302–TV. Although the requirements were merged under the supporting statement, the forms themselves remained separate and only shared the same OMB control number. Since that time, we find that the merging of these requirements under one OMB control number is ineffective, causing delays in submissions to OMB for review, especially when the various requirements were revised by multiple and simultaneously adopted Commission actions.

FCC Form 349 is used to apply for authority to construct a new FM translator or FM booster broadcast station, or to make changes in the existing facilities of such stations. Form 349’s Newspaper Notice (third party disclosure) requirement: 47 CFR 73.3580: Form 349 also contains a third party disclosure requirement, pursuant to 47 CFR 73.3580. This rule requires stations applying for a new broadcast station, or to make major changes to an existing station, to give local public notice of this filing in a newspaper of general circulation in the community in which the station is located. This local public notice must be completed within 30 days of the tendering of the application. This notice must be published at least twice a week for two consecutive weeks in a three-week period. In addition, a copy of this notice must be placed in the station’s public inspection file along with the application, pursuant to 47 CFR 73.3527. This recordkeeping information collection requirement is contained in OMB Control No. 3060–0037, which covers 47 CFR 73.3527.

OMB Control No.: 3060–0837. OMB Approval Date: 4/19/2010. Expiration Date: 4/30/2013. Title: Application for TV Broadcast Station License, FCC Form 302–TV. Form No.: FCC Form 302–DTV. Type of Review: Reinstatement without change of a previously approved collection. Number of Respondents/Responses: 300 respondents; 300 responses. Estimated Time per Response: 2 hours. Total Annual Burden: 600 hours. Total Annual Cost: $133,800. Obligation to Respond: Required to obtain or retain benefits. Statutory authority for this collection of information is contained in Sections 154(i), 303, and 308 of the Communications Act of 1934, as amended.

Nature and Extent of Confidentiality: No need for confidentiality required with this information collection.

Needs and Uses: The Commission requested and received from the Office of Management and Budget (OMB) the reinstatement of OMB control number 3060–0837. In 2008, we merged the requirements that were previously under this OMB control number into an existing information collection, OMB control number 3060–0029, Application for TV Broadcast Station License, FCC Form 302–TV. Although the requirements were merged under the supporting statement, the forms themselves remained separate and only shared the same OMB control number. Since that time, we find the merging of these requirements under one OMB control number is ineffective causing delays for submission to OMB for review especially when the various requirements were revised by multiple Commission actions.

Form 302–DTV is used by licensees and permittees of Digital TV (“DTV”) broadcast stations to obtain a new or modified station license and/or to notify the Commission of certain changes in the licensed facilities of those stations. It may be used: (1) To cover an authorized construction permit (or auxiliary antenna), provided that the facilities have been constructed in compliance with the provisions and conditions specified on the construction permit; or (2) to implement modifications to existing licenses as permitted by Section 73.1675(c) or 73.1690(c) of the Commission’s rules.

Federal Communications Commission.

Marlene H. Dortch, Secretary, Office of the Secretary, Office of Managing Director.

[FR Doc. 2010–10410 Filed 5–3–10; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL DEPOSIT INSURANCE CORPORATION

FEDERAL RESERVE SYSTEM

[DOCKET NO. OP–1369]

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

[DOCKET ID OCC–2010–0016]

DEPARTMENT OF THE TREASURY

Office of Thrift Supervision

[DOCKET ID OTS–2010–0013]

Correspondent Concentration Risks

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

ACTION: Final guidance.

DATES: Effective upon publication in the Federal Register.

SUMMARY: The FDIC, Board, OCC, and OTS (the Agencies) are issuing final guidance on Correspondent Concentration Risks (CCR Guidance). The CCR Guidance outlines the Agencies’ expectations for financial institutions to identify, monitor, and manage credit and funding concentrations to other institutions on a standalone and organization-wide basis, and to take into account exposures to the correspondents’ affiliates, as part of their prudent risk management practices. Institutions also should be aware of their affiliates’ exposures to correspondents as well as the correspondents’ subsidiaries and affiliates. In addition, the CCR Guidance addresses the Agencies’ expectations for financial institutions to perform appropriate due diligence on all credit exposures to and funding transactions with other financial institutions.


SUPPLEMENTARY INFORMATION: I. Background

The Agencies developed the CCR Guidance to outline supervisory expectations for financial institutions to address correspondent concentration risks and to perform appropriate due diligence on credit exposures to and funding transactions with correspondents as part of their prudent risk management practices. Institutions also should be aware of their affiliates’ exposures to correspondents as well as the correspondents’ subsidiaries and affiliates. In addition, the CCR Guidance addresses the Agencies’ expectations for financial institutions to perform appropriate due diligence on all credit exposures to and funding transactions with other financial institutions.

1 This guidance applies to all banks and their subsidiaries, bank holding companies and their nonbank subsidiaries, savings associations and their subsidiaries, and savings and loan holding companies and their subsidiaries.
risk management policies and procedures. Credit (asset) risk is the potential that an obligation will not be paid in a timely manner or at all. Credit concentration risk arises whenever an institution advances or commits a significant volume of funds to a correspondent, as the advancing institution’s assets are at risk of loss if the correspondent fails to repay.

Funding (liability) concentration risk arises when an institution depends heavily on the liquidity provided by one particular correspondent or a limited number of correspondents to meet its funding needs. Funding concentration risk can create an immediate threat to an institution’s viability if the advancing correspondent suddenly reduces the institution’s access to liquid funds. For example, a correspondent might abruptly limit the availability of liquid funding sources as part of a prudent program for limiting credit exposure to one institution or organization or as required by regulation when the financial condition of the institution declines rapidly. The Agencies realize some concentrations arise from the need to meet certain business needs or purposes, such as maintaining large due from balances with a correspondent to facilitate account clearing activities. However, correspondent concentrations represent a lack of diversification that management should consider when formulating strategic plans and internal risk limits.

The Agencies generally consider credit exposures arising from direct and indirect obligations in an amount equal to or greater than 5 percent of total capital as concentrations. Depending on its size and characteristics, a concentration of credit for a financial institution may represent a funding exposure to the correspondent. While the Agencies have not established a funding concentration threshold, the Agencies have seen instances where funding exposures of 5 percent of an institution’s total liabilities have posed an elevated risk to the recipient, particularly when aggregated with other similar sized funding concentrations. An example of how these interbank correspondent concentrations can become concentrated is illustrated below:

Respondent Institution (RI) maintains $10 million in its due from account held at Correspondent Bank (CB) and sells $20 million in unsecured overnight Federal funds to CB. These relationships collectively result in RI having an aggregate risk exposure of 75 percent of its total capital to CB. CB, which has $2 billion in total assets, $1.8 billion in total liabilities, and is well capitalized with $200 million (10 percent) total capital, has a total of 20 respondent banks (RB) with the same credit exposures to CB as RI has to CB. The 20 RBs’ $600 million aggregate relationship represents one-third (33 percent) of CB’s total liabilities. These relationships create significant funding risk for CB if a few of the RBs withdraw their funds in close proximity of each other. These relationships also could threaten the viability of the 20 RBs. The loss of all or a significant portion of the RBs’ due from balances and the unsecured Federal funds sold to CB could deplete a significant portion of their capital bases, resulting in multiple institution failures. The RBs’ viability also could be jeopardized if CB, in turn, had sold a significant portion of the Federal funds from the RBs to another financial institution that abruptly fails. In addition, the financial institutions that rely on CB for account clearing services may find it difficult to quickly transfer processing services to another provider.

Although these interbank exposures may comply with regulations governing individual relationships, collectively they pose significant correspondent concentration risks that need to be monitored and managed consistent with the institutions’ overall risk-management policies and procedures. Therefore, the Agencies published the proposed Correspondent Concentration Risks Guidance (Proposed Guidance) for comment and are now issuing the final CCR Guidance after consideration of the comments received on the Proposed Guidance.

II. Overview of Public Comments

The Agencies received 91 unique comments on the Proposed Guidance primarily from financial institutions and industry trade groups. In general, the commenters agreed with the fundamental principles underlying the CCR Guidance, but some responses characterized the CCR Guidance as excessive, unnecessarily complex, and burdensome. A number of institutions and industry trade groups also voiced concern that the credit and funding thresholds in the CCR Guidance would be applied as “hard caps” rather than as indicators of potentially heightened risk. A few commenters noted that a 5 percent funding threshold was vague and lacked sufficient discussion on relevant issues, such as the type, term and nature of some funding sources. Other commenters raised concerns the CCR Guidance would effectively amend the Board’s Regulation F (Regulation F).

The Agencies requested comment on all aspects of the Proposed Guidance. The Agencies also specified several comment on:

- The appropriateness of aggregating all credit and funding exposures that an institution or its organization has advanced or committed to another financial institution or its correspondents when calculating concentrations, and whether some types of advances or commitments should be excluded.
- The types of factors institutions should consider when assessing correspondents’ financial condition.
- The need to establish internal limits as well as ranges or tolerances for each factor being monitored.
- The types of actions that should be considered for contingency planning and the timeframes for implementing those actions to ensure concentrations that meet or exceed organizations’ established internal limits, ranges, or tolerances are reduced in an orderly manner.
- The operational issues the Agencies should consider when issuing the final CCR Guidance, such as the single excess balance account limitation.

In response to the Agencies’ specific questions, many commenters responded that the CCR Guidance needed to be flexible, providing financial institutions latitude in establishing relationships with correspondents that are appropriate with the institutions’ individual risk management practices and business needs. Almost all of the commenters asked the Agencies to clarify the types of loan participations to be included when calculating credit exposures. Further, many commenters supported using Regulation F’s specified factors for assessing institutions’ financial condition and timeframes for contingency plans.

Several commenters also suggested that the Agencies should exclude transactions from the credit and funding concentration calculations when these

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2 Unless otherwise indicated, references to “correspondent” include the correspondent’s holding company, subsidiaries, and affiliates.

3 For purposes of this guidance, the term “total capital” means the total risk-based capital as reported for commercial banks and thrifts in the Report of Condition and the Thrift Financial Report, respectively.

4 12 CFR part 206.

5 An excess balance account (EBA) is an account held at a Federal Reserve Bank that is established for purposes of maintaining the excess balances of one or more eligible institutions through an agent. Under the terms of an EBA agreement, an eligible institution is permitted to participate in one EBA at a Federal Reserve Bank.
transactions would have a nominal
effect on the calculations, especially
when the recordkeeping and cost of
tracking complex exposures outweighed
the benefit of obtaining this information.
Many commenters also raised concerns
that the calculation of credit and
funding exposures on both a gross and
net basis created significant additional
burden on financial institutions. Some
commenters suggested that the Agencies
should provide a detailed example of
how to calculate credit and funding
exposures. Further, many commenters
also strongly supported the use of
multiple excess balance accounts.
A small number of commenters
stressed that the Agencies need to apply
the CCR Guidance uniformly to all
financial institutions engaged in
correspondent banking services to
ensure that smaller scale correspondents
are not placed at a competitive
disadvantage to large institutions due to
a perception of large institutions being
“too big to fail” or having government
support. In addition, a few commenters
asked the Agencies to make the CCR
Guidance effective 90 days after its
issuance to provide institutions with
time to implement any additional
procedures that might be needed to
clear compliance. The following
discussion summarizes how the
Agencies addressed these issues in the
CCR Guidance.

III. Revisions to the CCR Guidance

The Agencies made a number of
changes to the Proposed Guidance to
respond to comments and to provide
additional clarity in the CCR Guidance.

Scope of the CCR Guidance

The Agencies revised the CCR
Guidance to state that it does not
supplant or amend Regulation F, but
provides supervisory guidance on
correspondent concentration risks. The
CCR Guidance clarifies that financial
institutions should consider taking
actions beyond the minimum
requirements established in Regulation
F to identify, monitor, and manage
correspondent concentration risks in a
safe and sound manner, especially when
there are rapid changes in market
conditions or in a correspondent’s
financial condition. The revised CCR
Guidance also specifies that the credit
and funding thresholds are not “hard
caps” or firm limits, but are indicators
that a financial institution has
concentration risk with a correspondent.
In addition, the Agencies modified the
credit concentration threshold
calculation to reflect positions as a
percentage of total capital rather than

on an organization-wide basis for
illustrative purposes only in response to
some commenters’ requests for
eamples.

Other Commenter Issues

The Agencies appreciate the concern
of commenters who remarked that
failure to apply the CCR Guidance
uniformly to all financial institutions
engaged in correspondent banking
services could cause smaller scale
correspondents to be placed at a
competitive disadvantage to large
institutions due to a perception of large
institutions being “too big to fail” or
having government support. The
Agencies are working together to ensure
that the CCR Guidance is applied
uniformly to all financial institutions
engaged in correspondent banking
services. Further, since institutions
already have policies and procedures for
identifying, monitoring, and managing
credit and funding concentrations on a
net basis, the Agencies decided not to
delay the effective date of the CCR
Guidance. In addition, when the Board
authorized Federal Reserve Banks to
offer excess balance accounts, the Board
stated that it would re-evaluate the
continuing need for those accounts
when more normal market functioning
resumes. 74 FR 25,626 (May 29, 2009).
The Board will consider these
comments within the context of such a
re-evaluation.

IV. Text of Final CCR Guidance and
Illustrations in Appendix A and
Appendix B

The text of the final CCR Guidance
and the illustrations in Appendix A and
Appendix B follows:

Correspondent Concentration Risks

A financial institution’s7 relationship
with a correspondent8 may result in
credit (asset) and funding (liability)
concentrations. On the asset side, a
credit concentration represents a
significant volume of credit exposure
that a financial institution has advanced
or committed to a correspondent. On the
liability side, a funding concentration
exists when an institution depends on
one or a few correspondents for a

7 This guidance applies to all banks and their
subsidiaries, bank holding companies and their
nonbank subsidiaries, savings associations and their
subsidiaries, and savings and loan holding
companies and their subsidiaries.

8 Unless the context indicates otherwise,
references to “correspondent” include the
correspondent’s holding company, subsidiaries, and
affiliates. A correspondent relationship results
when a financial organization provides another
financial organization a variety of deposit, lending,
or other services.
disproportionate share of its total funding.

The Agencies\(^9\) realize some concentrations meet certain business needs or purposes, such as a concentration arising from the need to maintain large "due from" balances to facilitate account clearing activities. However, correspondent concentrations represent a lack of diversification, which adds a dimension of risk that management should consider when formulating strategic plans and internal risk limits.

The Agencies have generally considered credit exposures greater than 25 percent of total capital\(^10\) as concentrations. While the Agencies have not established a liability concentration threshold, the Agencies have seen instances where funding exposures as low as 5 percent of an institution's total liabilities have posed an elevated liquidity risk to the recipient institution.

These levels of credit and funding exposures are not firm limits, but indicate an institution has concentration risk with a correspondent. Such relationships warrant robust risk management practices, particularly when aggregated with other similarly sized funding concentrations, in addition to meeting the minimum regulatory requirements specified in applicable regulations. Financial institutions should identify, monitor, and manage both asset and liability correspondent concentrations and implement procedures to perform appropriate due diligence on all credit exposures to and funding transactions with correspondents, as part of their overall risk management policies and procedures.

This guidance does not supplant or amend applicable regulations such as the Board's Limitations on Interbank Liabilities (Regulation F).\(^11\) This guidance clarifies that financial institutions should consider taking actions beyond the minimum requirements established in Regulation F to identify, monitor, and manage correspondent concentration risks, especially when there are rapid changes in market conditions or in a correspondent's financial condition, in order to maintain risk management practices consistent with safe and sound operations.

Identifying Correspondent Concentrations

Institutions should implement procedures for identifying correspondent concentrations. For prudent risk management purposes, these procedures should encompass the totality of the institutions' aggregate credit and funding concentrations to each correspondent on a standalone basis, as well as taking into account exposures to each correspondent organization as a whole.\(^12\) In addition, the institution should be aware of exposures of its affiliates to the correspondent and its affiliates.

Credit Concentrations

Credit concentrations can arise from a variety of assets and activities. For example, an institution could have due from bank accounts, Federal funds sold on a principal basis, and direct or indirect loans to or investments in a correspondent. In identifying credit concentrations for risk management purposes, institutions should aggregate all exposures, including, but not limited to:

- Due from bank accounts (demand deposit accounts (DDA) and certificates of deposit (CD)),
- Federal funds sold on a principal basis,
- The over-collateralized amount on repurchase agreements,
- The under-collateralized portion of reverse repurchase agreements,
- Net current credit exposure on derivatives contracts,
- Unrealized gains on unsettled securities transactions,
- Direct or indirect loans to or for the benefit of the correspondent,\(^13\) and
- Investments, such as trust preferred securities, subordinated debt, and stock purchases, in the correspondent.

Funding Concentrations

Depending on its size and characteristics, a concentration of credit for a financial institution may be a funding exposure for the correspondent. The primary risk of a funding concentration is that an institution will have to replace those advances on short notice. This risk may be more pronounced if the funds are credit sensitive, or if the financial condition of the party advancing the funds has deteriorated.

The percentage of liabilities or other measurements that may constitute a concentration of funding is likely to vary depending on the type and maturity of the funding, and the structure of the recipient's sources of funds. For example, a concentration in overnight unsecured funding from one source might raise different concentration issues and concerns than unsecured term funding, assuming compliance with covenants and diversification with short and long-term maturities. Similarly, concerns arising from concentrations in long-term unsecured funding typically increase as these instruments near maturity.

Calculating Credit and Funding Concentrations

When identifying credit and funding concentrations for risk management purposes, institutions should calculate both gross and net exposures to the correspondent on a standalone basis and on a correspondent organization-wide basis as part of their prudent risk management practices. Exposures are reduced to net positions to the extent that the transactions are secured by the net realizable proceeds from readily marketable collateral or are covered by valid and enforceable netting agreements. Appendix A, Calculating Correspondent Exposures, contains examples, which are provided for illustrative purposes only.

Monitoring Correspondent Relationships

Prudent management of correspondent concentration risks includes establishing and maintaining written policies and procedures to prevent excessive exposure to any correspondent in relation to the correspondent's financial condition. For risk management purposes, institutions' procedures and frequency for monitoring correspondent relationships may be more or less aggressive depending on the nature, size, and risk of the exposure.

In monitoring correspondent relationships for risk-management purposes, institutions should specify internal parameters relative to what information, ratios, or metrics will be reviewed for each correspondent on an ongoing basis. In addition to a

\(^9\) The Agencies consist of the Federal Deposit Insurance Corporation (FDIC), Board of Governors of the Federal Reserve System (Board), Office of the Comptroller of the Currency, Treasury (OCC), and Office of Thrift Supervision, Treasury (OTS) (collectively, the Agencies).

\(^10\) For purposes of this guidance, the term "total capital" means the total risk-based capital as reported for commercial banks and thrifts in the Report of Condition and the Thrift Financial Report, respectively.

\(^11\) 12 CFR part 206. All depository institutions insured by the FDIC are subject to Regulation F.
correspondent’s capital, level of problem loans, and earnings, institutions may want to monitor other factors, which could include, but are not limited to:

- Deteriorating trends in capital or asset quality.
- Reaching certain target ratios established by management, e.g., aggregate of nonaccrual and past due loans and leases as a percentage of gross loans and leases.
- Increasing level of other real estate owned.
- Experiencing a downgrade in its credit rating, if publicly traded.
- Being placed under a public enforcement action.

For prudent risk management purposes, institutions should implement procedures that ensure ongoing, timely reviews of correspondent relationships. Institutions should use these reviews to conduct comprehensive assessments that consider their internal parameters and are commensurate with the nature, size, and risk of their exposure.

Institutions should increase the frequency of their internal reviews when appropriate, as even well capitalized institutions can experience rapid deterioration in their financial condition, especially in economic downturns.

Institutions’ procedures also should establish documentation requirements for the reviews conducted. In addition, the procedures should specify when relationships that meet or exceed internal criteria are to be brought to the attention of the board of directors or the appropriate management committee.

Managing Correspondent Concentrations

Institutions should establish prudent internal concentration limits, as well as ranges or tolerances for each factor being monitored for each correspondent. Institutions should develop plans for managing risk when these internal limits, ranges or tolerances are met or exceeded, either on an individual or collective basis. Contingency plans should provide a variety of actions that can be considered relative to changes in the correspondent’s financial condition. However, contingency plans should not rely on temporary deposit insurance programs for mitigating concentration risk.

Prudent risk management of correspondent concentration risks should include procedures that provide for orderly reductions of correspondent concentrations that exceed internal parameters over a reasonable timeframe that is commensurate with the size, type, and volatility of the risk in the exposure. Such actions could include, but are not limited to:

- Reducing the volume of uncollateralized/insured funds.
- Transferring excess funds to other correspondents after conducting appropriate reviews of their financial condition.
- Requiring the correspondent to serve as agent rather than as principal for Federal funds sold.
- Establishing limits on asset and liability purchases from and investments in correspondents.
- Specifying reasonable timeframes to meet targeted reduction goals for different types of exposures.

Examiners will review correspondent relationships during examinations to ascertain whether an institution’s policies and procedures appropriately identify and monitor correspondent concentrations. Examiners also will review the adequacy and reasonableness of institutions’ contingency plans to manage correspondent concentrations.

Performing Appropriate Due Diligence

Financial institutions that maintain credit exposures in or provide funding to other financial institutions should have effective risk management programs for these activities. For this purpose, credit or funding exposures may include, but are not limited to, due from bank accounts, Federal funds sold as principal, direct or indirect loans (including participations and syndications), and trust preferred securities, subordinated debt, and stock purchases of the correspondent.

An institution that maintains or contemplates entering into any credit or funding transactions with another financial institution should have written investment, lending, and funding policies and procedures, including appropriate limits, that govern these activities. In addition, these procedures should ensure the institution conducts an independent analysis of credit transactions prior to committing to engage in the transactions. The terms for all such credit and funding transactions should strictly be on an arm’s length basis, conform to sound investment, lending, and funding practices, and avoid potential conflicts of interest.

Appendix A
Calculating Respondent Credit Exposures on an Organization-Wide Basis

### Respondent Bank’s Gross Credit Exposure to a Correspondent, its Holding Company and Affiliates

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000,000</td>
<td>Due from DDA with correspondent.</td>
</tr>
<tr>
<td>1,000,000</td>
<td>Due from DDA with correspondent’s two affiliated insured depository institutions (IDIs).</td>
</tr>
<tr>
<td>1,000,000</td>
<td>CDIs issued by correspondent bank.</td>
</tr>
<tr>
<td>500,000</td>
<td>CDIs issued by one of correspondent’s two affiliated IDIs.</td>
</tr>
<tr>
<td>51,500,000</td>
<td>Federal funds sold to correspondent on a principal basis.</td>
</tr>
<tr>
<td>2,500,000</td>
<td>Federal funds sold to correspondent’s affiliated IDIs on a principal basis.</td>
</tr>
<tr>
<td>3,750,000</td>
<td>Reverse Repurchase agreements.</td>
</tr>
<tr>
<td>250,000</td>
<td>Net current credit exposure on derivatives.</td>
</tr>
<tr>
<td>4,500,000</td>
<td>Direct and indirect loans to or for benefit of a correspondent, its holding company, or affiliates.</td>
</tr>
<tr>
<td>2,500,000</td>
<td>Investments in the correspondent, its holding company, or affiliates.</td>
</tr>
<tr>
<td><strong>118%</strong></td>
<td>Gross Credit Concentration.</td>
</tr>
</tbody>
</table>

### Respondent Bank’s Net Credit Exposure to a Correspondent, its Holding Company and Affiliates

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>17,850,000</td>
<td>Due from DDA (less checks/cash not available for withdrawal &amp; federal deposit insurance (FDI)).</td>
</tr>
<tr>
<td>500,000</td>
<td>Due from DDA with correspondent’s two affiliated IDIs (less FDI).</td>
</tr>
<tr>
<td>750,000</td>
<td>CDIs issued by correspondent bank (less FDI).</td>
</tr>
<tr>
<td>250,000</td>
<td>CDIs issued by one of correspondent’s two affiliated IDIs (less FDI).</td>
</tr>
</tbody>
</table>
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51,500,000 Federal funds sold on a principal basis.  
2,500,000 Federal funds sold to correspondent’s affiliated IDIs on a principal basis.  
100,000 Under-collateralized amount on reverse repurchase agreements (less the current market value of government securities or readily marketable collateral pledged).³  
50,000 Uncollateralized net current derivative position.¹  
4,500,000 Direct and indirect loans to or for benefit of a correspondent, its holding company, or affiliates.  
2,500,000 Investments in the correspondent, its holding company, or affiliates.  
80,500,000 Net Credit Exposure.  
100,000,000 Total Capital.  
81% Net Credit Concentration.

Note: Respondent Bank has $1 billion in Total Assets, 10% Total Capital, and 90% Total Liabilities and Correspondent Bank has $1.5 billion in Total Assets, 10% Total Capital, and 90% Total Liabilities.

Calculating Correspondent Funding
Exposures on an Organization-Wide Basis

<table>
<thead>
<tr>
<th>Correspondent Bank’s Gross Funding Exposure to a Respondent Bank</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000,000</td>
<td>Due to DDA with respondent.</td>
</tr>
<tr>
<td>1,000,000</td>
<td>Correspondent’s two affiliated IDIs’ Due to DDA with respondent.</td>
</tr>
<tr>
<td>1,000,000</td>
<td>CDs sold to correspondent bank.</td>
</tr>
<tr>
<td>500,000</td>
<td>CDs sold to correspondent from one of correspondent’s two affiliated IDIs.</td>
</tr>
<tr>
<td>51,500,000</td>
<td>Federal funds purchased from respondent on a principal basis.</td>
</tr>
<tr>
<td>2,500,000</td>
<td>Federal funds sold to correspondent’s affiliated IDIs on a principal basis.</td>
</tr>
<tr>
<td>1,000,000</td>
<td>Repurchase Agreements.</td>
</tr>
<tr>
<td>107,500,000</td>
<td>Gross Funding Exposure.</td>
</tr>
<tr>
<td>1,350,000,000</td>
<td>Total Liabilities.</td>
</tr>
<tr>
<td>7.96%</td>
<td>Gross Funding Concentration.</td>
</tr>
</tbody>
</table>

Correspondent Bank’s Net Funding Exposure to a Respondent, its Holding Company and Affiliates

<table>
<thead>
<tr>
<th>Correspondent Bank’s Net Funding Exposure to a Respondent, its Holding Company and Affiliates</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>17,850,000</td>
<td>Due to DDA with respondent (less checks and cash not available for withdrawal and FDI).²</td>
</tr>
<tr>
<td>500,000</td>
<td>Correspondent’s two affiliated IDIs’ Due to DDA with respondent (less FDI).²</td>
</tr>
<tr>
<td>750,000</td>
<td>CDs sold to correspondent (less FDI).</td>
</tr>
<tr>
<td>250,000</td>
<td>One of correspondent’s two affiliated IDIs’ CDs sold to respondent (less FDI).²</td>
</tr>
<tr>
<td>51,500,000</td>
<td>Federal funds purchased from respondent on a principal basis.</td>
</tr>
<tr>
<td>2,500,000</td>
<td>Federal funds sold to correspondent’s affiliated IDIs on a principal basis.</td>
</tr>
<tr>
<td>150,000</td>
<td>Under-collateralized amount of repurchase agreements relative to the current market value of government securities or readily marketable collateral pledged.³</td>
</tr>
<tr>
<td>73,500,000</td>
<td>Net Funding Exposure.</td>
</tr>
<tr>
<td>1,350,000,000</td>
<td>Total Liabilities.</td>
</tr>
<tr>
<td>5.44%</td>
<td>Net Funding Concentration.</td>
</tr>
</tbody>
</table>

¹ There are 5 derivative contracts with a mark-to-market fair value position as follows: Contract 1 (100), Contract 2 +400, Contract 3 (50), Contract 4 +150, and Contract 5 (150). Collateral is 200, resulting in an uncollateralized position of 50.  
² While temporary deposit insurance programs may provide certain transaction accounts higher levels of federal deposit insurance coverage, institutions should not rely on such programs for mitigating concentration risk.  
³ Government securities means obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. government or any department, agency, bureau, board, commission, or establishment of the United States, or any corporation wholly owned, directly or indirectly, by the United States.

Appendix B
Calculating Respondent Credit Exposures
on a Correspondent Only Basis

<table>
<thead>
<tr>
<th>RESPONDENT BANK’S GROSS CREDIT EXPOSURE TO A CORRESPONDENT</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000,000</td>
<td>Due from DDA with correspondent.</td>
</tr>
<tr>
<td>0</td>
<td>Due from DDA with correspondent’s two affiliated insured depository institutions (IDIs).</td>
</tr>
<tr>
<td>1,000,000</td>
<td>CDs issued by correspondent bank.</td>
</tr>
<tr>
<td>0</td>
<td>CDs issued by one of correspondent’s two affiliated IDIs.</td>
</tr>
<tr>
<td>51,500,000</td>
<td>Federal funds sold to correspondent on a principal basis.</td>
</tr>
<tr>
<td>0</td>
<td>Federal funds sold to correspondent’s affiliated IDIs on a principal basis.</td>
</tr>
<tr>
<td>3,750,000</td>
<td>Reverse Repurchase agreements.</td>
</tr>
</tbody>
</table>
250,000 Net current credit exposure on derivatives. ¹
4,500,000 Direct and indirect loans to or for benefit of a correspondent, its holding company, or affiliates.
2,500,000 Investments in the correspondent, its holding company, or affiliates.

113,500,000 Gross Credit Exposure.
100,000,000 Total Capital.
114% Gross Credit Concentration.

Respondent Bank’s Net Credit Exposure to a Correspondent

17,850,000 Due from DDA (less checks/cash not available for withdrawal and federal deposit insurance (FDI)). ²
0 Due from DDA with correspondent’s two affiliated IDIs (less FDI). ²
750,000 CDs issued by correspondent bank (less FDI).
0 CDs issued by one of correspondent’s two affiliated IDIs (less FDI).
51,500,000 Federal funds sold on a principal basis.
0 Federal funds sold to correspondent’s affiliated IDIs on a principal basis.
100,000 Under-collateralized amount on reverse repurchase agreements (less the current market value of government securities or readily marketable collateral pledged).³
50,000 Uncollateralized net current derivative position. ¹
4,500,000 Direct and indirect loans to or for benefit of a correspondent, its holding company, or affiliates.
2,500,000 Investments in the correspondent, its holding company, or affiliates.

77,250,000 Net Credit Exposure.
100,000,000 Total Capital.
77% Net Credit Concentration.

Note: Respondent Bank has $1 billion in Total Assets, 10% Total Capital, and 90% Total Liabilities and Correspondent Bank has $1.5 billion in Total Assets, 10% Total Capital, and 90% Total Liabilities.

Calculating Respondent Funding Exposures on a Correspondent Only Basis

Correspondent Bank’s Gross Funding Exposure to a Respondent

50,000,000 Due to DDA with respondent.
0 Correspondent’s two affiliated IDIs’ Due to DDA with respondent.
1,000,000 CDs sold to correspondent bank.
0 CDs sold to correspondent from one of correspondent’s two affiliated IDIs.
51,500,000 Federal funds purchased from correspondent on a principal basis.
0 Federal funds sold to correspondent’s affiliated IDIs on a principal basis.
1,000,000 Repurchase agreements.

103,500,000 Gross Funding Exposure.
1,350,000,000 Total Liabilities.
7.67% Gross Funding Concentration.

Correspondent Bank’s Net Funding Exposure to a Respondent

17,850,000 Due to DDA with respondent (less checks and cash not available for withdrawal and FDI). ²
0 Correspondent’s two affiliated IDIs’ Due to DDA with respondent (less FDI). ²
750,000 CDs sold to correspondent (less FDI).
0 One of correspondent’s two affiliated IDIs’ CDs sold to respondent (less FDI). ²
51,500,000 Federal funds purchased from correspondent on a principal basis.
0 Federal funds sold to correspondent’s affiliated IDIs on a principal basis.
100,000 Under-collateralized amount on repurchase agreements (less the current market value of government securities or readily marketable collateral pledged).³

70,200,000 Net Funding Exposure.
1,350,000,000 Total Liabilities.
5.20% Net Funding Concentration.

¹ There are 5 derivative contracts with a mark-to-market fair value position as follows: Contract 1 (100), Contract 2 +400, Contract 3 (50), Contract 4 +150, and Contract 5 (150). Collateral is 200, resulting in an uncollateralized position of 50.
² While temporary deposit insurance programs may provide certain transaction accounts higher levels of federal deposit insurance coverage, institutions should not rely on such programs for mitigating concentration risk.
³ Government securities means obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. government or any department, agency, bureau, board, commission, or establishment of the United States, or any corporation wholly owned, directly or indirectly, by the United States.
DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Resources and Services Administration

Agency Information Collection Activities: Proposed Collection: Comment Request

In compliance with the requirement for opportunity for public comment on proposed data collection projects (section 3506(c)(2)(A) of Title 44, United States Code, as amended by the Paperwork Reduction Act of 1995, Pub. L. 104–13), the Health Resources and Services Administration (HRSA) publishes periodic summaries of proposed projects being developed for submission to the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995. To request more information on the proposed project or to obtain a copy of the data collection plans and draft instruments, e-mail paperwork@hrsa.gov or call the HRSA Reports Clearance Officer at (301) 443–1129.

Comments are invited on: (a) The proposed collection of information for the proper performance of the functions of the agency; (b) the accuracy of the agency’s estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Proposed Project: Children’s Hospital Graduate Medical Education Payment Program (CHGME PP) Annual Report (OMB No. 0915–0313)—Extension

The CHGME PP program was enacted by Public Law 106–129 to provide Federal support for graduate medical education (GME) to freestanding children’s hospitals, similar to Medicare GME support received by other, non-children’s hospitals. The legislation indicates that eligible children’s hospitals will receive payments for both direct and indirect medical education. Direct payments are designed to offset the expenses associated with operating approved graduate medical residency training programs and indirect payments are designed to compensate hospitals for expenses associated with the treatment of more severely ill patients and the additional costs relating to teaching residents in such programs.

The CHGME PP program was reauthorized for a period of five years in October 2006 by Public Law 109–307. The reauthorizing legislation requires that participating children’s hospitals provide information about their residency training programs in an annual report that will be an addendum to the hospitals’ annual applications for funds.

Data are required to be collected on the (1) Types of training programs that the hospital provided for residents such as general pediatrics, internal medicine/pediatrics, and pediatric subspecialties including both medical subspecialties and non-medical subspecialties; (2) the number of training positions for residents, the number of such positions recruited to fill, and the number of positions filled; (3) the types of training that the hospital provided for residents related to the health care needs of difference populations such as children who are underserved for reasons of family income or geographic location, including rural and urban areas; (4) changes in residency training including changes in curricula, training experiences, and types of training programs, and benefits that have resulted from such changes and changes for purposes of training residents in the measurement and improvement and the quality and safety of patient care; (5) and the numbers of residents (disaggregated by specialty and subspecialty) who completed training in the academic year and care for children within the borders of the service area of the hospital or within the borders of the State in which the hospital is located.

The estimated annual burden is as follows:

<table>
<thead>
<tr>
<th>Form name</th>
<th>Number of respondents</th>
<th>Responses per respondent</th>
<th>Total number of responses</th>
<th>Hours per response</th>
<th>Total burden hours</th>
<th>Wage rate ($/hr.)</th>
<th>Total hour cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Screening Instrument (HRSA 100–1)</td>
<td>57</td>
<td>1</td>
<td>57</td>
<td>10.0</td>
<td>570.0</td>
<td>56.38</td>
<td>32,136.60</td>
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<tr>
<td>Annual Report: Hospital and Program-Level Information (HRSA 100–2 and 3)</td>
<td>57</td>
<td>1</td>
<td>57</td>
<td>74.8</td>
<td>4263.6</td>
<td>56.38</td>
<td>240,381.76</td>
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<tr>
<td>Total</td>
<td>57</td>
<td></td>
<td>57</td>
<td>84.8</td>
<td>4833.6</td>
<td>56.38</td>
<td>272,518.36</td>
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