for a replacement or in lieu of paper certificate, except in the case of a lost certificate, must be accompanied by the original paper certificate. The new certificate will carry the following statement: “Issued in lieu of [ ]”, with the numbers of the certificates that have been superseded.

(c) FSIS will deliver a copy of the certificate to the person who requested such certificate or his agent. Such persons may duplicate the certificate as required in connection with the exportation of the product.

(d) FSIS will retain a copy of the certificate.

(e) Exporters may request inspection personnel to issue certificates for export consignments of product of official establishments not under their supervision, provided the consignments are first identified as having been “U.S. inspected and passed,” are found to be neither adulterated nor misbranded, and are marked as required by § 381.105.

PART 590—INSPECTION OF EGGS AND EGG PRODUCTS (EGG PRODUCTS INSPECTION ACT)

14. The authority citation for Part 590 continues to read as follows:


15. Add § 590.407 to read as follows:

§ 590.407 Export certification and marking of containers with export inspection mark.

(a) Exporters must apply for export certification of inspected and passed products shipped to any foreign country. Exporters may apply for an export certificate using a paper or electronic application. FSIS will assess exporters that submit an electronic application the charge in § 592.500(d).

(b) FSIS will issue only one certificate for each consignment, except in the case of error in the certificate or loss of the certificate originally issued. A request for a replacement or in lieu of paper certificate, except in the case of a lost certificate, must be accompanied by the original paper certificate. The new certificate will carry the following statement: “Issued in lieu of [ ]”, with the numbers of the certificates that have been superseded.

(c) FSIS will deliver a copy of the export certificate to the person who requested such certificate or his agent. Such persons may duplicate the certificate as required in connection with the exportation of the product.

(d) FSIS will retain a copy of the certificate.

(e) When authorized by inspection personnel, establishments must mark the outside container of any inspected and passed egg products destined for export, except ship stores, small quantities exclusively for the personal use of the consignee and not for sale or distribution, and shipments by and for the U.S. Armed Forces, with a mark that contains a unique identifier that corresponds to the export certificate or an export inspection mark with the following form:

(f) Exporters may request inspection personnel to issue certificates for export consignments of product of official establishments not under their supervision, provided the consignments are first identified as having been “U.S. inspected and passed,” are found to be neither adulterated nor misbranded, and are marked as required by paragraph (e) of this section.

PART 592—VOLUNTARY INSPECTION OF EGG PRODUCTS

16. The authority citation for Part 592 continues to read as follows:


17. In § 592.20 add paragraph (d) to read as follows:

(d) Export certification. Upon application, by any person intending to export any egg product, inspectors may make certifications regarding products for human food purposes, to be exported, as meeting conditions or standards that are not imposed or are in addition to those imposed by the regulations in the part and the laws under which such regulations were issued.

18. Revise § 592.500 paragraph (a) and add paragraphs (d), (e), and (f) as follows:

§ 592.500 Payment of fees and charges.

(a) Fees and charges for voluntary base time rate, overtime inspection service, holiday inspection service, and electronic export applications shall be paid by the interested party making the application for such service, in accordance with the applicable provisions of this section and § 592.510 through § 592.530, both inclusive. If so required by the inspection personnel, such fees and charges shall be paid in advance.

(b) Exporters that submit electronic export certificate applications will be charged a fee per application submitted.

(c) FSIS will publish notice of the electronic export certification application fee annually in the Federal Register.

Done at Washington, DC, on January 11, 2012.

Alfred V. Almanza,
Administrator.

[FR Doc. 2012–1158 Filed 1–20–12; 8:45 am]
BILLING CODE 3410–DM–P

FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Part 325, Subpart C
RIN 3064–AD91

Annual Stress Test

AGENCY: Federal Deposit Insurance Corporation.

ACTION: Proposed rule with request for public comment.

SUMMARY: The Federal Deposit Insurance Corporation (the “Corporation” or “FDIC”) requests comment on this proposed rule that implements the requirements in Section 165(i) of the Dodd–Frank Wall Street Reform and Consumer Protection Act (the “Dodd–Frank Act”) regarding stress tests (“proposed rule”). This proposed rule would implement section 165(i)(2) by requiring state nonmember banks and state savings associations supervised by the Corporation with total consolidated assets of more than $10 billion to conduct annual stress tests in accordance with the proposed rule, report the results of such stress tests to the Corporation and the Board of Governors of the Federal Reserve System (“Board”) at such time and in such a form containing the information required by the Corporation, and publish a summary of the results of the required stress tests.

DATES: Comments should be received on or before March 23, 2012.
The proposed rule would apply to covered banks. Covered banks are defined under the proposed rule as any state nonmember bank or state-chartered savings association with assets of more than $10 billion in total consolidated assets, as determined based on the average total consolidated assets as reported on the state nonmember bank’s most recent Consolidated Reports of Condition and Income ("Call Reports") or on the state savings association’s most recent Thrift Financial Reports ("TFRs"), respectively. Once a state nonmember bank or state savings association becomes a covered bank, it will remain so for purposes of the proposed rule unless and until the state nonmember bank or state savings association has $10 billion or less in total consolidated assets as determined on each of, for state nonmember banks, the four most recent Call Reports or, for state savings associations, each of the four most recent TFRs.

The Corporation may accelerate or extend any specified deadline for stress testing if the Corporation determines such modification is appropriate in light of the institution’s activities, operations, risk profile, or regulatory capital.

c. Process Overview

Except as otherwise provided in the proposed rule, a bank that becomes a covered bank no less than 90 days before September 30 of any given calendar year must comply with the requirements, including the timing of required submissions to the Corporation, of the proposed rule from September 30 forward. With respect to initial applicability, a bank that is a covered bank on the effective date of the proposed rule is subject to the proposed requirements as of the effective date, including the timing of required submissions to the Corporation. The Corporation expects to use the following general process and timetables in connection with the stress tests.

i. Reporting by Covered Banks

Under the proposed rule, the Corporation would collect the covered bank’s stress test results and additional qualitative and quantitative information about the tests on a confidential basis. The Corporation plans to publish notice of both specific requirements and related instructions for the report to be applicable, and market assessments, among other factors. The Corporation notes that the stress tests described in the proposed rule focus on capital adequacy and do not focus on other aspects of financial condition.

b. Applicability

The proposed rule would apply to covered banks. Covered banks are defined under the proposed rule as any state nonmember bank or state-chartered savings association that has more than $10 billion in total consolidated assets, as determined based on the average total consolidated assets as reported on the state nonmember bank’s most recent Consolidated Reports of Condition and Income ("Call Reports") or on the state savings association’s most recent Thrift Financial Reports ("TFRs"), respectively. Once a state nonmember bank or state savings association becomes a covered bank, it will remain so for purposes of the proposed rule unless and until the state nonmember bank or state savings association has $10 billion or less in total consolidated assets as determined on each of, for state nonmember banks, the four most recent Call Reports or, for state savings associations, each of the four most recent TFRs.

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submitted to the Corporation, as described below. Following the annual stress test, each covered bank would be required to publish a summary of its results.

ii. Annual Stress Test
Each year, in advance of the annual stress test required of all covered banks on a schedule to be established, the Corporation would provide to such banks at least three scenarios, including baseline, adverse, and severely adverse, that each covered bank must use to conduct its annual stress test required under the proposed rule.

iii. Proposed Steps for Annual Stress Test
Table A below describes proposed steps for the stress test cycle for covered banks, including proposed general time frames for each step. The proposed time frames are illustrative and are subject to change.

<table>
<thead>
<tr>
<th>Step</th>
<th>Proposed timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. FDIC provides covered banks with scenarios for annual stress tests</td>
<td>No later than mid-November.</td>
</tr>
<tr>
<td>2. Covered banks submit required regulatory reports to the FDIC on their stress tests</td>
<td>By January 5.</td>
</tr>
<tr>
<td>3. Covered banks make required public disclosures</td>
<td>By early April.</td>
</tr>
</tbody>
</table>

iv. Stress Test Information and Results

1. Required Report to the FDIC of Stress Test Information and Results
On or before January 5 of each year, each covered bank would be required to report to the Corporation, in the manner and form prescribed in the proposed rule, the results of the stress tests conducted by the bank during the immediately preceding year ("required report"). The Corporation plans to publish for comment a description of items to be included in the required report to the Corporation. It is anticipated that the required report would include (but not necessarily be limited to) the following qualitative and quantitative information.

Qualitative information:
- A general description of the use of stress tests required by the proposed rule in the bank’s capital planning and capital adequacy assessments;
- A description of the types of risks (e.g., credit, market, operational, etc.) being captured in the stress test;
- A general description of the methodologies employed to estimate losses, pre-provision net revenues, loan loss reserves, changes in capital levels and ratios, and changes in the bank’s balance sheet over the planning horizon;
- Assumptions about potential capital distributions over the planning horizon;
- Any other relevant qualitative information to facilitate supervisory assessment of the tests, upon request by the Corporation.

Quantitative information under each scenario:
- Estimated pro forma capital levels and capital ratios, including regulatory and any other capital ratios specified by the Corporation;
- Estimated losses by exposure category;
- Estimated pre-provision net revenue;
• Estimated changes in loan loss reserves;
• Estimated total assets and risk-weighted assets;
• Estimated aggregate loan balances;
• Potential capital distributions over the planning horizon; and
• Any other relevant quantitative information to facilitate supervisory understanding of the tests, upon request by the primary supervisor of the covered bank.

The confidentiality of information submitted to the Corporation under the proposed rule shall 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).

The Corporation may also obtain supplemental information as needed.

Question: What are the anticipated costs to covered banks associated with internal data collection and developing methodologies for stress testing in line with requirements in the regulation?

II. Request for Comments

The Corporation requests comments on all aspects of the proposed rule for stress testing. What, if any, specific challenges exist with respect to the proposed steps and time frames? What specific alternatives exist to address these challenges that still allow the companies to meet their statutory requirements?

Is the proposed timing of stress testing appropriate and why? If not, what alternatives would be more appropriate? What, if any, specific challenges exist with respect to the proposed steps and time frames? What specific alternatives exist to address these challenges that still allow the Corporation to meet its statutory requirements? Please comment on the use of the “as of” date of September 30, the January 5 reporting date, the publication date, and the sufficiency of time for completion of the stress test. Does the immediate effectiveness of the proposed rule provide sufficient time for a covered bank as of the effective date of the rule to conduct its first stress test?

III. Administrative Law Matters

A. Paperwork Reduction Act Analysis

In accordance with the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3521) (“PRA”), the Corporation may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (“OMB”) control number. The information collection requirements contained in this notice of proposed rulemaking have been submitted by the Corporation to OMB for review and approval under section 3506 of the PRA and section 1320.11 of OMB’s implementing regulations (5 CFR part 1320).

Comments are invited on:

(a) Whether the collection of information is necessary for the proper performance of the agency’s functions, including whether the information has practical utility;

(b) The accuracy of the estimates of the burden of the information collection, 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 the information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

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

You may submit written comments by any of the following methods:


• Federal eRulemaking Portal: http://www.regulations.gov. Follow the instructions for submitting comments.

• Email: Comments@FDIC.gov. Include RIN 3064–AD91 on the subject line of the message.

• Mail: Robert E. Feldman, Executive Secretary, Attention: Comments, FDIC, 550 17th Street NW., Washington, DC 20429.

Hand Delivery/Courier: 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/proposal.html including any personal information provided.

Comments may be inspected at the FDIC Public Information Center, 3501 North Fairfax Drive, Room E–1002, Arlington, VA 22226 between 9 a.m. and 4:30 p.m. on business days.

A copy of the comments may also be submitted to the OMB desk officer for the agencies: By mail to the U.S. Office of Management and Budget, 725 17th Street NW., #10235, Washington, DC 20503 or by facsimile to (202) 395–6974.

Attention: Federal Banking Agency Desk Officer.

B. Proposed Information Collection

Title of Information Collection: Stress Test Reporting.

Frequency of Response: Annually.

Affected Public: State nonmember banks and state savings associations supervised by the Corporation.

Abstract: The information collection requirements are found in sections 325.204, 325.205, and 325.207 of the proposed rule. These requirements implement the stress testing and stress testing reporting requirements set forth in Section 165(i) of the Dodd-Frank Act.

Section 325.204(a) identifies the calculations of the potential impact on capital that must be made during each quarter of the planning horizon. Section 325.204(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, and processes for updating such bank’s stress test practices. Section 325.205 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.
(2) If the Corporation determines that the stress testing techniques and methodologies of a covered bank are deficient under § 325.204, the Corporation may determine that additional analytical techniques and methodologies are appropriate for the covered bank to use in identifying, measuring, and monitoring risks to its safety and soundness and require it to implement such techniques and methodologies.

(3) The Corporation reserves the authority to require a covered bank to make additional publications beyond those required by this subpart if the Corporation determines that such covered bank’s publication does not adequately address one or more material elements of the stress test. Further, 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) Covered bank means—

(1) Any state nonmember bank or state savings association that has more than $10 billion in total consolidated assets, as determined based on the average of total consolidated assets as reported on the state nonmember bank’s four most recently-filed Consolidated Reports of Condition and Income (Call Report), or on the state savings association’s four most recently-filed Thrift Financial Reports (TFRs).

(2) Any state nonmember bank or state savings association that meets the requirements of paragraph (1) shall remain a covered bank for purposes of this subpart unless and until the state nonmember bank has $10 billion or less in total consolidated assets as determined based on its four most recently-filed Call Reports, or the state savings association has $10 billion or less in total consolidated assets as determined based on each of its four most recently-filed TFRs.

(b) Planning horizon means the period over which the bank’s stress test projections will extend: specifically nine quarters.

(c) Scenarios are sets of economic and financial conditions used in the covered banks’ stress tests, including baseline, adverse, and severely adverse scenarios.

(d) State nonmember bank and state savings association shall each have the same respective meaning contained in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(e) Stress test is a process used to assess the potential impact on a covered bank of economic and financial conditions (scenarios) on the consolidated earnings, losses, and capital of a covered bank over a set planning horizon, taking into account the current condition of the covered bank and the covered bank’s risks, exposures, strategies, and activities.

§ 325.203 Annual stress tests required.

(a)(1) Each covered bank shall complete an annual stress test of itself based on data of the covered bank as of September 30 of that calendar year.

(2) The stress test shall be conducted in accordance with this section and the methodologies and practices described in section 325.204.

(b) Scenarios provided by the Corporation. In conducting its stress tests under this section, each covered bank must use scenarios provided by the Corporation that reflect a minimum of three sets of economic and financial conditions, including a baseline, adverse, and severely adverse scenario. In advance of these stress tests, the Corporation will provide to all covered banks a description of the baseline, adverse, and severely adverse scenarios that each covered bank shall use to conduct its annual stress tests under this subpart.

§ 325.204 Methodologies and practices.

(a) Potential impact on capital.

(1) In conducting a stress test under § 325.203, each covered bank shall calculate how each of the following are impacted during each quarter of the stress test planning horizon for each scenario:

(i) Potential losses, pre-provision net revenues, loan loss reserves, and pro forma capital positions over the planning horizon; and

(ii) Capital levels and capital ratios, including regulatory and any other capital ratios specified by the Corporation.

(b) Planning horizon. Each covered bank must use a planning horizon of at least nine quarters over which the impact of specified scenarios would be assessed.

(c) Controls and oversight of stress testing processes.

(1) Each covered bank must 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 in this subpart. These policies and procedures must, at a minimum, describe the covered bank’s stress
testing practices and methodologies, validation, and use of stress testing results, as well as processes for updating the covered bank’s stress testing practices consistent with relevant supervisory guidance.

(2) The board of directors and senior management of each covered bank shall approve and annually review the controls, oversight, and documentation, including policies and procedures of the covered bank pursuant to this subpart.

§ 325.205 Report to the FDIC of stress test results and related information.

(a) Report required for stress tests. On or before January 5 of each year, each covered bank must report the results of the stress test required under section 325.203 to the FDIC in accordance with paragraph 325.205(b).

(b) Content of report for annual stress tests. Each covered bank must file a report in the manner, in such form, and containing the information established by the Corporation.

(c) Confidential treatment of information submitted. The confidentiality of information submitted to the Corporation under this subpart and related materials shall 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).

(d) Extension. The Corporation may, in its discretion, and upon request by a covered bank, extend the time period for compliance established under paragraph 325.205(a) for up to an additional 60 days.

§ 325.206 Supervisory review of stress tests and post-assessment actions.

(a) Each covered bank shall take the results of the stress tests conducted under section 325.203 into account in making changes, as appropriate, to: The covered bank’s capital structure (including the level and composition of capital); its exposures, concentrations, and risk positions; any plans for recovery and resolution; and to improve overall risk management.

§ 325.207 Publication of summary of results.

(a) Public disclosure of results required for stress tests of covered banks. Within 90 days of the date required for submitting a report under § 325.205(a) for its required stress test under § 325.203, a covered bank shall publicly disclose a summary of the results of the stress tests required under § 325.203.

(b) Information to be disclosed in the summary. The information disclosed by each covered bank shall, at a minimum, include—

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

(2) A general description of the methodologies employed to estimate losses, pre-provision net revenue, loss reserves, and changes in capital positions over the planning horizon;

(3) Aggregate losses, pre-provision net revenue, loss reserves, net income, and pro forma capital levels and capital ratios (including regulatory and any other capital ratios specified by the Corporation) over the planning horizon under each scenario.

Dated at Washington, DC this 17th day of January, 2012.

By order of the Board of Directors.

Federal Deposit Insurance Corporation.

Robert E. Feldman,
Executive Secretary.

[FR Doc. 2012–1135 Filed 1–20–12; 8:45 am]
BILLING CODE 6714–01–P

FARM CREDIT ADMINISTRATION

12 CFR Parts 611, 612, 619, 620 and 630

RIN 3052–AC41

Compensation, Retirement Programs, and Related Benefits

AGENCY: Farm Credit Administration.

ACTION: Proposed rule.

SUMMARY: The Farm Credit Administration (FCA, us, we, or our) proposes to amend our regulations related to Farm Credit System (System) bank and association disclosures to shareholders and investors. The proposed rule would require reporting of supplemental retirement plans, a discussion of the link between senior officer compensation and performance, and timely and transparent reporting to shareholders of significant events that occur between annual reporting periods. We believe the proposed changes will provide full, transparent and consistent disclosures to shareholders. The proposed rule would identify the minimum responsibilities a compensation committee must perform to ensure it continues to exercise good stewardship, and require that System banks and associations provide for a nonbinding, advisory vote on senior officer compensation in order to engage shareholders in the management and control of their institution. Also, the proposed rule would bifurcate existing annual reporting requirements at § 620.5 and make other conforming technical changes.

DATES: Submit comments on or before March 23, 2012.

ADDRESSES: We offer a variety of methods for you to submit your comments. For accuracy and efficiency reasons, commenters are encouraged to submit comments by email or through the FCA’s Web site. As facsimiles (faxes) are difficult for us to process and achieve compliance with section 508 of the Rehabilitation Act, we no longer accept comments submitted by fax.

Regardless of the method you use, please do not submit your comments multiple times via different methods. You may submit comments by any of the following methods:

• Email: Send an email to regcomm@fca.gov.
• FCA Web site: http://www.fca.gov. Select “Public Commenters,” then “Public Comments,” and follow the directions for “Submitting a Comment.”
• Federal eRulemaking Portal: http://www.regulations.gov. Follow the instructions for submitting comments.

Mail: Gary K. Van Meter, Director, Office of Regulatory Policy, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102–5090.

You may review copies of all comments we receive at our office in McLean, Virginia or on our Web site at http://www.fca.gov. Once you are in the Web site, select “Public Commenters,” then “Public Comments,” and follow the directions for “Reading Submitted Public Comments.” We will show your comments as submitted, including any supporting data provided, but for technical reasons we may omit items such as logos and special characters. Identifying information that you provide, such as phone numbers and addresses, will be publicly available. However, we will attempt to remove email addresses to help reduce Internet spam.

FOR FURTHER INFORMATION CONTACT:
Deborah Wilson, Senior Accountant, Office of Regulatory Policy, Farm Credit Administration, McLean, VA 22102–5090, (703) 883–4414, TTY (703) 883–4434, or Laura McFarland, Senior Counsel, Office of General Counsel, Farm Credit Administration, McLean, VA 22102–5090, (703) 883–4020, TTY (703) 883–4020.

SUPPLEMENTARY INFORMATION:

I. Objective

The objectives of this proposed rule are to:

• Improve the transparency and completeness of disclosures in System