

Federal savings associations use these required reports and records for internal management control purposes and examiners use them to determine whether Federal savings associations are being operated safely, soundly, and in compliance with regulations. The absence of these reporting and record keeping requirements would make it difficult for institutions to establish prudent internal controls and limit the ability of examiners to determine the accurate performance and condition of Federal savings associations.

*Affected Public:* Businesses or other for-profit.

*Burden Estimates:*

*Estimated Number of Respondents:* 500.

*Estimated Total Burden:* 68,345 hours.

*Frequency of Response:* On occasion.

*Comments:* The OCC issued a **Federal Register** notice regarding the collection for 60 days of comment on February 14, 2014. 79 FR 9044. No comments were received. Comments continue to be invited on:

(a) Whether the collections of information are necessary for the proper performance of the OCC's functions, including whether the information has practical utility;

(b) The accuracy of the OCC's estimates of the burden of the information collections, including the validity of the methodology and assumptions used;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of information collections on respondents, including through the use of automated collection techniques or other forms of information technology; and

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

Dated: May 12, 2014.

**Stuart E. Feldstein,**

*Director, Legislative and Regulatory Activities Division.*

[FR Doc. 2014-11393 Filed 5-15-14; 8:45 am]

**BILLING CODE 4810-33-P**

## DEPARTMENT OF THE TREASURY

### Office of the Comptroller of the Currency

#### Agency Information Collection Activities: Information Collection Renewal; Submission for OMB Review; Capital Adequacy Standards

**AGENCY:** Office of the Comptroller of the Currency (OCC), Treasury.

**ACTION:** Notice and request for comment.

**SUMMARY:** The OCC, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on a continuing information collection, as required by the Paperwork Reduction Act of 1995 (PRA).

In accordance with the requirements of the PRA, the OCC may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number.

The OCC is soliciting comment concerning renewal of its information collection titled, "Capital Adequacy Standards." It is also giving notice that it has submitted the collection to OMB for review.

**DATES:** Comments must be submitted on or before June 16, 2014.

**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: 1557-0318, 400 7th Street SW., Suite 3E-218, Mail Stop 9W-11, Washington, DC 20219. In addition, comments may be sent by fax to (571) 465-4326 or by electronic mail to [regs.comments@occ.treas.gov](mailto: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.

All comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Additionally, please send a copy of your comments by mail to: OCC Desk Officer, 1557-0318, U.S. Office of Management and Budget, 725 17th Street NW., #10235, Washington, DC 20503, or by email to: [oira\\_submission@omb.eop.gov](mailto:oira_submission@omb.eop.gov).

#### FOR FURTHER INFORMATION CONTACT:

Johnny Vilela or Mary H. Gottlieb, OCC Clearance Officers, (202) 649-5490, for

persons who are deaf or hard of hearing, TTY, (202) 649-5597, 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.

**SUPPLEMENTARY INFORMATION:** Under the PRA (44 U.S.C. 3501-3520), Federal agencies must obtain approval from OMB for each collection of information they conduct or sponsor. "Collection of information" is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) to include agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party.

In connection with issuance of the Basel III final rule,<sup>1</sup> OMB provided a six-month approval for this information collection. The OCC is requesting that OMB extend approval of the collection for the standard three years.

*Title:* Capital Adequacy Standards.

*OMB Control No.:* 1557-0318.

*Frequency of Response:* On occasion.

*Affected Public:* Business or other for-profit.

*Estimated Number of Respondents:* 823.

*Estimated Total Burden:* 189,348.50 hours.

#### Section-by-Section-Analysis

Twelve CFR part 3 sets forth the OCC's minimum capital requirements and overall capital adequacy standards for national banks and Federal savings associations.

Section 3.3(c) allows for the recognition of netting across multiple types of transactions or agreements if the institution obtains a written legal opinion verifying the validity and enforceability of the agreement under certain circumstances and maintains sufficient written documentation of this legal review.

Section 3.22(h)(2)(iii)(A) permits the use of a conservative estimate of the amount of an institution's investment in its own capital or the capital of unconsolidated financial institutions held through an index security with prior approval by the OCC.

Section 3.35(b)(3)(i)(A) requires, for a cleared transaction with a qualified central counterparty (QCCP), that a client bank apply a risk weight of two percent, provided that the collateral posted by the bank to the QCCP is subject to certain arrangements and the client bank has conducted a sufficient legal review (and maintains sufficient written documentation of the legal review) to conclude with a well-

<sup>1</sup> 78 FR 62018 (October 11, 2013).

founded basis that the arrangements, in the event of a legal challenge, would be found to be legal, valid, binding, and enforceable under the law of the relevant jurisdictions.

Section 3.37(c)(4)(i)(E), regarding collateralized transactions, requires that a bank have policies and procedures in place describing how it determines the period of significant financial stress used to calculate its own internal estimates for haircuts and be able to provide empirical support for the period used.

Section 3.41(b)(3), which sets forth operational requirements for securitization exposures, allows a national bank or Federal savings association to recognize for risk-based capital purposes, in the case of synthetic securitizations, a credit risk mitigant to hedge underlying exposures if certain conditions are met, including a requirement that the national bank or Federal savings association obtain a well-reasoned opinion from legal counsel that confirms the enforceability of the credit risk mitigant in all relevant jurisdictions.

Section 3.41(c)(2)(i) requires that a national bank or Federal savings association demonstrate its comprehensive understanding of a securitization exposure by conducting an analysis of the risk characteristics of each securitization exposure prior to its acquisition, taking into account a number of specified considerations and documenting the analysis within three business days after the acquisition.

If a national bank or Federal savings association provides non-contractual support to a securitization, § 3.42(e)(2), regarding risk-weighted assets for securitization exposures, requires that a national bank or Federal savings association to publicly disclose that it has provided implicit support to a securitization and the risk-based capital impact to the bank of providing such implicit support.

Section 3.62 sets forth disclosure requirements related to the capital requirements of a national bank or Federal savings association. Section 3.61 provides that these requirements apply only to a national bank or Federal savings association with total consolidated assets of \$50 billion or more that is not a consolidated subsidiary of an entity that is itself subject to Basel III disclosures. For national banks and Federal savings associations subject to the disclosure requirements, section 3.62(a) requires quarterly disclosure of information in the applicable tables in section 3.63 and, if a significant change occurs, such that the most recent reported amounts

are no longer reflective of the institution's capital adequacy and risk profile, section 3.62(a) requires the national bank or Federal savings association to disclose as soon as practicable thereafter, a brief discussion of the change and its likely impact. Section 3.62(a) permits annual disclosure of qualitative information that typically does not change each quarter, provided that any significant changes are disclosed in the interim. Section 3.62(b) requires that a national bank or Federal savings association have a formal disclosure policy approved by the board of directors that addresses its approach for determining the disclosures it makes. The policy must address the associated internal controls and disclosure controls and procedures. Section 3.62(c) permits a national bank or Federal savings association to disclose more general information about certain subjects if the national bank or Federal savings association concludes that the specific commercial or financial information required to be disclosed under § 3.62 is exempt from disclosure under the Freedom of Information Act (5 U.S.C. 552), and national bank or Federal savings association provides the reason the specific items of information have not been disclosed.

Section 3.63 sets forth the specific disclosure requirements for a non-advanced approaches national bank or Federal savings association with total consolidated assets of \$50 billion or more that is not a consolidated subsidiary of an entity that is itself subject to Basel III disclosure requirements. Section 3.63(a) requires those institutions to make the disclosures in Tables 1 through 10 to § 3.63 and in § 3.63(b) for each of the last three years beginning on the effective date of the rule. Section 3.63(b) requires quarterly disclosure of an institution's common equity tier 1 capital, additional tier 1 capital, tier 2 capital, tier 1 and total capital ratios, including the regulatory capital elements and all the regulatory adjustments and deductions needed to calculate the numerator of such ratios; total risk-weighted assets, including the different regulatory adjustments and deductions needed to calculate total risk-weighted assets; regulatory capital ratios during any transition periods, including a description of all the regulatory capital elements and all regulatory adjustments and deductions needed to calculate the numerator and denominator of each capital ratio during any transition period; and a reconciliation of regulatory capital elements as they relate to its balance

sheet in any audited consolidated financial statements. Tables 1 through 10 to § 3.63 set forth qualitative and/or quantitative requirements for scope of application, capital structure, capital adequacy, capital conservation buffer, credit risk, counterparty credit risk-related exposures, credit risk mitigation, securitizations, equities not subject to Subpart F (Market Risk requirements) of the rule, and interest rate risk for non-trading activities.

Section 3.121 requires a national bank or Federal savings association subject to the advanced approaches risk-based capital requirements to adopt a written implementation plan to address how it will comply with the advanced capital adequacy framework's qualification requirements and also develop and maintain a comprehensive and sound planning and governance process to oversee the implementation efforts described in the plan. Section 3.122 further requires these institutions to: develop processes for assessing capital adequacy in relation to an organization's risk profile; establish and maintain internal risk rating and segmentation systems for wholesale and retail risk exposures, including comprehensive risk parameter quantification processes and processes for annual reviews and analyses of reference data to determine their relevance; document its process for identifying, measuring, monitoring, controlling, and internally reporting operational risk; verify the accurate and timely reporting of risk-based capital requirements; and monitor, validate, and refine its advanced systems.

Section 3.123 sets forth ongoing qualification requirements that require an institution to notify the OCC of any material change to an advance system and to establish and submit to the OCC a plan for returning to compliance with the qualification requirements.

Section 3.124 requires a national bank or Federal savings association to submit to the OCC, within 90 days of consummating a merger or acquisition, an implementation plan for using its advanced systems for the merged or acquired company.

Section 3.132(b)(2)(iii)(A) addresses counterparty credit risk of repo-style transactions, eligible margin loans, and over-the-counter (OTC) derivative contracts, and internal estimates for haircuts. With the prior written approval of the OCC, an institution may calculate haircuts ( $H_s$  and  $H_{fx}$ ) using its own internal estimates of the volatilities of market prices and foreign exchange rates. The section requires national banks and Federal savings associations to satisfy certain minimum quantitative standards in order to receive OCC

approval to use its own internal estimates.

Section 3.132(b)(3) covers counterparty credit risk of repo-style transactions, eligible margin loans, OTC derivative contracts, and simple Value-at-Risk (VaR) methodology. With the prior written approval of the OCC, a national bank or Federal savings association may estimate exposure at default (EAD) for a netting set using a VaR model that meets certain requirements.

Section 3.132(d)(1) permits the use of the internal models methodology (IMM) to determine EAD for counterparty credit risk for derivative contracts with prior written approval from the OCC. Section 3.132(d)(1)(iii) permits the use of the internal models methodology for derivative contracts, eligible margin loans, and repo-style transactions subject to a qualifying cross-product netting agreement with prior written approval from the OCC.

Section 3.132(d)(2)(iv) addresses counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts, and risk-weighted assets using IMM. Under the IMM, an institution uses an internal model to estimate the expected exposure (EE) for a netting set and then calculates EAD based on that EE. An institution must calculate two EEs and two EADs (one stressed and one unstressed) for each netting as outlined in this section. A national bank or Federal savings association may use a conservative measure of EAD subject to prior written approval of the OCC.

Section 3.132(d)(3)(vi) addresses counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts. To obtain OCC approval to calculate the distributions of exposures upon which the EAD calculation is based, a national bank or Federal savings association must demonstrate to the satisfaction of the OCC that it has been using for at least one year an internal model that broadly meets the minimum standards, with which the institution must maintain compliance. The institution must have procedures to identify, monitor, and control wrong-way risk throughout the life of an exposure and they must include stress testing and scenario analysis.

Section 3.132(d)(3)(viii) addresses counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts. When estimating model parameters based on a stress period, a national bank or Federal savings association must use at least three years of historical data that include a period of stress to the credit

default spreads of the institution's counterparties. The institution must review the data set and update the data as necessary, particularly for any material changes in its counterparties. The institution must demonstrate at least quarterly that the stress period coincides with increased credit default swap (CDS) or other credit spreads of the institution's counterparties. The institution must have procedures to evaluate the effectiveness of its stress calibration that include a process for using benchmark portfolios that are vulnerable to the same risk factors as the institution's portfolio. The OCC may require the institution to modify its stress calibration to better reflect actual historic losses of the portfolio.

Section 3.132(d)(3)(ix), regarding counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts, requires that an institution must subject its internal model to an initial validation and annual model review process that includes consideration of whether the inputs and risk factors, as well as the model outputs, are appropriate. The section requires national banks and Federal savings associations to have a backtesting program for its model that includes a process by which unacceptable model performance will be determined and remedied.

Section 3.132(d)(3)(x), regarding counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts, provides that an national bank or Federal savings association must have policies for the measurement, management, and control of collateral and margin amounts.

Section 3.132(d)(3)(xi), concerning counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts, states that an institution must have a comprehensive stress testing program that captures all credit exposures to counterparties, and incorporates stress testing of principal market risk factors and creditworthiness of counterparties.

Section 3.141 relates to operational criteria for recognizing the transfer of risk in connection with a securitization. Section 3.141(b)(3) requires a national bank or Federal savings association to obtain a well-reasoned legal opinion confirming the enforceability of the credit risk mitigant in all relevant jurisdictions in order to recognize the transference of risk in connection with a synthetic securitization. An institution must demonstrate its comprehensive understanding of a securitization exposure under § 3.141(c)(2) for each securitization exposure by conducting an analysis of the risk characteristics of

a securitization exposure prior to acquiring the exposure and document such analysis within three business days after acquiring the exposure. Sections 3.141(c)(2)(i) and (ii) require that institutions, on an on-going basis (at least quarterly), evaluate, review, and update as appropriate the analysis required under this section for each securitization exposure.

Section 3.142(h)(2), regarding the capital treatment for securitization exposures, requires a national bank or Federal savings association to disclose publicly if it has provided implicit support to a securitization and the regulatory capital impact to the institution of providing such implicit support.

Section 3.153(b), outlining the Internal Models Approach (IMA) for calculating risk-weighted assets for equity exposures, specifies that a national bank or Federal savings association must receive prior written approval from the OCC before it can use IMA.

Section 3.172 specifies that each advanced approaches national bank or Federal savings association that has completed the parallel run process must publicly disclose its total and tier 1 risk-based capital ratios and their components.

Section 3.173 addresses disclosures by an advanced approaches national bank or Federal savings association that is not a consolidated subsidiary of an entity that is subject to the Basel III disclosure requirements. An advanced approaches institution that is subject to the disclosure requirements must make the disclosures described in Tables 1 through 12. The institution must make these disclosures publicly available for each of the last three years (that is, twelve quarters) or such shorter period beginning on the effective date of this subpart E.

The tables to section 3.173 require qualitative and quantitative public disclosures for capital structure, capital adequacy, capital conservation and countercyclical buffers, credit risk, securitization, operational risk, equities not subject to the market risk capital requirements, and interest rate risk for non-trading activities.

On February 28, 2014, the OCC issued a notice for 60 days of comment concerning renewal of this collection. 79 FR 11501. No comments were received. Comments continue to be invited on:

(a) Whether the collections of information are necessary for the proper performance of the OCC's functions, including whether the information has practical utility;

(b) The accuracy of the OCC's estimates of the burden of the information collections, including the validity of the methodology and assumptions used;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected; and

(d) Ways to minimize the burden of information collections on respondents, including through the use of automated collection techniques or other forms of information technology.

Dated: May 12, 2014.

**Stuart E. Feldstein,**

*Legislative and Regulatory Activities Division.*

[FR Doc. 2014-11397 Filed 5-15-14; 8:45 am]

**BILLING CODE 4810-33-P**

## DEPARTMENT OF THE TREASURY

### Office of Foreign Assets Control

#### **Designation of Persons Whose Property and Interests in Property Are Blocked Pursuant to Executive Order 13664 of April 3, 2014, "Blocking Property of Certain Persons With Respect to South Sudan."**

**AGENCY:** Office of Foreign Assets Control, Treasury.

**ACTION:** Notice.

**SUMMARY:** The Treasury Department's Office of Foreign Assets Control ("OFAC") is publishing the names of 2 individuals whose property and interests in property are blocked pursuant to Executive Order 13664 of April 3, 2014, "Blocking Property of Certain Persons With Respect to South Sudan."

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

Assistant Director, Compliance Outreach & Implementation, Office of Foreign Assets Control, Department of the Treasury, 1500 Pennsylvania Avenue NW (Treasury Annex), Washington, DC 20220, Tel.: 202/622-2490.

#### **SUPPLEMENTARY INFORMATION:**

#### **Electronic and Facsimile Availability**

The List of Specially Designated Nationals and Blocked Persons ("SDN List") and additional information concerning OFAC are available from OFAC's Web site ([www.treas.gov/ofac](http://www.treas.gov/ofac)). Certain general information pertaining to OFAC's sanctions programs also is available via facsimile through a 24-hour fax-on-demand service, tel.: 202/622-0077.

#### **Background**

On April 3, 2014, the President issued the Executive Order "Blocking Property

of Certain Persons With Respect to South Sudan" (the "Order") pursuant to, *inter alia*, the International Emergency Economic Powers Act (50 U.S.C. 1701-06). In the Order, the President declared a national emergency to address the unusual and extraordinary threat to the national security and foreign policy of the United States posed by activities that threaten the peace, security, or stability of South Sudan and the surrounding region, including widespread violence and atrocities, human rights abuses, recruitment and use of child soldiers, attacks on peacekeepers, and obstruction of humanitarian operations.

Section 1 of the Order blocks, with certain exceptions, all property and interests in property that are in the United States, that come within the United States, or that are or come within the possession or control of any United States person and of persons determined by the Secretary of the Treasury, in consultation with the Secretary of State, to satisfy certain criteria set forth in the Order. On May 6, 2014, the Director of OFAC, in consultation with the Department of State, designated, pursuant to one or more of the criteria set forth in Section 1 of the Order, the following 2 individuals, whose names have been added to the list of Specially Designated Nationals and Blocked Persons and whose property and interests in property are blocked pursuant to Executive Order 13664:

1. MANGOK, Marial Chanuong Yol (a.k.a. CHINOUM, Marial; a.k.a. CHINUONG, Marial; a.k.a. YOL, Marial Chanoung; a.k.a. "CHAN, Marial"); DOB 01 Jan 1960; POB Yirol, Lakes State; Commander, Presidential Guard Unit; Major General, Sudan People's Liberation Army (individual) [SOUTH SUDAN].
2. GADET, Peter (a.k.a. GATDET, Peter; a.k.a. YAAK, Peter Gadet; a.k.a. YAAK, Peter Gatdet; a.k.a. YAK, Peter Gadet; a.k.a. YAKA, Peter Gatdet; a.k.a. YAKA, Peter Gatdet); DOB 1957 to 1959; POB Mayon County Unity State; alt. POB Mayan, Unity State; General (individual) [SOUTH SUDAN].

Dated: May 6, 2014.

**Adam J. Szubin,**

*Director, Office of Foreign Assets Control.*

[FR Doc. 2014-11409 Filed 5-15-14; 8:45 am]

**BILLING CODE 4810-AL-P**

## DEPARTMENT OF THE TREASURY

### Office of Foreign Assets Control

#### **Unblocking of One Individual and Four Entities Blocked Pursuant to Executive Order 13315 of August 28, 2003**

**AGENCY:** Office of Foreign Assets Control, Treasury.

**ACTION:** Notice.

**SUMMARY:** The Treasury Department's Office of Foreign Assets Control ("OFAC") is removing the names of one individual and four entities whose property and interests in property were blocked pursuant to Executive Order 13315 of August 28, 2003, "Blocking Property of the Former Iraqi Regime, Its Senior Officials and Their Family Members, and Taking Certain Other Actions" from the list of Specially Designated Nationals and Blocked Persons ("SDN List").

**DATES:** The removal of the individual and the entities from the SDN List was effective as of April 29, 2014.

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

Assistant Director, Compliance Outreach & Implementation, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220, tel.: 202/622-2490.

#### **SUPPLEMENTARY INFORMATION:**

#### **Electronic and Facsimile Availability**

This document and additional information concerning OFAC are available from OFAC's Web site ([www.treas.gov/ofac](http://www.treas.gov/ofac)) or via facsimile through a 24-hour fax-on-demand service, tel.: 202/622-0077.

#### **Background**

On August 28, 2003, the President issued Executive Order 13315 (the "Order") pursuant to the International Emergency Economic Powers Act, 50 U.S.C. 1701 et seq., the National Emergencies Act, 50 U.S.C. 1601 et seq., section 5 of the United Nations Participation Act, as amended, 22 U.S.C. 287c, section 301 of title 3, United States Code, and in view of United Nations Security Council Resolution 1483 of May 22, 2003. In the Order, the President expanded the scope of the national emergency declared in Executive Order 13303 of May 22, 2003, to address the unusual and extraordinary threat to the national security and foreign policy of the United States posed by obstacles to the orderly reconstruction of Iraq, the restoration and maintenance of peace and security in that country, and the development of political, administrative, and economic institutions in Iraq. The Order blocks