Committee to the Secretary, pursuant to Public Law 103–202, § 202(c)(1)(B). Thus, this information is exempt from disclosure under that provision and 5 U.S.C. 552b(c)(3)(B). In addition, the meeting is concerned with information that is exempt from disclosure under 5 U.S.C. 552b(c)(9)(A). The public interest requires that such meetings be closed to the public because the Treasury Department requires frank and full advice from representatives of the financial community prior to making its final decisions on major financing operations. Historically, this advice has been offered by debt management advisory committees established by the several major segments of the financial community. When so utilized, such a committee is recognized to be an advisory committee under 5 U.S.C. App. 2, 3.

Although the Treasury’s final announcement of financing plans may not reflect the recommendations provided in reports of the Committee, premature disclosure of the Committee’s deliberations and reports would be likely to lead to significant financial speculation in the securities market. Thus, this meeting falls within the exemption covered by 5 U.S.C. 552b(c)(9)(A).

Treasury staff will provide a technical briefing to the press on the day before the Committee meeting, following the release of a statement of economic conditions and financing estimates. This briefing will give the press an opportunity to ask questions about financing projections. The day after the Committee meeting, Treasury will release the minutes of the meeting, any charts that were discussed at the meeting, and the Committee’s report to the Secretary.

The Office of Debt Management is responsible for maintaining records of debt management advisory committee meetings and for providing annual reports setting forth a summary of Committee activities and such other matters as may be informative to the public consistent with the policy of 5 U.S.C. 552(b). The Designated Federal Officer or other responsible agency official who may be contacted for additional information is Fred Pietrangeli, Director for Office of Debt Management (202) 622–1876.

Dated: September 27, 2013.

Matthew S. Rutherford,
Assistant Secretary, (Financial Markets). [FR Doc. 2013–24136 Filed 10–21–13; 8:45 am]

DEPARTMENT OF THE TREASURY
Office of the Comptroller of the Currency

Agency Information Collection Activities; Proposed Collection; Comment Request; Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions With Total Consolidated Assets of $10 Billion to $50 Billion Under the Dodd-Frank Wall Street Reform and Consumer Protection Act


SUMMARY: The OCC, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to comment on this continuing information collection, as required by the Paperwork Reduction Act of 1995. Under the Paperwork Reduction Act, Federal agencies are required to publish notice in the Federal Register concerning each proposed collection of information and to allow 60 days for public comment in response to the notice. An agency may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number.

The OCC is soliciting comment on a proposed new regulatory reporting requirement for national banks and Federal savings associations titled, “Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions With Total Consolidated Assets of $10 Billion to $50 Billion Under the Dodd-Frank Wall Street Reform and Consumer Protection Act.” The proposal describes the scope of reporting and the proposed reporting requirements.

DATES: Comments must be received by November 21, 2013.

ADDRESSES: Because paper mail in the Washington, DC area and at the OCC is subject to delay, commenters are encouraged to submit comments by email if possible. Comments may be sent to: Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, Attention: 1557–0311, 400 7th Street SW., Suite 3E–218, Mail Stop 9W–11, Washington, DC 20219. In addition, comments may be sent by fax to (202) 649–4326 or by electronic mail to regs.comments@occ.treas.gov. You may personally inspect and photocopy comments at the OCC, 400 7th Street SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649–6700. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

Additionally, please send a copy of your comments by mail to: OCC Desk Officer, 1557–0237, U.S. Office of Management and Budget, 725 17th Street NW., #10235, Washington, DC 20503, or by fax to (202) 395–6974.

FOR FURTHER INFORMATION CONTACT: You can request additional information from or a copy of the collection from Johnny Vilela or Mary H. Gottlieb, Clearance Officers, (202) 649–5490, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th Street SW., Suite 3E–218, Mail Stop 9W–11, Washington, DC 20219. In addition, copies of the templates referenced in this notice can be found on the OCC’s Web site under Tools and Forms (http://www.occ.gov/tools-forms/forms/bank-operations/stress-test-reporting.html).

SUPPLEMENTARY INFORMATION: In compliance with 44 U.S.C. 3507, the OCC has submitted the following proposed collection of information to OMB for review and clearance.

Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions With Total Consolidated Assets of $10 Billion to $50 Billion Under the Dodd-Frank Wall Street Reform and Consumer Protection Act

Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act 1 (Dodd-Frank Act) requires certain financial companies, including national banks and Federal savings associations, to conduct annual stress tests2 and requires the primary financial regulatory agency3 of those financial companies to issue regulations implementing the stress test requirements.4 A national bank or Federal savings association is a “covered institution,” and therefore subject to the stress test requirements if its total consolidated assets exceed $10 billion. Under section 165(i)(2), a covered institution is required to submit to the Board of Governors of the Federal Reserve System (Board) and to its primary financial regulatory agency a

The OCC intends to use the data collected through this proposal to assess the reasonableness of the stress test results of covered institutions and to provide forward-looking information to the OCC regarding a covered institution’s capital adequacy. The OCC also may use the results of the stress tests to determine whether additional analytical techniques and exercises could be appropriate to identify, measure, and monitor risks at the covered institution. The stress test results are expected to support ongoing improvement in a covered institution’s stress testing practices with respect to its internal assessments of capital adequacy and overall capital planning.

The Dodd-Frank Act stress testing (DFAST) requirements apply to all covered institutions, but the OCC recognizes that many covered institutions with consolidated total assets of $50 billion or more have been subject to existing stress testing requirements under the Board’s Comprehensive Capital Analysis and Review (CCAR). The OCC also recognizes that these institutions’ stress tests will be applied to more complex portfolios and therefore warrant a broader set of reports to adequately capture the results of the company-run stress tests. These reports necessarily will require more detail than would be appropriate for smaller, less complex institutions. Therefore, the OCC has decided to specify separate reporting templates for covered institutions with total consolidated assets between $10 and $50 billion and for covered institutions with total consolidated assets of $50 billion or more.

While the general reporting categories are the same (income statement, balance sheet and capital), the level of granularity for individual reporting items is less for $10 to $50 billion institutions. For example, accounting for provisions by category is not required, and less detail is required for commercial and industrial lending. Because smaller banks with assets of $10 to $50 billion generally have less complex balance sheets, the OCC believes that highly detailed reporting is not warranted, and so the OCC is not requiring supplemental schedules on such areas as retail balances, securities and trading, operational risk, and provisions on pretax net revenue (PPNR).

The OCC has worked closely with the Board and the Federal Deposit Insurance Corporation (FDIC) to make the agencies’ respective rules implementing the annual stress testing requirements under the Dodd-Frank Act consistent and comparable by requiring similar standards for scope of application, scenarios, data collection and reporting forms. The OCC also has worked to minimize any potential duplication of effort related to the annual stress test requirements. Additionally, the agencies have coordinated to allow for a unified results submission process.

The proposed OCC DFAST 10–50 reporting templates for institutions with assets of $10 to $50 billion are described below.

**Description of Reporting Results Templates for Institutions With $10 Billion to $50 Billion in Assets**

The “Dodd-Frank Annual Stress Test Reporting Results Template for Covered Institutions with Total Consolidated Assets Between $10 and $50 Billion”, ($10–$50 results template) includes data collection worksheets necessary for the OCC to assess the company-run stress test results for baseline, adverse and severely adverse scenarios as well as any other scenario specified in accordance with regulations issued by the OCC. The $10–$50B results template includes worksheets that collect information on the following areas:

1. Income Statement
2. Balance Sheet
3. Capital

Each $10 to $50 billion covered institution reporting to the OCC using this form will be required to submit results for each scenario provided to covered institutions in accordance with regulations implementing Section 165(i)(2) as specified by the OCC.

**Worksheets: Income Statement**

The income statement worksheet collects data for the quarter preceding the planning horizon and for each quarter of the planning horizon for the stress test on projected losses and revenues in the following categories:

1. Net charge-offs
2. Pre-provision net revenue
3. Provision for loan and lease losses
4. Realized gains (losses) on held to maturity (HTM) and available-for-sale (AFS) securities
5. All other gains (losses)
6. Taxes
7. Total other than temporary impairment (OTTI) losses

This worksheet provides information used to assess losses and revenues that covered institutions can sustain in baseline, adverse and severely adverse stress scenarios.

**Worksheets: Balance Sheet**

The balance sheet worksheet collects data for the quarter preceding the planning horizon and for each quarter of the planning horizon for the stress test on projected equity capital, as well as assets and liabilities in the following categories:

1. Loans
2. HTM securities
3. AFS securities
4. Trading assets
5. Total intangible assets
6. Other real estate
7. All other assets
8. Retail funding (core deposits)
9. Wholesale funding
10. Trading liabilities
11. All other liabilities
12. Perpetual preferred stock and related surplus
13. Equity capital

The OCC intends to use this worksheet to assess the projected changes in assets and liabilities that a covered institution can sustain in baseline, adverse and severely adverse stress scenarios. This worksheet will also be used to assess the revenue and loss projections identified in the income statement worksheet.

**Worksheets: Capital**

The capital worksheet, which is appended to the balance sheet worksheet, collects data for the quarter preceding the planning horizon and for each quarter of the planning horizon for the stress test on the following areas:

1. Unrealized gains (losses) on AFS securities
2. Disallowed deferred tax asset
3. Tier 1 capital
4. Qualifying subordinated debt and redeemable preferred stock
5. Allowance includable in Tier 2 capital

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6 77 FR 61238, October 9, 2012.
6. Tier 2 capital
7. Total risk-based capital
8. Total capital
9. Risk-weighted assets
10. Total assets for leverage purposes
11. Tier 1 risk-based capital ratio
12. Tier 1 leverage ratio
13. Total risk-based capital ratio

Memoranda:
14. Sale, conversion, acquisition or retirement of capital stock
15. Cash dividends declared on preferred stock
16. Cash dividends declared on common stock

Additionally, the Summary Schedule captures projections for regulatory capital ratios over the planning horizon by scenario.

The OCC intends to use these worksheets to assess the impact on capital of the projected losses and projected changes in assets that the covered institution can sustain in a stressed scenario. In addition to reviewing the worksheet in the context of the balance sheet and income statement projections, the OCC also intends to use this worksheet in assessing capital planning processes for each covered institution.

Description of DFAST Scenario Variables Template

To conduct the stress test required under this rule, a covered institution may need to project additional economic and financial variables to estimate losses or revenues for some or all of its portfolios. In such a case, the covered institution is required to complete the DFAST Scenario Variables template for each scenario where such additional variables are used to conduct the stress test. Each scenario worksheet collects the variable name (matching that reported on the Scenario Variable Definitions worksheet), the actual value of the variable during the third quarter of the reporting year, and the projected value of the variable for nine future quarters.

Description of Supporting Documentation

Covered institutions must submit clear documentation in support of the projections included in the worksheets to support efficient and timely review of annual stress test results by the OCC. The supporting documentation should be submitted electronically and is not expected to be reported in the workbooks used for required data reporting. This supporting documentation must describe the types of risks included in the stress test; describe clearly the methodology used to produce the stress test projections; describe the methods used to translate the macroeconomic factors into a covered institution’s projections; and also include an explanation of the most significant causes for the changes in regulatory capital ratios. The supporting documentation also should address the impact of anticipated corporate events, including mergers, acquisitions or divestitures of business lines or entities, and changes in strategic direction, and should describe how such changes are reflected in stress test results, including the impact on estimates of losses, expenses and revenues, net interest margins, non-interest income items, and balance sheet amounts.

Where company-specific assumptions are made that differ from the broad macroeconomic assumptions incorporated in stress scenarios provided by the OCC, the documentation also must describe such assumptions and how those assumptions relate to reported projections. Where historical relationships are relied upon, the covered institutions must describe the historical data and provide the basis for the expectation that these relationships would be maintained in each scenario, particularly under adverse and severely adverse conditions.

Summary of Comments and Changes From Proposal

In the Federal Register of March 11, 2013 (78 FR 49488), OCC published a notice requesting comment on the templates and the collection of information. OCC received comments from seven groups on the notice. Five of the commenters were banking organizations, one was an industry group, and one was a financial services consulting firm. The OCC has made several changes to the OCC DFAST 10–50 results template in light of comments received. The OCC, the Board and the FDIC coordinated the changes made to each agency’s templates in order to keep the templates identical and minimize the burden on affected institutions.

Some commenters expressed concern about having to submit stress testing results in a Call Report-type format, noting that their existing stress testing software was not developed with such a format in mind and asking for less detailed reporting forms. These commenters requested that the agencies consider further delaying implementation of the reporting requirements and/or limiting the report submissions to the OCC DFAST 10–50 summary schedule. The OCC has determined that using reporting templates modeled on the Call Report is the best solution because of familiarity with this format by the OCC, covered institutions and the public, particularly when mandatory public disclosure of summary results under the severely adverse scenario becomes effective in 2015. The OCC DFAST 10–50 results template, aligned to the Call Report, provides a format that is well understood and utilized by the industry. Therefore, the OCC believes that the reporting requirements will not place undue burden on institutions’ ability to report stress test results. Using the Call Report format would also ensure a high level of consistency and facilitate assessment of the results. The OCC has already delayed the application of the stress testing rules for the $10–$50 billion covered institutions, in part so that they would have time to create the necessary infrastructure to submit the appropriate stress testing results.

Two commenters expressed concern about the differences among stress testing templates used to respond to different stress testing requirements and about the burden some banking organizations (companies with $50 billion or more in assets that control subsidiaries with $10–50 billion in assets) might face in having to prepare multiple sets of templates. The OCC notes that the final OCC DFAST stress testing rule allows such subsidiaries to file the same template as filed by its parent. Per the final OCC DFAST stress testing rule, “any $10 to $50 billion covered institution that elects to apply the requirements of an over $50 billion covered institution shall remain subject to the requirements applicable to an over $50 billion covered institution until otherwise approved by the OCC.” Additionally, implementation of the stress test requirements has already been delayed for the $10–$50 billion companies and public disclosure is not required until 2015.

One commenter suggested the application of generalized, bank-developed loss assumptions for immaterial portfolios. The commenter also noted that an immaterial portfolio exception is allowed for firms with $50 billion or more assets in stress testing submissions. The OCC has considered the burden of calculating losses for immaterial portfolios for companies with $10–$50 billion in assets and determined that providing a safe harbor that defines immaterial portfolios, where no or little consideration of the risk of these portfolios is undertaken, would be contrary to the purpose of a company-run stress test and could unintentionally mask or cause

*12 CFR 46.3(e)(2).
institutions to erroneously conclude that the aggregation of immaterial portfolios would always pose little or no risk to an institution. Although stress testing should be applied to all exposures, the OCC recognizes that the same level of rigor and analysis may not be necessary for lower-risk, immaterial portfolios.10 For such portfolios, it may be appropriate for a company to use a less sophisticated approach for its stress test projections, assuming the results of that approach are conservative and well-documented. The OCC has therefore not established a reporting threshold for immaterial portfolios in the reporting requirements for the proposed OCC DFAST 10–50 results template. Institutions should refer to the proposed interagency supervisory guidance on implementing Dodd-Frank Act company-run stress tests for banking organizations with total consolidated assets of more than $10 billion but less than $50 billion for more information on estimates for immaterial portfolios.10

One commenter asked for clarification regarding the calculation and reporting of regulatory capital and risk-weighted assets (RWAs), noting the expectation that capital and RWA calculations and definitions would change over the planning horizon as new rules are implemented (specifically noting new definitions when the Basel III final rule is adopted). In addition, this commenter also requested clarification on the calculation of tier 1 non-common capital elements.

OCC staff acknowledges that tier 1 common equity and non-common capital elements for institutions with total assets of less than $50 billion were not defined by regulation or rule prior to the final rule recently adopted to implement Basel III.11 There are three line items in the proposed OCC DFAST 10–50 results template that would be specifically affected by the capital framework that implements Basel III standards: Tier 1 common equity, capital, non-common capital elements, and RWAs. Common equity (tier 1 capital was recently defined in the Basel III final rule for all institutions and generally will not become effective for institutions with $10–$50 billion in assets until 2015. To effectively model alternative capital calculations more than halfway through the planning horizon for these banking organizations adds complexity and increases the potential or likelihood of erroneous calculations or assumptions. This complexity and increased risk of error could cause institutions to detract from the main purpose of conducting a company-run stress test; mainly to make a forward-looking assessment of capital planning processes and internal capital needs under various scenarios. Lastly, as the first required public disclosure will not commence until the 2014 stress test cycle with disclosure occurring in June of 2015, the additional burden of transitioning to a new capital calculation more than halfway through the 2013 stress test planning horizon will not provide the public with any insight into a firm’s capital adequacy or planning process in this instance.

Accordingly, the OCC removed tier 1 common and non-common capital line items, and the associated equity ratios, from the DFAST 10–50 results template for the 2013 stress test cycle. The final template requires covered institutions to report capital and RWAs for the entire planning horizon using the regulatory capital rules and definitions that are applicable on the “as of” date of each report for this initial reporting submission. For the 2013 stress testing cycle institutions should use the OCC’s applicable risk-based capital rules as they are effective as of September 30, 2013.

Two commenters argued that the level of detail demanded by the templates was excessive. These commenters stated that separating 1–4 family construction loans from other construction loans would require more detailed reporting for the OCC DFAST 10–50 results template than what is required for firms subject to CCAR, and firms with $50 billion or more in assets that report the DFAST 14–A form. While the templates for firms with $50 billion or more in assets do not segment 1–4 family construction loans, that specific data item is required for firms on both the FR Y–14Q and M input data reports. More importantly, the OCC believes this data item is particularly relevant to these smaller organizations which reported material concentrations in this product type and given that a significant amount of the industry’s losses during the most recent economic downturn emanated from this product. These data would provide necessary information for the institutions to effectively manage risk and appropriately assess and plan for their capital needs.

One commenter also argued that requiring separate line items for retail and wholesale funding would add unnecessary complexity and burden. The OCC believes it is necessary to maintain these separate items. The breakdown of deposits between retail and wholesale is easily facilitated through Call Report data and the proposed OCC DFAST 10–50 instructions indicate that institutions should use the Call Report segmentation definitions to project these line items. In addition, retail and wholesale funding have historically reacted differently under stressed economic conditions and projecting the retail and wholesale deposit structure throughout the planning horizon as proposed would provide useful information to the institutions and regulators with respect to how an institution internally assess capital adequacy, plans for their capital needs, and manages risk.

One commenter stated that gathering available-for-sale (AFS) and held-to-maturity (HTM) balances for U.S. government obligations and obligations of government-sponsored entities (GSE) would require more detailed reporting for the OCC DFAST 10–50 templates than what is required for the DFAST 14A. Another commenter suggested separating GSE obligations from other government obligations on the OCC DFAST 10–50 balance sheet consistent with the treatment on the Call Report income statement. While the DFAST 14A collects only total AFS and HTM balances on the balance sheet worksheet, this reporting series requires more granular data than the OCC DFAST 10–50 on government securities through other schedules within the DFAST 14A report. The reporting requirements for the Call Report balance sheet require more detailed information on AFS and HTM balances relative to the reporting requirements for the OCC DFAST 10–50. Gathering AFS and HTM balances on U.S. government obligations and obligations of GSEs would provide relevant and required data to project net income and regulatory capital over the planning horizon.

Commenters also favored the elimination of several line items. Several commenters stated that the level of detail required by the balance sheet memoranda items were not informative or necessary to the loss estimation process, or entailed more detail than what was required by the DFAST 14A. Specific memoranda items cited by commenters included troubled debt restructurings and loans secured by 1–4 family in foreclosure. Based on this comment, the OCC also evaluated the utility of another balance sheet memoranda item: Loans and leases guaranteed by either U.S. government or GSE guarantees (i.e., non-FDIC loss sharing agreements). The OCC states that these memorandum data items are already captured within the OCC.
DEPARTMENT OF THE TREASURY
Office of Foreign Assets Control

Additional Designations, Foreign Narcotics Kingpin Designation Act

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Notice.

SUMMARY: The U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) is publishing the names of two individuals and one entity whose property and interests in property have been blocked pursuant to the Foreign Narcotics Kingpin Designation Act (“Kingpin Act”) (21 U.S.C. 1901-1908, 8 U.S.C. 1182).

DATES: The designation by the Director of OFAC of the two individuals and one entity identified in this notice pursuant to section 805(b) of the Kingpin Act is effective on September 30, 2013.


SUPPLEMENTARY INFORMATION:

Electronic and Facsimile Availability

This document and additional information concerning OFAC are available on OFAC’s Web site at http://www.treasury.gov/ofac or via facsimile through a 24-hour fax-on-demand service at (202) 622–0077.

Background

The Kingpin Act became law on December 3, 1999. The Kingpin Act establishes a program targeting the activities of significant foreign narcotics traffickers and their organizations on a worldwide basis. It provides a statutory framework for the imposition of sanctions against significant foreign narcotics traffickers and their organizations on a worldwide basis, with the objective of denying their businesses and agents access to the U.S. financial system and the benefits of trade and transactions involving U.S. companies and individuals.

The Kingpin Act blocks all property and interests in property, subject to U.S. jurisdiction, owned or controlled by significant foreign narcotics traffickers as identified by the President. In addition, the Secretary of the Treasury, in consultation with the Attorney General, the Director of the Central Intelligence Agency, the Director of the Federal Bureau of Investigation, the Administrator of the Drug Enforcement Administration, the Secretary of