

**DEPARTMENT OF THE TREASURY  
Office of the Comptroller of the Currency**

**FEDERAL RESERVE SYSTEM**

**FEDERAL DEPOSIT INSURANCE CORPORATION**

**DEPARTMENT OF THE TREASURY  
Office of Thrift Supervision**

**Proposed Agency Information Collection Activities; Comment Request**

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

**ACTION:** Joint notice and request for comment.

**SUMMARY:** In accordance with the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the OCC, the Board, the FDIC, and the OTS (collectively, the agencies) 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 Federal Financial Institutions Examination Council (FFIEC), of which the agencies are members, has approved the agencies' publication for public comment of proposed new regulatory reporting requirements for banks<sup>1</sup> that are subject to the agencies' revised market risk capital rules. The proposal describes the scope of reporting and the proposed reporting requirements. At the end of the comment period, the comments and recommendations received will be analyzed to determine the extent to which the FFIEC should modify the proposed reporting requirements prior to giving its final approval. The agencies will then submit the

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<sup>1</sup> For simplicity, and unless otherwise indicated, this notice uses the term "bank" to include banks, savings associations, and bank holding companies (BHCs). The terms "bank holding company" and "BHC" refer only to bank holding companies regulated by the Board and do not include savings and loan holding companies regulated by the OTS. For a detailed description of the institutions covered by this notice, refer to Section 1(b) of the proposed regulatory text in the notice of proposed rulemaking entitled Risk-Based Capital Standards: Market Risk.

proposed reporting requirements to OMB for review and approval and, upon approval, OMB will assign control numbers.

**DATES:** Comments must be received on or before [INSERT DATE 120 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:** Interested parties are invited to submit written comments to any or all of the agencies. All comments will be shared among the agencies.

OCC: You may submit comments, identified by “OMB Control No. 1557-NEW,” by any of the following methods:

- E-mail: [regs.comments@occ.treas.gov](mailto:regs.comments@occ.treas.gov). Include “OMB Control No. 1557-NEW” in the subject line of the message.
- Fax: (202) 874-4448.
- Mail: Public Information Room, Office of the Comptroller of the Currency, 250 E Street, SW., Mailstop 1-5, Washington, DC 20219; Attention: OMB Control No. 1557-NEW.

Public Inspection: You may inspect and photocopy comments at the Public Information Room.

You can make an appointment to inspect the comments by calling (202) 874-5043.

Board: You may submit comments, which should refer to “Market Risk Framework Regulatory Reporting Requirements,” by any of the following methods:

- Agency Web Site: <http://www.federalreserve.gov>. Follow the instructions for submitting comments on the <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- E-mail: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov). Include “Market Risk Framework Regulatory Reporting Requirements” in the subject line of the message.

- FAX: 202-452-3819 or 202-452-3102.
- Mail: Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551.

All public comments are available from the Board's web site at

[www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm](http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm) as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room MP-500 of the Board's Martin Building (20th and C Streets, NW.) between 9:00 a.m. and 5:00 p.m. on weekdays.

FDIC: You may submit comments, which should refer to "Market Risk Framework Regulatory Reporting Requirements," by any of the following methods:

- <http://www.FDIC.gov/regulations/laws/federal/notices.html>.
- E-mail: [comments@FDIC.gov](mailto:comments@FDIC.gov). Include "Market Risk Framework Regulatory Reporting Requirements" in the subject line of the message.
- Mail: Steven F. Hanft, Clearance Officer (202-898-3907), Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.
- Hand Delivery: Comments may be hand delivered to the guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7 a.m. and 5 p.m.

Public Inspection: All comments received will be posted without change to

<http://www.fdic.gov/regulations/laws/federal/propose.html> including any personal information provided. Comments may be inspected at the FDIC Public Information Center, Room E-1002, 3502 North Fairfax Drive, Arlington, VA 22226, between 9 a.m. and 5 p.m. on business days.

OTS: You may submit comments, identified by “Market Risk Framework Regulatory Reporting Requirements (1550-NEW),” by any of the following methods:

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- E-mail address: [infocollection.comments@ots.treas.gov](mailto:infocollection.comments@ots.treas.gov). Please include “Market Risk Framework Regulatory Reporting Requirements (1550-NEW)” in the subject line of the message and include your name and telephone number in the message.
- Fax: (202) 906-6518.
- Mail: Information Collection Comments, Chief Counsel’s Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552, Attention: “Market Risk Framework Regulatory Reporting Requirements (1550-NEW).”
- Hand Delivery/Courier: Guard’s Desk, East Lobby Entrance, 1700 G Street, NW., from 9:00 a.m. to 4:00 p.m. on business days, Attention: Information Collection Comments, Chief Counsel’s Office, Attention: ”Market Risk Framework Regulatory Reporting Requirements (1550-NEW).”

Instructions: All submissions received must include the agency name and ”Market Risk Framework Regulatory Reporting Requirements (1550-NEW).” All comments received will be posted without change to the OTS Internet Site at <http://www.ots.treas.gov/pagehtml.cfm?catNumber=67&an=1>, including any personal information provided.

Docket: For access to the docket to read background documents or comments received, go to <http://www.ots.treas.gov/pagehtml.cfm?catNumber=67&an=1>.

In addition, you may inspect comments at the Public Reading Room, 1700 G Street, NW., by appointment. To make an appointment for access, call (202) 906-5922, send an e-mail to [public.info@ots.treas.gov](mailto:public.info@ots.treas.gov), or send a facsimile transmission to (202) 906-7755. (Prior notice identifying the materials you will be requesting will assist us in serving you.) We schedule appointments on business days between 10:00 a.m. and 4:00 p.m. In most cases, appointments will be available the next business day following the date we receive a request.

A copy of the comments may also be submitted to the OMB desk officer for the agencies by mail to the Office of Information and Regulatory Affairs, U.S. 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.

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

For further information about the proposed regulatory reporting requirements discussed in this notice, please contact any of the agency clearance officers whose names appear below. In addition, copies of the reporting schedule and instructions can be obtained at each agency's web site as well as the FFIEC's web site.<sup>2</sup>

**OCC:** Please direct substantive questions to Margot Schwadron, Risk Expert, Capital Policy Division, (202) 874-6022, and requests for copies of the collection to Mary Gottlieb, OCC Clearance Officer, or Camille Dickerson, (202) 874-5090, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 250 E Street, SW., Washington, DC 20219.

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<sup>2</sup> For the OCC: <http://www.occ.treas.gov>; for the FDIC: <http://www.fdic.gov>; for the OTS: <http://www.ots.treas.gov>; for the Board: <http://www.federalreserve.gov/boarddocs/reportforms/review.cfm>; and for the FFIEC: [http://www.ffiec.gov/ffiec\\_report\\_forms.htm](http://www.ffiec.gov/ffiec_report_forms.htm).

**Board:** Michelle Long, Federal Reserve Board Clearance Officer, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202-452-3829).

**FDIC:** Steven F. Hanft, Clearance Officer, at [shanft@fdic.gov](mailto:shanft@fdic.gov), (202-898-3907), Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

**OTS:** Marilyn K. Burton, OTS Clearance Officer, at [marilyn.burton@ots.treas.gov](mailto:marilyn.burton@ots.treas.gov), (202) 906-6467, or facsimile number (202) 906-6518, Litigation Division, Chief Counsel's Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552.

**SUPPLEMENTARY INFORMATION:** The agencies are proposing to implement the following new information collections.

*Report Title:* Market Risk Regulatory Reporting Requirements.

*Form Numbers:* FFIEC 102.

*Frequency of Response:* Quarterly.

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

**OCC:**

*OMB Number:* 1557-NEW.

*Estimated Number of Respondents:* 10 national banks.

*Estimated Time per Response:* 11.75 burden hours.

*Estimated Total Annual Burden:* 470 hours.

**Board:**

*OMB Number:* 7100-NEW.

*Estimated Number of Respondents:* 4 state member banks.

*Estimated Time per Response:* 11.75 hours.

*Estimated Total Annual Burden:* 188 hours.

*OMB Number:* 7100-NEW.

*Estimated Number of Respondents:* 18 BHCs.

*Estimated Time per Response:* 11.75 hours.

*Estimated Total Annual Burden:* 846 hours.

**FDIC:**

*OMB Number:* 3064-NEW.

*Estimated Number of Respondents:* 3 state nonmember banks.

*Estimated Time per Response:* 11.75 burden hours.

*Estimated Total Annual Burden:* 141 hours.

**OTS:**

*OMB Number:* 1550-NEW.

*Estimated Number of Respondents:* 1 savings association.

*Estimated Time per Response:* 11.75 hours.

*Estimated Total Annual Burden:* 47 hours.

**General Description of Reports**

These information collections would be mandatory for banks that meet the market risk requirements within the agencies' risk-based capital standards: 12 U.S.C. 161 (for national banks), 12 U.S.C. 324 and 12 U.S.C. 1844(c) (for state member banks and BHCs, respectively),

12 U.S.C. 1817 (for insured state nonmember commercial and savings banks), and 12 U.S.C. 1464 (for savings associations). These information collections would be given confidential treatment (5 U.S.C. 552(b)(4)).

## **Abstract**

Each bank that meets the market risk requirements within the agencies' risk-based capital standards would file quarterly regulatory reports for the agencies' use in assessing the reasonableness and accuracy of a reporting entity's calculation of its minimum capital requirements under the market risk rules and in evaluating an entity's capital in relation to its risks.

## **Current Actions**

### **Risk-Based Capital Standards: Market Risk Framework: Regulatory Reporting Requirements**

#### **I. Background**

The agencies have today published a joint notice of proposed rulemaking entitled Risk-Based Capital Standards: Market Risk (the Market Risk NPR).<sup>3</sup> The Market Risk NPR, which would apply to all banks that meet the market risk requirements, describes proposed changes to the agencies' existing market risk rules.<sup>4</sup> Included within the Market Risk NPR are requirements for public disclosure of certain information at the consolidated banking organization level as well as a reference to certain additional regulatory reporting by depository institutions (DIs) and

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<sup>3</sup> Terms used in this text and in the proposed regulatory reporting schedule and instructions are used as defined in the Market Risk NPR.

<sup>4</sup> For the OTS, the Market Risk NPR provides a new framework for assessing capital for market risk.

BHCs. The additional regulatory reporting referenced within the Market Risk NPR, and described more fully herein, comprise the agencies' proposed regulatory reporting requirements.

The agencies are publishing the Market Risk NPR and the regulatory reporting proposal described herein at the same time as their notice of proposed rulemaking for the Advanced Capital Adequacy Framework for risk-based capital and its associated regulatory reporting proposal so that the industry, and other interested parties, may assess the full impact of the two proposed rules.

At present, banks and BHCs that are subject to the existing market risk rules report the amount of their market risk equivalent assets in their respective quarterly regulatory reports.<sup>5</sup> This current reporting requirement reveals only the end result of the market risk calculations without providing any information concerning the key inputs to the measure for market risk. Accordingly, the agencies are proposing the standardized regulatory reporting requirements described herein in order to assess the reasonableness and accuracy of a bank's calculation of its minimum capital requirements under the proposed revised Market Risk rule and to evaluate a bank's capital in relation to its risks. Importantly, the new reports will allow the agencies to better track growth in more credit-risk related, less liquid, and less actively traded products in the trading book that, in the past, have had risks that have been difficult to capture and measure. These reports should assist the agencies in ensuring that these risks are adequately reflected for safety and soundness purposes.

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<sup>5</sup> For banks, the Consolidated Reports of Condition and Income (Call Report) (Form FFIEC 031 or FFIEC 041; OMB No. 1557-0081 for the OCC, 7100-0036 for the Board, and 3064-0052 for the FDIC) and, for BHCs, the Consolidated Financial Statements for Bank Holding Companies (Board Form FR Y-9C; OMB No. 7100-0128). As mentioned in footnote 4, for the OTS, the Market Risk NPR provides a new framework for assessing capital for market risk. As a consequence, savings associations currently are not subject to a regulatory reporting requirement related to market risk in the Thrift Financial Report (OTS Form 1313; OMB No. 1550-0023).

In this regard, the reported data will enable the agencies to monitor the levels of and trends in components that comprise the market risk measure under the proposed revised rule within and across reporting banks. Such component reporting will allow supervisors to better understand, on an ongoing basis, model implied diversification benefits for individual banks. The agencies also will gain the ability to perform bank-to-bank comparisons of the drivers underlying banks' measures for market risk, identify potential outliers through bank-to-peer comparisons, track these drivers at banks over time relative to trends in other risk indicators, and focus onsite examination efforts. Furthermore, the agencies believe that requiring certain common reporting across banks would facilitate comparable application of the proposed revised Market Risk rule.

### **Scope and Frequency of Regulatory Reporting**

The proposed regulatory reporting requirements associated with the Market Risk NPR would apply, on a consolidated basis, to each BHC and each DI that is required to calculate its risk-based capital using the market risk rules (see Section 1(b) of the proposed regulatory text in the Market Risk NPR for a detailed description of the institutions covered by this notice). Reporting BHCs and DIs would submit reports quarterly because efforts to monitor banks' progress toward, and actions under, the Market Risk rules require regular and consistent reports from all of the institutions subject to this rule.

The agencies expect that the report due dates for the proposal described herein would be the same as the report due dates currently required by banks, savings associations, and bank holding companies when filing their respective quarterly regulatory reports. In addition, the agencies expect all banks to meet the existing reporting standards for accuracy and other requirements as currently mandated by their primary Federal supervisor.

Schedule 1, for market risk, would first be reported at the end of the first calendar quarter in which the market risk rule becomes effective.

## **II. Overview of the Data Collection Proposal**

Schedule 1 shows the data elements within the market risk exposure class that would be reported under the Market Risk NPR. The data submitted in Schedule 1 will be shared among the four agencies but will not be released to the public. The schedule is subdivided into sections. The first section contains data elements relating to banks' approved regulatory market risk models including details of value at risk (VaR) measures (as of the reporting date and averaged over 60 days) broken down by associated risk categories (interest rate, equity, foreign exchange, commodities, and credit) and specific risk charges. The second section contains data elements relating to market risk exposures covered under the standard method broken down by covered debt and equity positions. Other sections contain data elements relating to summary information on default risk charges and valuation adjustments.

In developing this proposal, the agencies considered several trade-offs between reporting burden and the information needs of bank supervisors. One issue that the agencies identified was that banks have exposures in certain products that might fit into more than one of the specified risk categories (interest rate, equity, foreign exchange, commodities, and credit). For example, convertible securities will mostly be subject to interest rate risk unless their value converges with that of the underlying equity. Similarly, foreign exchange swaps are primarily interest rate positions, but it is possible that a bank might classify some as foreign exchange risk. As a result, the agencies propose that banks may classify their exposures in the same categories in which they are reported internally for purposes of calculating the VaRs for this reporting schedule. Similarly, the agencies, for purposes of this reporting schedule, have defined

correlation benefit as any adjustment to VaR that a bank makes to reflect statistical correlation between the values of the underlying positions. The agencies also recognize that some banks may not adjust for correlation benefits in their VaR estimates, and in that case a bank need not estimate it for purposes of this reporting schedule.

### **III. Request for Comment**

Public comment is requested on all aspects of this joint notice. The agencies wish to encourage banks and other interested parties to comment on such matters as data availability and data alternatives. In addition, comments are invited on:

- (a) Whether the proposed collections of information are necessary for the proper performance of the agencies' functions, including whether the information has practical utility;
- (b) The accuracy of the agencies' estimates of the burden of the proposed 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.

Comments submitted in response to this joint notice will be shared among the agencies and will be summarized or included in the agencies' requests for OMB approval. All comments will become a matter of public record.

[THIS SIGNATURE PAGE PERTAINS TO THE JOINT NOTICE AND REQUEST FOR COMMENT, "AGENCY INFORMATION COLLECTION ACTIVITIES; COMMENT REQUEST"]

Dated: \_\_\_\_\_

**Stuart E. Feldstein,**  
*Assistant Director, Legislative and Regulatory Activities Division,*  
*Office of the Comptroller of the Currency.*

[THIS SIGNATURE PAGE PERTAINS TO THE JOINT NOTICE AND REQUEST FOR COMMENT, "AGENCY INFORMATION COLLECTION ACTIVITIES; COMMENT REQUEST"]

Board of Governors of the Federal Reserve System, \_\_\_\_\_, 2006.

Jennifer J. Johnson  
Secretary of the Board.

[THIS SIGNATURE PAGE PERTAINS TO THE JOINT NOTICE AND REQUEST FOR COMMENT, "AGENCY INFORMATION COLLECTION ACTIVITIES; COMMENT REQUEST"]

Dated at Washington, D.C., this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

FEDERAL DEPOSIT INSURANCE CORPORATION

Robert E. Feldman  
Executive Secretary

[THIS SIGNATURE PAGE PERTAINS TO THE JOINT NOTICE AND REQUEST FOR COMMENT, "AGENCY INFORMATION COLLECTION ACTIVITIES; COMMENT REQUEST"]

Dated: \_\_\_\_\_

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**Deborah Dakin,**  
*Senior Deputy Chief Counsel,  
Regulations and Legislation Division,  
Office of Thrift Supervision.*

**Billing Codes**

OCC: 4810-33-P 1/4

Board: 6210-01-P 1/4

FDIC: 6714-01-P 1/4

OTS: 6720-01-P 1/4



## **Market Risk Reporting Schedule and Instructions**

<b>MARKET RISK CAPITAL CHARGE - SCHEDULE 1</b>		
<b>Modeled market risk measures – Previous Day</b>		
		<b>Amount</b>
Interest rate risk VaR	Line 1	
Equity risk VaR	Line 2	
Foreign exchange risk VaR	Line 3	
Commodity risk VaR	Line 4	
Credit spread risk VaR	Line 5	
Total VaR prior to adjustments for correlation benefits	Line 6	
Total VaR including correlation benefits	Line 7	
Modeled specific risk that is not included in VaR	Line 8	
Total VaR-based calculation - previous day	Line 9	
<b>Modeled market risk measures – 60 Business Day Average</b>		
		<b>Amount</b>
Interest rate risk VaR	Line 10	
Equity risk VaR	Line 11	
Foreign exchange risk VaR	Line 12	
Commodity risk VaR	Line 13	
Credit spread risk VaR	Line 14	
Total VaR prior to adjustments for correlation benefits	Line 15	
Total VaR including correlation benefits	Line 16	
Modeled specific risk that is not included in VaR	Line 17	
Total VaR-based calculation - 60 day average	Line 18	
Multiplication factor - minimum of 3 multiplier	Line 19	
Total VaR-based calculation with multiplication factor - 60 day average (line 18 times line 19)	Line 20	
<b>Total VaR-Based Capital Charge (the higher of line 9 or line 20)</b>		
	Line 21	
<b>SPECIFIC RISK - ADD-ON</b>		
		<b>Amount</b>
Standardized Specific Risk Charge	Line 22	
<b>Transitional Approach for Partially Modeled Specific Risk</b>		
Specific Risk Add-on	Line 23	
<b>INCREMENTAL DEFAULT RISK</b>		
		<b>Amount</b>
Report the amount of the incremental default risk charge	Line 24	
Approved internal model or IRB approach	Line 25	<b>Choice</b>
<b>DE MINIMIS EXPOSURES</b>		
		<b>Amount</b>
Report the amount of the capital charge for de minimis exposures	Line 26	
<b>TOTAL MARKET RISK CAPITAL CHARGE</b>		
		<b>Amount</b>
Report the total market risk capital charge	Line 27	
<b>COUNTERPARTY CREDIT RISK (CCR)</b>		
		<b>Amount</b>
CCR capital charge for foreign exchange positions, OTC derivatives and repo-style transactions	Line 28	
<b>SPECIFIC RISK - STANDARDIZED APPROACH</b>		
		<b>Amount</b>
<b>Covered debt positions</b>		
Covered debt positions subject to the standardized approach, Government:		
AAA to AA-	Line 29	
A+ to BBB-, residual term to final maturity of 6 months or less	Line 30	
A+ to BBB-, residual term to final maturity of greater than 6 and up to and including 24 months	Line 31	
A+ to BBB-, residual term to final maturity exceeding 24 months	Line 32	
BB+ to B-	Line 33	
Below B-	Line 34	
Unrated	Line 35	
Covered debt positions subject to the standardized approach, Qualifying:		
Residual term to final maturity 6 months or less	Line 36	
Residual term to final maturity greater than 6 and up to and including 24 months	Line 37	
Residual term to final maturity exceeding 24 months	Line 38	
Covered debt positions subject to the standardized approach, Other		
BB+ to BB-	Line 39	
Below BB-	Line 40	
Unrated	Line 41	
<b>Covered Equity positions</b>		
		<b>Amount</b>
Covered equity positions subject to the standardized approach:		
subject to a 2% risk weighting factor	Line 42	
subject to a 4% risk weighting factor	Line 43	
subject to a 8% risk weighting factor	Line 44	

<b>MARKET RISK CAPITAL INSTRUCTIONS – SCHEDULE 1</b>		
MR-1 MR-2	Market Risk Capital	<p>Apply the following definitions in this section.</p> <ul style="list-style-type: none"> <li>• Refer to Market Risk NPR for definitions of the following terms:               <ul style="list-style-type: none"> <li>○ Covered Positions</li> <li>○ Debt position</li> <li>○ Equity position</li> <li>○ General market risk</li> <li>○ Incremental default risk</li> <li>○ Market Risk</li> <li>○ Specific Risk</li> <li>○ Value-at-risk (VaR)</li> </ul> </li> <li>• Commodity risk: Market risk resulting from holding or taking positions in commodities including precious metals.</li> <li>• Credit risk: Market risk resulting from holding or taking debt positions, excluding any interest rate risk component</li> <li>• Equity risk: Market risk resulting from holding or taking equity positions</li> <li>• Foreign exchange risk: Market risk resulting from holding or taking positions in foreign currencies.</li> <li>• Interest rate risk: Market risk resulting from holding positions affected by changes in interest rates, excluding any credit risk component</li> <li>• Subinvestment grade: Issues that have a rating of below BBB on an S&amp;P rating scale or below Baa on the Moody's ratings scale.</li> <li>• Banks have exposures in certain products that might fit into more than one category. For example, convertible securities will mostly be interest rate risk unless their value converges with that of the underlying equity. Similarly, FX swaps are primarily interest rate positions, but it is possible that a bank might classify some as foreign exchange risk. Banks may classify their exposures in the same categories in which they are reported internally for purposes of calculating the VaRs for this reporting schedule. Banks use best efforts to avoid leaving exposures unclassified. Also exposures should only be classified in one category.</li> </ul>
MR-1 MR-2	Market Risk Capital	<p>General Instructions</p> <ul style="list-style-type: none"> <li>• All VaR figures are reported for a 10-day holding period at the 99 percent confidence level.</li> <li>• Components of VaR by risk factor are reported without accounting for correlation effects across risk factors, that is, on a standalone basis.</li> <li>• Correlation Benefit refers to any adjustment to VaR that the bank makes to reflect statistical correlation between the values of the underlying positions. Note that some banks may not adjust for correlation effects in their VaR estimates, and in that case the bank need not estimate it for the purpose of this report.</li> <li>• The 60 business-day averages requested in lines 11 through 22 reflect the</li> </ul>

<b>MARKET RISK CAPITAL INSTRUCTIONS – SCHEDULE 1</b>		
		<p>typical number of business days in a calendar quarter in the United States. As some banks may conduct business in markets or jurisdictions that have a different number of business days during the quarter, <b>banks should calculate the averages according to the appropriate number of business days in the quarter for the activity being modeled</b></p> <p>The rules for calculating the standardized specific risk capital charge are in the Market Risk NPR</p>
MR-1	Line 1	Report the total amount of the previous day interest rate risk VaR
MR-1	Line 2	Report the total amount of the previous day equity risk VaR
MR-1	Line 3	Report the total amount of the previous day foreign exchange risk VaR
MR-1	Line 4	Report the total amount of the previous day commodity risk VaR
MR-1	Line 5	Report the total amount of the previous day credit spread risk VaR
MR-1	Line 6	Report the total VaR for all of the bank’s high-level portfolios (such that all trading positions are included) that are calculated for internal reporting without recognition of correlation effects across those portfolios.
MR-1	Line 7	Report the total amount of the previous day VaR, including any correlation benefits that come from incorporating empirical correlations within and across risk factors.
MR-1	Line 8	Report the amount of the previous day modeled specific risk that was not included in the amounts reported above.
MR-1	Line 9	Report the amount of the previous day total VaR-based measure for market risk including correlation effects from Line 7, plus specific risk components from Line 8.
MR-1	Line 10	Report the amount of the 60 business-day average interest rate risk VaR
MR-1	Line 11	Report the amount of the 60 business-day average equity risk VaR
MR-1	Line 12	Report the amount of the 60 business-day average foreign exchange risk VaR
MR-1	Line 13	Report the amount of the 60 business-day average commodity risk VaR
MR-1	Line 14	Report the amount of the 60 business-day average credit spread risk VaR
MR-1	Line 15	Report the total 60 business-day average VaR for all of the bank’s high-level portfolios (such that all trading positions are included) that are calculated for internal reporting without recognition of correlation effects across those portfolios
MR-1	Line 16	Report the amount of the 60 business-day average modeled VaR including any correlation benefits that come from incorporating empirical correlations within and across risk factors.
MR-1	Line 17	Report the amount of the 60 business-day average modeled specific risk that was not included in the amounts reported above.
MR-1	Line 18	Report the amount of the 60 business-day average total VaR-based measure for market risk including correlation effects from Line 16 plus specific risk components from line 17.
MR-1	Line 19	Report the VaR multiplication factor.
MR-1	Line 20	Report the amount of line 18 times line 19.

<b>MARKET RISK CAPITAL INSTRUCTIONS – SCHEDULE 1</b>		
MR-1	Line 21	Report the higher of line 9 or line 20, equal to the total VaR-based capital charge.
MR-1	Line 22	Report the amount of the standardized specific risk capital charge.
MR-1	Line 23	Report the amount of the specific risk add-on under the transitional approach for partially modeled specific risk.
MR-1	Line 24	Report the amount of the incremental default risk charge.
MR-1	Line 25	Indicate the method of calculating line 24 by choosing between approved internal model and IRB approach.
MR-1	Line 26	Report the amount of the capital charge for de minimis exposures.
MR-1	Line 27	Report the total market risk capital charge equal to the sum of Line 21 + Line 22 + Line 23 + Line 24 + Line 26.
MR-1	Line 28	Report the counterparty credit risk capital charge for foreign exchange positions, OTC derivatives and repo-style transactions.
MR-1	Line 29	Report the amount of the standardized specific risk charge for covered debt positions that are Government, rated AAA to AA-.
MR-1	Line 30	Report the amount of the standardized specific risk charge for covered debt positions that are Government, rated A+ to BBB- with residual maturity of 6 months or less.
MR-1	Line 31	Report the amount of the standardized specific risk charge for covered debt positions that are Government, rated A+ to BBB- with residual maturity of more than 6 months and up to and including 24 months.
MR-1	Line 32	Report the amount of the standardized specific risk charge for covered debt positions that are Government, rated A+ to BBB- with residual maturity of more than 24 months.
MR-1	Line 33	Report the amount of the standardized specific risk charge for covered debt positions that are Government, rated BB+ to B-.
MR-1	Line 34	Report the amount of the standardized specific risk charge for covered debt positions that are Government, rated below B-.
MR-1	Line 35	Report the amount of the standardized specific risk charge for covered debt positions that are Government, unrated.
MR-1	Line 36	Report the amount of the standardized specific risk charge for covered debt positions that are Qualifying, with residual maturity of 6 months or less.
MR-1	Line 37	Report the amount of the standardized specific risk charge for covered debt positions that are Qualifying, with residual maturity of more than 6 months and up to and including 24 months.
MR-1	Line 38	Report the amount of the standardized specific risk charge for covered debt positions that are Qualifying, with residual maturity exceeding 24 months.
MR-1	Line 39	Report the amount of the standardized specific risk charge for covered debt positions that are Other, rated BB+ to BB-.
MR-1	Line 40	Report the amount of the standardized specific risk charge for covered debt positions that are Other, rated below BB-.
MR-1	Line 41	Report the amount of the standardized specific risk charge for covered debt positions that are Other, unrated.

<b>MARKET RISK CAPITAL INSTRUCTIONS – SCHEDULE 1</b>		
MR-1	Line 42	Report the amount of the standardized specific risk charge for covered equity positions that are subject to a 2% risk weighting factor.
MR-1	Line 43	Report the amount of the standardized specific risk charge for covered equity positions that are subject to a 4% risk weighting factor.
MR-1	Line 44	Report the amount of the standardized specific risk charge for covered equity positions that are subject to an 8% risk weighting factor.