will also be available at the Pacific Council office.

Council address: Pacific Fishery Management Council, 7700 NE Ambassador Place, Suite 101, Portland, OR 97220.

FOR FURTHER INFORMATION CONTACT: Ms. Robin Ehlke, Pacific Council; telephone: (503) 820–2410.

SUPPLEMENTARY INFORMATION: The purpose of the meeting is to discuss and consider relevant topics on the June 2017 Pacific Council meeting agenda. Under Agenda Item G.1, the International Pacific Halibut Commission will provide a review of the data request report on survey data in Area 2A organized by state boundaries. Also under this agenda item, the SAS will discuss the scope of comments received in response to the RFI on data request and survey data. In an effort to inform the Bureau’s work on the business lending data collection rulemaking to implement section 1071, the Bureau seeks more about the business lending market, including understanding more about the products that are offered to small businesses, including women-owned and minority-owned small businesses, and the potential complexity and cost of small business data collection and reporting. The Bureau is also seeking comment from the public on privacy concerns related to the disclosure purposes of section 1071.

DATES: Comments must be received on or before July 14, 2017.

ADDRESSES: You may submit responsive information and other comments, identified by Docket No. CFPB–2017–0011, by any of the following methods:
   • Electronic: Go to http://www.regulations.gov. Follow the instructions for submitting comments.
   • Email: FederalRegisterComments@cfpb.gov. Include Docket No. CFPB–2017–0011 in the subject line of the email.
   • Mail: Monica Jackson, Office of the Executive Secretary, Consumer Financial Protection Bureau, 1700 G Street NW., Washington, DC 20552.
   • Hand Delivery/Courier: Monica Jackson, Office of the Executive Secretary, Consumer Financial Protection Bureau, 1275 First Street NE., Washington, DC 20002.

SUPPLEMENTARY INFORMATION:

The Bureau is seeking comment through this Request for Information (RFI) to better understand the small business lending market in order to prioritize and streamline work to implement section 1071. The feedback obtained in response to this RFI will help the Bureau fulfill the statutory purpose of section 1071 in a manner that is efficient and minimizes burden on industry.

The Bureau encourages comments from all interested members of the public, including:
   • Individual consumers;
   • Individual businesses;
   • Consumer civil rights and privacy advocates;
   • Small business advocates;
   • Lenders, including depository and non-depository institutions;
   • Business trade associations;
Part A: Congressional Mandate To Enact Section 1071

Section 1071 of the Dodd-Frank Act (section 1071) amends ECOA to require financial institutions to report information concerning credit applications made by women-owned, minority-owned, and small businesses. The purpose of this data collection, as stated by Congress in section 1071, is to “facilitate enforcement of fair lending laws” and to “enable communities, governmental entities, and creditors to identify business and community development needs and opportunities of women-owned, minority-owned, and small businesses.”

In order to achieve this statutory purpose, the Bureau believes the section 1071 data should cover an extensive share of the market and contain enough flexibility to analyze different market segments. However, there are costs associated with any data collection which have to be weighed against the benefits. Please consider this context in responding to this RFI.

Small businesses, including those owned by women and minorities, are critical engines for economic growth, and access to credit is a crucial component of their success. The Bureau believes that data collected under the business lending data collection rule as mandated by section 1071 would fill existing gaps in the general understanding of the small business lending environment. Further, data would be helpful in fulfilling Congress’s purposes in enacting section 1071 by identifying potential fair lending concerns regarding small businesses, including women-owned and minority-owned small businesses, as well as the needs and opportunities for both business and community development.

At the same time, the Bureau recognizes that certain financial institutions may not be collecting and reporting information regarding small business lending in connection with other regulatory requirements and that therefore a new data collection requirement could pose implementation and operational challenges.

The Bureau is in its early stages with respect to implementing section 1071, and is currently focused on outreach and research to further develop its understanding of the small business lending market, including the institutions, credit products, recording systems, underwriting approaches, distribution channels, and types of applicants in that market. In furtherance of that outreach and research, the Bureau is issuing this RFI. The Bureau is interested in exploring potential ways to implement section 1071 in a balanced manner with a goal of providing timely data with the highest potential for achieving the statutory objectives, while minimizing burden to both industry and the Bureau.

Part B: Questions Related to the Small Business Lending Market

The Bureau is seeking comment to enhance our understanding of the small business lending market in order to prioritize and guide research and policy development work for implementation of section 1071.

The Bureau recognizes that some commenters may feel that answering the questions below raises concerns about revealing proprietary information. We encourage commenters to share as much detail as possible in this public forum. We also welcome comments from representatives, such as attorneys, consultants, or trade associations, which need not identify their clients or members by name. The Bureau also welcomes any relevant empirical research or studies on these topics.

The questions below are separated into five categories: (1) Small Business Definition, (2) Data Points, (3) Financial Institutions Engaged in Business Lending, (4) Access to Credit and Financial Products Offered to Businesses, and (5) Privacy.

Small Business Definition

Section 1071 defines “small business” as having “the same meaning as the term ‘small business concern’ in section 3 of the Small Business Act (15 U.S.C. 632).” This section of the Small Business Act sets forth a multi-part definition of “small business concern” that includes a provision authorizing the Small Business Administration (SBA) to establish detailed size standards that meet certain criteria set forth within the statute. The most commonly used size standards developed by the SBA are industry-specific size standards organized by the six-digit North American Industry Classification System (NAICS-specific size standards). These NAICS-specific size standards are primarily used by the SBA and other Federal agencies to determine eligibility for Federal contract and loan assistance programs.

Section 632 also permits the SBA to approve size standards developed by other Federal agencies that meet certain requirements. As an alternative to the NAICS-specific size standards, the Bureau is exploring developing an alternative definition of small business that meets the criteria outlined in section 632 of the Small Business Act and is tailored to the needs of section 1071, a business lending data collection rule. Specifically, the Bureau is exploring size standard approaches that potentially may not require a determination of a six-digit NAICS code for each applicant while remaining consistent with the SBA’s policy and regulatory requirements and that are aligned with the common practices of financial institutions extending credit to small businesses.

Under nearly any definition of “small business,” a substantial percentage of women-owned and minority-owned businesses would be covered. For example, a definition of small businesses as businesses with annual revenue of $1 million or less covers approximately 95% of all firms, over 97% of all minority-owned firms, and over 99% of all women-owned firms. Bureau outreach to date with industry reveals other definitions used by financial institutions as to what constitutes a “small business” for internal purposes, including for focusing marketing resources.

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4 13 CFR 121.201 (NAICS-specific size standards promulgated by the SBA).
5 See 13 CFR 121.101(a) (“SBA’s size standards define whether a business entity is small and, thus, eligible for Government programs and preferences reserved for ‘small business’ concerns.”)
7 Under the Community Reinvestment Act, certain financial institutions report information on small business loans extended to businesses with annual revenue of $1 million or less. See, e.g., 12 CFR 228.42.
establishing appropriate products to support the small business segment, and establishing risk management practices. Common factors that financial institutions use for defining a business as small include annual revenue, industry, loan size, aggregate credit exposure, or some combination of these factors. The threshold amounts that financial institutions apply to each of these factors also vary considerably among financial institutions.

Through this RFI, the Bureau hopes to learn more about the various definitions of a small business that are currently utilized by lenders.

1. What potential challenges and burdens would financial institutions or applicants encounter if a business lending data collection rule defined a “small business” applicant using the SBA’s NAICS-specific size regulations?

2. What definitions of “small business” do financial institutions currently use internally or for external reporting purposes?
   a. What factors are used to define a “small business” (such as revenue of the business applicant)? If more than one factor is used, are those factors considered individually or in combination?
   b. What minimum or maximum thresholds are used to define a “small business”?
   c. Are certain types of small businesses excluded or treated differently under the definitions?
   d. Do the definitions take into account specific documents used by financial institutions to obtain this data, including, for example, applicant self-reporting, governmental agencies, third party sources?

3. What data points do financial institutions currently not use for defining a “small business”? How do financial institutions currently not use financial institutions for defining a “small business”?

4. How do financial institutions choose which data points are used to define a “small business”? How do financial institutions utilize data points for defining a “small business”?

5. What technological or other challenges do financial institutions face in collecting and reporting this data (such as the manual compilation of information, the lack of an electronic system for maintaining this information, the potential for this information to be found in multiple systems within a financial institution, etc.)? What steps can financial institutions take within business lending data collection rulemaking to minimize the challenges?

Data Points

Section 1071 specifies particular data points that financial institutions must compile and maintain, submit annually to the Bureau, and make available to all stakeholders, and reduce the potential for this information to be found in multiple systems within a financial institution. The Bureau believes that responses to the RFI questions will provide helpful information for this purpose and aid the Bureau in determining whether to supplement, in a limited fashion, the statutorily-mandated data points.

3. What data standards regarding information on small business financing are financial institutions currently subject to or using? Data standards are rules by which data is described and recorded using standardized formats and meanings for purposes such as sharing, exchanging, and analyzing data. Examples could include governmental reporting or recordkeeping requirements, as well as standards associated with credit bureaus, data repositories, trade associations, accounting standards, or securitization or guarantee programs.
   a. What standards are applicable at the loan level, on an aggregate basis, or some combination of the two?
   b. Are the data standards currently applicable to financial institutions?

4. What information concerning the potential disclosure of these data would constitute a major advancement in information on lending to small businesses, including to women-owned and minority-owned small businesses. In addition, the Bureau will consider whether supplementing the statutorily-mandated data points with a limited number of discretionary data points would serve the purposes of section 1071, improve the quality of the data for all stakeholders, and reduce the possibility of misinterpretations or incorrect conclusions that might arise from the collection or release of more limited data. The Bureau believes that responses to the RFI questions will provide helpful information for this purpose and aid the Bureau in determining whether to supplement, in a limited fashion, the statutorily-mandated data points.

a. What information is being collected, reported, or disclosed using these data standards?
   b. Are these data standards applicable at the loan level, on an aggregate basis, or some combination of the two?

b. What technological or other challenges do financial institutions face in collecting and reporting this data (such as the manual compilation of information, the lack of an electronic system for maintaining this information, the potential for this information to be found in multiple systems within a financial institution, etc.)? What steps can financial institutions take within a business lending data collection rulemaking to minimize the challenges?

1. What potential challenges and burdens would financial institutions or applicants encounter if a business lending data collection rule defined a “small business”?”

2. What factors are used to define a “small business”?”

3. What data standards regarding financial institutions apply for defining a “small business”?”

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a. What standards are applicable at the loan level, on an aggregate basis, or some combination of the two?

b. Are these data standards currently applicable to financial institutions?
a. When are different data collected in the process (such as at the time of initial application, during the application process, or near the end of the process)?
   b. What verification procedures are used?
   c. Are certain data not collected or more difficult to collect if the application is not originated and instead is withdrawn, denied, or involves a counteroffer?
   d. Are different data collected for different types of credit events (such as renewals, line increases, etc.)?
   e. What systems, whether proprietary or provided by a third party vendor, are used by financial institutions to collect and maintain the data?
   f. How does data collection differ according to business credit product?
   6. Considering the data points specifically identified by Congress for reporting in section 1071:
      a. What concerns, if any, do financial institutions have about the possibility of misinterpretations or incorrect conclusions being drawn by regulators from the collection of the data provided for in Section 1071 or by the public from potential release of these data in a manner protective of privacy interests?
      b. Are there limited additional data points that could be readily reported and potentially disclosed that would mitigate these concerns and reduce the risk of misinterpretation or help reduce incorrect conclusions?
      7. What information about the type of business (such as NAICS code or other industry information) of a small business applicant do financial institutions currently collect? What challenges might financial institutions have in potentially collecting this information under section 1071?
   8. What information about the number of employees of a small business applicant do financial institutions currently collect? What challenges might financial institutions have in potentially collecting this information under section 1071?

Financial Institutions Engaged in Business Lending

Section 1071 of the Dodd-Frank Act requires financial institutions to report information concerning credit applications made by women-owned, minority-owned, and small businesses. Financial institution is defined in section 1071 to mean “any partnership, company, corporation, association (incorporated or unincorporated), trust, estate, cooperative organization, or other entity that engages in any financial activity.” The Bureau understands small businesses, including women-owned and minority-owned small businesses, may secure non-equity financing from many sources, including, but not limited to, depository and non-depository financial institutions such as banks and credit unions, community development financial institutions, governmental entities, commercial finance firms, and alternative online lenders.

This Bureau seeks comment to enhance its understanding of the various financial institutions and other parties engaged in small business lending as well as initial feedback from stakeholders on appropriate institutional coverage the Bureau may consider for the business lending data collection rule.

10. Section 1071 allows the Bureau to exercise examination authority to exempt certain classes of financial institutions from collecting and reporting pursuant to a business lending data collection rule as the Bureau deems necessary or appropriate to carry out the purposes of section 1071.
   a. Should certain classes of financial institutions be exempt from a small business lending data collection rule?
   b. Are there data or data sources available that could inform the Bureau’s decision to exempt certain classes of financial institutions (such as the size, type, or lending characteristics of the financial institution or types of small business credit products offered by the financial institution)?

Access to Credit and Financial Products Offered to Businesses

The Bureau seeks information on the various financial products that are offered to small businesses, including women-owned and minority-owned small businesses, as well as initial feedback from stakeholders on challenges small businesses may face in accessing credit and appropriate transaction and product coverage the Bureau may consider for a business lending data collection rule.

Section 1071 requires financial institutions to report information concerning credit applications made by women-owned, minority-owned, and small businesses. Although section 1071 does not provide a specific definition for credit, credit is a defined term under ECOA. ECOA (which section 1071 amended) defines credit as “the right granted by a creditor to a debtor to defer payment of debt or to incur debts and defer its payment or to purchase property or services and defer payment therefor.”

From its initial outreach and research, the Bureau understands that small businesses depend on a number of different non-equity financing products to establish, maintain, and grow their businesses. Although small businesses, including women-owned and minority-owned small businesses, secure non-equity financing in many forms, the Bureau understands that term loans, lines of credit, and credit cards are the principal all-purpose products used by small businesses. The Bureau estimates that these products collectively comprise about three-fourths of the non-equity financing market, when excluding supplier financing. Through this RFI, the Bureau seeks initial feedback on products offered by financial institutions to small business applicants and the challenges faced by small businesses, including women-
owned and minority-owned small businesses, in accessing credit.

12. What business credit product types are currently offered to small businesses by financial institutions as defined in section 1071, and for which product types is data collection and reporting most important for furthering the purposes of section 1071?

a. In addition to term loans, lines of credit, and credit card products, are there other business credit products that are an important source of financing for small businesses?

b. How do financial institutions define an application for business credit products? How, if at all, does a financial institution’s definition of an application vary for different types of products offered to small business applicants?

c. For each circumstance, what are the types of action taken?

13. How do financial institutions define an application for business credit products? How, if at all, does a financial institution’s definition of an application vary for different types of products offered to small business applicants?

a. Under what circumstances are preapproval, prequalification, and similar assessments made and what information is typically collected and evaluated during such assessments?

b. For each circumstance, what information is collected as part of the credit review? How would such a credit review differ, if at all, from an application submitted on a new credit facility?

c. For each circumstance, what are the types of action taken?

14. What challenges do small businesses face in accessing credit? What obstacles do women-owned or and minority-owned small businesses in particular face in accessing credit?

Privacy

Section 1071 specifies particular data points that financial institutions must compile and maintain, submit annually to the Bureau, and make available to the public, for the purposes of section 1071. These data points include income, employment, and similar information.

15. What steps can the Bureau take to mitigate such privacy or confidentiality-related concerns consistent with the purposes of section 1071?

16. What privacy-related concerns for applicants and confidentiality-related concerns of financial institutions are implicated by the statutorily-mandated data points identified for reporting under section 1071 by Congress?

17. What business credit product types are currently offered to small businesses by financial institutions as defined in section 1071, and for which product types is data collection and reporting most important for furthering the purposes of section 1071?