

release supervisory models used to project losses for previous stress tests.

The Board intends to include in its enhanced model disclosure detailed descriptions of the supervisory models that are currently addressed in the model description appendix of the Board's annual disclosure of supervisory stress test results, including the models used to project PPNR and operational-risk losses. These descriptions would contain the structural form of key model equations and key input variables. Further, the Board intends to publish projections of certain components of PPNR, including net interest income, noninterest income, and noninterest expense, for each covered company in its annual results disclosure.

The detailed disclosure of modeled loss rates similar to the example provided in the proposal requires loan- or security-level data reported to the Board on a regular basis; therefore, such disclosures are not feasible for certain types of models or calculations, such as the calculation of deferred tax assets. The Board intends to publish enhanced modeled loss rate disclosures for the most material loan portfolios over the next several years, starting with two of the most material loan portfolios in 2019. Over time, the Federal Reserve will extend enhanced modeled loss rate disclosures to non-loan portfolios, such as securities. The specific portfolios and the level of detail provided for each portfolio will depend on constraints such as those related to vendor data contracts, where applicable.

Models used in previous years are described in the Board's annual disclosure of supervisory stress test results.

#### *D. Timing of Enhanced Model Disclosure*

Some commenters requested that enhanced disclosure be provided in early January of each calendar year. Another commenter asserted that the benefits of a stress test model disclosure are maximized and costs are minimized when disclosure takes place after the stress tests are completed.

Consistent with the proposal, the Board expects to publish details about the models in the first quarter of each calendar year. Specifically, the Board expects to publish enhanced model descriptions for all models and enhanced modeled loss rate disclosures for two of the most material loan models in the first quarter of 2019. In 2020, the Board intends to revise enhanced model descriptions, as appropriate, and to publish enhanced modeled loss rate disclosures for two additional models.

Publication of the supervisory model disclosure prior to the release of the supervisory stress test results will help firms and the public anticipate the extent to which changes in supervisory results may result from changes in the models. In recent years, the Board has increased the information it provides to the public about supervisory models, and has detailed material model changes in an annual letter published in advance of the stress test. The Board believes that the benefits of providing that information in advance of the stress test outweigh the costs of doing so.

By order of the Board of Governors of the Federal Reserve System, February 22, 2019.

**Ann Misback,**

*Secretary of the Board.*

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## **FEDERAL RESERVE SYSTEM**

### **Agency Information Collection Activities: Announcement of Board Approval Under Delegated Authority and Submission to OMB**

**AGENCY:** Board of Governors of the Federal Reserve System.

**SUMMARY:** The Board of Governors of the Federal Reserve System (Board) is adopting a proposal to extend for three years, without revision, the Recordkeeping Provisions Associated with the Guidance on Sound Incentive Compensation Policies (FR 4027; OMB No. 7100-0327).

#### **FOR FURTHER INFORMATION CONTACT:**

Federal Reserve Board Clearance Officer—Nuha Elmaghrabi—Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

OMB Desk Officer—Shagufta Ahmed—Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street NW, Washington, DC 20503 or by fax to (202) 395-6974.

**SUPPLEMENTARY INFORMATION:** On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board. Board-approved collections of information are

incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instrument(s) are placed into OMB's public docket files. The Board may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

*Final approval under OMB delegated authority of the extension for three years, without revision, (or the implementation) of the following information collection:*

*Report title:* Recordkeeping Provisions Associated with the Guidance on Sound Incentive Compensation Policies.

*Agency form number:* FR 4027.

*OMB control number:* 7100-0327.

*Frequency:* Annual.

*Respondents:* Banking organizations.

*Estimated number of respondents:*

One-time implementation for large institutions: 1; one-time implementation for small institutions: 1; ongoing maintenance: 5,710.

*Estimated average hours per response:*

One-time implementation for large institutions: 480; one-time implementation for small institutions: 80; ongoing maintenance: 40.

*Estimated annual burden hours:* 228,960.

### **General Description of Report**

#### *Compatibility With Effective Controls and Risk Management*

Pursuant to Principle 2 of the Guidance, a banking organization's risk-management processes and internal controls should reinforce and support the development and maintenance of balanced incentive compensation arrangements. Principle 2 states that banking organizations should create and maintain sufficient documentation to permit an audit of the organization's processes for establishing, modifying, and monitoring incentive compensation arrangements. Additionally, large banking organizations should maintain policies and procedures that (i) identify and describe the role(s) of the personnel, business units, and control units authorized to be involved in the design, implementation, and monitoring of incentive compensation arrangements; (ii) identify the source of significant risk-related inputs into these processes and establish appropriate controls governing the development and approval of these inputs to help ensure their integrity; and (iii) identify the

individual(s) and control unit(s) whose approval is necessary for the establishment of new incentive compensation arrangements or modification of existing arrangements.

#### *Strong Corporate Governance*

Pursuant to Principle 3 of the Guidance, banking organizations should have strong and effective corporate governance to help ensure sound compensation practices. The Guidance states that a banking organization's board of directors should approve and document any material exceptions or adjustments to the organization's incentive compensation arrangements established for senior executives.

*Legal authorization and confidentiality:* The recordkeeping provisions of the Guidance are authorized pursuant to sections 9, 11(a), 25, and 25A of the Federal Reserve Act (12 U.S.C. 248(a), 325, 602, and 625); section 5 of the Bank Holding Company Act (12 U.S.C. 1844); section 10(b)(2) of the Home Owners' Loan Act (12 U.S.C. 1467a(b)(2)); section 7(c) of the International Banking Act (12 U.S.C. 3105(c)); and section 39 of the Federal Deposit Insurance Act (12 U.S.C. 1831p-1(c)).

Because the recordkeeping provisions are contained within guidance, which is nonbinding, they are voluntary. There are no reporting forms associated with this information collection.

Because the incentive compensation records would be maintained at each banking organization, the Freedom of Information Act ("FOIA") would only be implicated if the Board obtained such records as part of the examination or supervision of a banking organization. In the event the records are obtained by the Board as part of an examination or supervision of a financial institution, this information is considered confidential pursuant to exemption 8 of the FOIA, which protects information contained in "examination, operating, or condition reports" obtained in the bank supervisory process (5 U.S.C. 552(b)(8)). In addition, the information may also be kept confidential under exemption 4 of the FOIA, which protects commercial or financial information obtained from a person that is privileged or confidential (5 U.S.C. 552(b)(4)).

*Current actions:* On November 30, 2018, the Board published a notice in the **Federal Register** (83 FR 61637) requesting public comment for 60 days on the extension, without revision, of the Recordkeeping Provisions Associated with the Guidance on Sound Incentive Compensation Policies. The comment period for this notice expired

on January 29, 2019. The Board did not receive any comments.

Board of Governors of the Federal Reserve System, February 21, 2019.

**Michele Taylor Fennell,**

*Assistant Secretary of the Board.*

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**BILLING CODE 6210-01-P**

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## FEDERAL RESERVE SYSTEM

### Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. The applications will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act (12 U.S.C. 1843). Unless otherwise noted, nonbanking activities will be conducted throughout the United States.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than March 29, 2019.

*A. Federal Reserve Bank of New York* (Ivan Hurwitz, Vice President) 33 Liberty Street, New York, New York 10045-0001. Comments can also be sent electronically to *Comments.applications@ny.frb.org*:

1. *NBC Bancorp, Inc.*, Coxsackie, New York; to become a bank holding company by acquiring 100 percent of the voting shares of The National Bank of Coxsackie, Coxsackie, New York.

*B. Federal Reserve Bank of Chicago* (Colette A. Fried, Assistant Vice President) 230 South LaSalle Street, Chicago, Illinois 60690-1414:

1. *Forward Mutual Holding Company, and Forward Financial, Inc.*, both of *Marshfield, Wisconsin*; to become bank holding companies by acquiring The First National Bank of Park Falls, Parks Falls, Wisconsin.

Board of Governors of the Federal Reserve System, February 25, 2019.

**Yao-Chin Chao,**

*Assistant Secretary of the Board.*

[FR Doc. 2019-03506 Filed 2-27-19; 8:45 am]

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## FEDERAL RESERVE SYSTEM

### Agency Information Collection Activities: Announcement of Board Approval Under Delegated Authority and Submission to OMB

**AGENCY:** Board of Governors of the Federal Reserve System.

**SUMMARY:** The Board of Governors of the Federal Reserve System (Board) is adopting a proposal to extend for three years, without revision, the Domestic Branch Notification (FR 4001; OMB No. 7100-0097).

**FOR FURTHER INFORMATION CONTACT:** Federal Reserve Board Clearance Officer—Nuha Elmaghrabi—Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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