 8a through 8d);
- Several commenters requested clarification of how to report loss thresholds in data item 9 of the schedule when multiple thresholds are used within the modeling framework. The agencies have clarified the instructions to require reporting of the largest threshold used;
- Several commenters requested clarification of how to report the number and dollar amount of individual loss events in data items 11 through 15 of the schedule when losses below internal thresholds are aggregated without capturing the number of individual events. Another commenter also requested that banks be allowed to report losses on an event basis rather than a dollar volume basis and that banks be allowed to report such information on a one quarter lagged basis. The agencies have clarified the instructions to specify that a loss event may encompass multiple loss

transactions as long as they are all related to the same event. However, losses that do not relate to the same event should be considered separate loss events and should be separately counted for purposes of reporting data items 11 through 15. The instructions have also been clarified to state that reporting of the dollar volume of losses in data item 15 should be calculated on an event basis. In addition, data item 14a for loss events "less than \$10,000" and data item 15a for the dollar amount of losses "Less than \$10,000" have been added to provide a comprehensive distribution of loss events. The agencies have eliminated the requirement to report loss event information pertaining to the "current reporting period" and therefore see no need to allow banks to report remaining loss event information on a one quarter lagged basis;

- Two commenters requested confirmation that information pertaining to the number of scenarios used to model operational risk capital on data items 16 through 18 referred to the number of relevant industry events. The agencies have clarified the reporting instructions to state that only scenarios used in calculating the risk-based capital requirements for operational risk should be included in these data items. In addition, data item 18a, for scenario analysis in the range of "less than \$1 million" was added in order to provide a comprehensive distribution of scenario data;

- Several commenters requested clarification of information pertaining to distributional assumptions in data items 20 and 21 as to whether the change in assumptions refers to a change in a parameter of a distribution or a change in the distribution class or type. The agencies have clarified the instructions to specify that the change in assumptions refers to a change in distribution type. Further, no reporting is required when the bank does not use a frequency or severity distribution to model risk-based capital for operational risk; and

- Several commenters requested confirmation that the agencies would accept "not applicable" in response to the loss cap information requested in data items 22 through 24 when a bank does not use loss caps. The agencies have clarified the instructions to report the number "0" on line 22 and "N/A" in lines 23 and 24 when no loss caps are used.

V. Request for Comment

Public comment is requested on all aspects of this joint notice. Comments are invited on:

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

(b) The accuracy of the agencies' estimates of the burden of the proposed information collections, including the validity of the methodology and assumptions used;

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

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

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

Comments submitted in response to this joint notice will be shared among the agencies. All comments will become a matter of public record.

Dated: January 10, 2008.

Stuart E. Feldstein,

Assistant Director, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency.

Board of Governors of the Federal Reserve System, January 17, 2008.

Robert deV. Frierson,

Deputy Secretary of the Board.

Dated at Washington, DC, this 14th day of January, 2008.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Executive Secretary.

Dated: January 17, 2008.

Deborah Dakin,

Senior Deputy Chief Counsel, Regulations and Legislation Division, The Office of Thrift Supervision.

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FEDERAL MARITIME COMMISSION

Notice of Agreements Filed

The Commission hereby gives notice of the filing of the following agreements under the Shipping Act of 1984. Interested parties may submit comments on agreements to the Secretary, Federal Maritime Commission, Washington, DC 20573, within ten days of the date this notice appears in the **Federal Register**. Copies of agreements are available through the Commission's Office of Agreements (202-523-5793 or tradeanalysis@fmc.gov).

Agreement No.: 011839-007.

Title: Med-Gulf Space Charter Agreement.