

RESCINDED

Office of Thrift Supervision
Department of the Treasury

April 19, 2004

Transmittal
TR-356

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Federal Register, Vol. 69, No. 65, pp. 17733 - 17736

Number TR-356

The attached final notice regarding Submission for OMB Review; Comment Request – Thrift Financial Report: Schedule CMR was published in the Federal Register on April 5, 2004, as required by the Paperwork Reduction Act.

Regulatory Affairs, Office of Management and Budget, 725 17th Street, NW., Washington, DC 20503, Attention NHTSA Desk Officer.

Comments Are Invited On

- Whether the proposed collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility.

- Whether the Department's estimate for the burden of the proposed information collection is accurate.

- Ways to minimize the burden of the collection of information on respondents, including the use of automated collection techniques or other forms of information technology.

A comment to OMB is most effective if OMB receives it prior to May 5, 2004.

Issued on: March 30, 2004.

Claude H. Harris,

Director, Office of Crash Avoidance Standards.

[FR Doc. 04-7545 Filed 4-2-04; 8:45 am]

BILLING CODE 4910-59-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

Proposed Collection; Comment Request for Forms 943, 943-PR, 943-A, and 943A-PR

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice and request for comments.

SUMMARY: The Department of the Treasury, 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 proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995, Public Law 104-13 (44 U.S.C. 3506(c)(2)(A)). Currently, the IRS is soliciting comments concerning Forms 943, Employer's Annual Tax Return for Agricultural Employees, 943-PR, Planilla Para La Declaracion Anual De La Contribucion Federal Del Patrono De Empleados Agricolas, 943-A, Agricultural Employer's Record of Federal Tax Liability, and 943A-PR, Registro De La Obligacion Contributiva Del Patrono Agricola.

DATES: Written comments should be received on or before June 4, 2004 to be assured of consideration.

ADDRESSES: Direct all written comments to Glenn P. Kirkland, Internal Revenue

Service, room 6411, 1111 Constitution Avenue NW., Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT:

Requests for additional information or copies of the forms and instructions should be directed to Carol Savage at Internal Revenue Service, room 6407, 1111 Constitution Avenue NW., Washington, DC 20224, or at (202) 622-3945, or through the internet at CAROL.A.SAVAGE@irs.gov.

SUPPLEMENTARY INFORMATION: Title:

Employer's Annual Tax Return for Agricultural Employees (Form 943), Planilla Para La Declaracion Anual De La Contribucion Federal Del Patrono De Empleados Agricolas (Form 943-PR), Agricultural Employer's Record of Federal Tax Liability (Form 943-A), and Registro De La Obligacion Contributiva Del Patrono Agricola (Form 943A-PR).
OMB Number: 1545-0035.

Form Numbers: 943, 943-PR, 943-A, and 943A-PR.

Abstract: Agricultural employers must prepare and file Form 943 and Form 943-PR (Puerto Rico only) to report and pay FICA taxes and income tax voluntarily withheld (Form 943 only). Agricultural employees may attach Forms 943-A and 943A-PR to Forms 943 and 943-PR to show their tax liabilities for semiweekly periods. The information is used to verify that the correct tax has been paid.

Current Actions: There are no changes being made to the forms at this time.

Type of Review: Extension of a currently approved collection.

Affected Public: Business or other for-profit organizations.

Estimated Number of Respondents: 392,443.

Estimated Time Per Respondent: 12 hr., 59 min.

Estimated Total Annual Burden Hours: 5,098,899.

The following paragraph applies to all of the collections of information covered by this notice:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Request for Comments: Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on:

(a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information 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.

Approved: March 30, 2004.

Glenn P. Kirkland,

IRS Reports Clearance Officer.

[FR Doc. 04-7647 Filed 4-2-04; 8:45 am]

BILLING CODE 4830-01-P

DEPARTMENT OF THE TREASURY

Office of Thrift Supervision

Submission for OMB Review; Comment Request—Thrift Financial Report: Schedule CMR

AGENCY: Office of Thrift Supervision, Treasury.

ACTION: Final notice.

SUMMARY: The information collection requirement described below has been submitted to the Office of Management and Budget (OMB) for review, as required by the Paperwork Reduction Act of 1995. OTS has solicited public comments on the proposal and is now providing a summary of those comments as well as providing final notice of the initial phase of its revised data collection.

DATES: Submit written comments on or before May 5, 2004.

ADDRESSES: Send comments, referring to the collection by title of the proposal or by OMB approval number, to OMB and OTS at these addresses: Joseph F. Lackey, Jr., Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10235, New Executive Office Building, Washington, DC 20503, or e-mail to Joseph_F_Lackey_Jr@omb.eop.gov; and Information Collection Comments, Chief Counsel's Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552, by fax to (202) 906-6518, or by e-mail to infocollection.comments@ots.treas.gov. OTS will post comments and the related index on the OTS Internet Site at <http://www.ots.treas.gov>. In addition,

interested persons may inspect comments at the Public Reading Room, 1700 G Street, NW., by appointment. To make an appointment, call (202) 906-5922, send an e-mail to publicinfo@ots.treas.gov, or send a facsimile transmission to (202) 906-7755.

FOR FURTHER INFORMATION CONTACT: To obtain a copy of the submission to OMB, contact Marilyn K. Burton at marilyn.burton@ots.treas.gov, (202) 906-6467, or facsimile number (202) 906-6518, Regulations and Legislation Division, Chief Counsel's Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552.

SUPPLEMENTARY INFORMATION: OTS may not conduct or sponsor an information collection, and respondents are not required to respond to an information collection, unless the information collection displays a currently valid OMB control number. As part of the approval process, we invite comments on the following information collection.

Title of Proposal: Thrift Financial Report: Schedule CMR (Consolidated Maturity/Rate).

OMB Number: 1550-0023.

Form Number: OTS Form 1313: Schedule CMR of the Thrift Financial Report (TFR).

Description: Currently, Schedule CMR provides all the institution-level inputs to OTS's Net Portfolio Value (NPV) model, the agency's key resource for measuring interest-rate risk. The NPV model is a key component of OTS's safety and soundness monitoring.

Overview

OTS, in a **Federal Register** notice published March 20, 2003, requested comment on a proposed replacement schedule—"Risk Exposure Data" (Schedule RED)—for the current Consolidated Maturity and Rate form (Schedule CMR) of the Thrift Financial Report (TFR). Throughout this document, "CMR" refers to the current schedule, and "RED" refers to the proposed replacement. In response to comments received, OTS has decided to (1) scale back on the scope and depth of the proposed Schedule RED, and (2) employ a gradual, or phased-in, implementation strategy. The scaling back was in response to many commenters suggesting that full implementation of RED was too burdensome. We are dropping our request for the various credit risk variables that appeared in the original proposal, as well as the requirement for coupon buckets finer than 100 basis points. In addition, because some commenters suggested that the cost of

implementation could be significant, we are proposing to implement RED in two phases. In the first phase, firms will not be required to provide any new information. All information now being supplied relating to derivatives and off-balance sheet positions, as well as any information now being supplied in Supplemental Reporting of Assets and Liabilities and any information now being supplied in Supplemental Reporting of Market Value Estimates, will all be supplied in the Schedule RED format. In effect, RED will replace all the current supplemental reporting schedules and will eliminate the need for CMR fields 801-903. All other data will continue to be reported in the CMR format until the implementation of the second phase. Phase I will be implemented for the quarter ending March 31, 2005. Naturally, OTS intends to continue to make improvements to the existing NPV model during the next year to improve the quality of the model outputs within the limits of current institutional inputs. In the meantime, the industry (and OTS) will gain experience with the new reporting format without the burden of developing the systems to report additional data.

In the second phase, firms will be asked to provide all their information in the Schedule RED format, plus some additional data necessary to improve the quality of valuations in those areas where the quality of information collected under CMR could be improved. The amount of additional data will be less than what was called for in the original proposal. In addition, OTS intends only to ask for data that can be utilized by the NPV model to produce improved valuations. Prior to implementing phase two, OTS will formally propose the associated reporting changes and will once again request comment on those changes. In addition, OTS will strive to provide 12 months advance notice prior to implementation of phase two.

Discussion of Comments on the Proposed Schedule RED

OTS published the request for comment in the **Federal Register** on March 20, 2003 (68 FR 13758), and received 15 comment letters from 13 thrifts and 2 trade groups. OTS has the following response to the comments:

Most of the commenters agreed that the RED proposal contains some significant enhancements over the current Schedule CMR. Supportive comments focused on flexibility and simplification of reporting, and the potential for more accurate NPV estimates. However, most commenters

suggested important areas where the RED proposal might be improved. Objections focused on the burden of the increased volume of data to be requested under RED, the cost of computer systems conversions, and potential privacy issues.

A. Reporting Burden: Most commenters addressed Schedule RED's reporting burden. While a majority of commenters anticipate that RED would reduce burden in at least some areas—through simplification and flexibility—a majority also saw potential problems in the proposal, in many cases due to the increase in data volume under RED. Specific concerns suggested include:

- Data volume would require institutions to devote additional time for data entry and data review under RED.
- The proposed breakout of positions into 25 basis point coupon-rate buckets is superfluous.
- The conversion of thrift information technology (IT) systems to support RED will be costly. (Some asserted that the costs outweigh the potential benefits.)
- The proposed credit-risk fields are superfluous for measuring interest-rate risk.
- Many of the Loan Memoranda fields are superfluous.
- Electronic bulk imports of data are preferable to cell-by-cell manual data entry.

While RED should simplify reporting and add flexibility, it will increase the volume of data. Indeed, increased granularity will be one of the main sources of improvements to NPV model accuracy. Nevertheless, OTS acknowledges that there will be transition costs, and OTS has carefully reviewed and noted the specific concerns of commenters about reporting burden.

For these reasons, OTS has decided to adopt a gradual, or phased-in, approach to implement Schedule RED. The first phase—to commence with the first reporting cycle (March) of 2005 would call for the conversion of four different sections of the current CMR Schedule into the RED format. These sections are: (1) Financial Derivatives and Off-Balance-Sheet Positions, CMR fields 801-903; (2) Supplemental Reporting for Assets and Liabilities, columns OAL010-OAL100; (3) Supplemental Reporting of Market Value Estimates, columns RMV010-RMV100; and (4) Supplemental Reporting of Financial Derivatives and Off-Balance-Sheet Positions, columns OBS010-OBS060.

The effect of this first phase will be to introduce the industry to the RED reporting without actually requiring any additional data. This will minimize the impact of the transition to the industry

by limiting the initial burden to adjusting to the new format, and allowing a full year for that adjustment. During that period OTS will be making improvements to its existing legacy model, preparing its systems to work with RED-formatted data, and developing other model-related system enhancements and products. The second stage of the Schedule RED phase-in will not be implemented before March 2006.

The proposed optional credit risk variables have been dropped from the Schedule RED proposal. OTS will carefully monitor industry and NPV-model performance—in particular the effects of Basel II—and may choose to re-propose these features at a later date, provided there is a compelling regulatory need.

B. Accuracy: Several commenters agreed that RED data will enhance valuations, and that such accuracy and detail are desirable. A number of commenters noted specific advantages of the proposed new RED over the current CMR:

- The current CMR fails to specify the market index driving coupon rates on adjustable-rate mortgages (ARMs), whereas RED will rectify this shortcoming.

- The current CMR must pool all fixed-rate mortgages (FRMs) with “extreme” coupons—*i.e.*, weighted-average coupons (WACs) above 8% or below 5%.

- The current CMR pools ARM loans and adjustable-rate mortgage-backed securities (MBSs), thus losing accuracy in the averaging process.

OTS is aware of this market-index problem for ARMs in CMR, and looks forward to the ability, wherever possible, to value mortgages relative to their true underlying index, rather than a proxy. This is an example of a limitation that can be best solved only with better institutional input data. Resolution of these shortcomings will occur during the second stage of the Schedule RED phase-in.

OTS recently shifted the fixed-rate mortgage coupon buckets to better reflect current market conditions, although the total number of WAC buckets for FRMs remains five. Full implementation of RED in the second phase will eliminate this sort of reprogramming, because RED will then define a general rule for specifying buckets, rather than specifying a limited number of buckets directly. Non-mortgage assets will benefit most from the improved granularity deriving from RED's new bucketing rules. All non-mortgage assets are currently pooled, regardless of coupon rate.

OTS agrees that the pooling of ARM loans and ARM MBSs necessarily diminishes the accuracy of published NPV results. The full RED, once implemented, will distinguish whole loans and MBSs.

On the other hand, a number of commenters suggested some possible shortcomings in RED and/or CMR:

- Multifamily ARM valuations are somewhat inaccurate, valuing even newly issued loans at a significant discount to par.

- Increasing granularity of thrift inputs would not make the NPV model more accurate, since other inputs (*e.g.*, discount rates and prepayment speeds) are significant.

- The benefits of pooling—namely the stability of valuations implied by averaging away idiosyncratic noise—would be lost in a move to finer-grained data. Conversely, the pooling of prime and subprime loans could skew the valuations for both. Lastly, NPV output should match the granularity of RED inputs.

- RED should collect the WAC for non-teaser ARMs.

OTS acknowledges that the valuation of multifamily ARMs has been a problem in the past, caused largely by the application of a generic, industry-wide margin in the discounting of cash flows. Since the second quarter of 2003, however, this valuation procedure has been revised such that firm-specific margins and firm-specific base lending rates are now used instead.

OTS acknowledges that there are areas of the NPV model unrelated to CMR/RED that will benefit from critical review. Nevertheless, the refinement of cash-flow estimates enabled by more granular input data will provide important improvements in accuracy. OTS is also reviewing other aspects of the NPV model to identify potential enhancements independent of RED/CMR.

At this time, OTS does not foresee requiring granularity finer than 100 basis points (contrasted with the 25 basis points maximum granularity suggested in the original proposal) when it sets forth the reporting requirements for phase two of the RED implementation. As noted below, the industry will be given ample advanced notification of those requirements.

The pooling comment is accurate for inputs subject to significant idiosyncratic noise. Where noise is not a significant concern, the additional detail should be beneficial. For example, disaggregating positions by coupon should help—albeit imperfectly—separate prime and subprime loans. OTS expects that RED

submissions will contain examples of both “noisy” and “quiet” portfolios. OTS agrees that NPV outputs should, in principle, be available at the level of granularity supplied in the RED inputs, and is working to achieve that.

However, nothing in the full RED will prevent users from considering only aggregated results. That is, it will still be possible to sum or average results after the fact to achieve any desired degree of pooling.

The suggestion to collect WACs for non-teaser ARMs is sound, and has now been incorporated into the full RED design and should appear in the second stage. Indeed, adding a “Current Coupon” field for non-teaser ARMs allows us to simplify the proposal by combining the teaser and non-teaser ARM tables in the RED proposal into a single table for all single-family ARM tables. This again is something that will not be implemented until the second stage of RED implementation.

C. Privacy: Several commenters expressed concern about the confidentiality of the data collected, particularly credit-quality attributes and account-level data.

OTS is aware of the need to protect the confidentiality of thrift data. Access to institution-level RED data is restricted to OTS staff with a need to know. Data access is maintained on a secure intranet, and any offsite transmissions are encrypted. Data are backed up nightly, with backups archived at a secure offsite facility. OTS emphasizes that RED does not collect account numbers or other information revealing the identity of the account holder. Finally, OTS is removing credit-risk fields from the current proposal, and thus their confidentiality is not a concern.

D. Miscellaneous Changes: A number of comments do not cluster neatly under the foregoing topics, and are addressed individually here.

- OTS should define a new deposit account in more “retail” terms than the current legalistic definition that relies on the account-holders’ names.

OTS will investigate the potential ramifications of this for our other systems, and for other thrifts, and will consider this change at a later time.

- Will OTS make a data-extraction tool available?

Due to the broad diversity and idiosyncrasy of end-user systems, OTS is not in a position to provide a data-extraction tool that would access all the necessary data.

- Cash and money-market assets should be pooled with office premises, Miscellaneous I assets, etc., since all of these are currently carried through by

the model without a mark-to-market valuation.

The fully-implemented RED design will indeed collect all of these asset types within the same table, but will ask for more granularity by product type than is currently being requested under CMR. There is considerable variability among these products in terms of liquidity and the ability to define cash flows. Although historically they have been regarded as relatively negligible components of the asset portfolio, many of them (e.g., term Fed funds or zero-coupon securities) will be easy to mark to market. OTS views the resulting additional accuracy as desirable.

- One commenter suggested that thrifts should be allowed to self-value mortgages serviced for others. Another felt the OTS should encourage large thrifts to abandon the NPV model altogether, in favor of internal models.

OTS believes that valuations should occur within the NPV model wherever practicable, since this puts all valuations on the same basis, and provides a potentially useful benchmark for self or vendor valuations.

- Would multifamily mortgages be reported with "Other Commercial Property?" Multifamily loans on RED should be reported under "Other fixed-[or adjustable-] rate real-estate loans."

- When would RED become effective?

OTS's RED implementation schedule calls for a first phase RED to be implemented by March 2005. This will allow one year for implementation of this phase by both OTS and thrifts. As indicated in detail above, this first phase will involve only the re-formatting of certain existing schedules into the RED format, with no new data required. A second phase will incorporate moving the remaining areas of CMR into the RED format. This stage will call for the additional data discussed above. We are tentatively scheduling the implementation of the second stage for March 2006. While a firm date for the second stage has not yet been set, the industry should rest assured that at least a full year's advance notice will be given. In the meantime, the industry will have gotten some experience with the RED format from the first phase implementation.

- Six commenters objected to acceleration of the filing due date for the TFR from the current 45 days to 30.

The accelerated filing proposal is unrelated to the RED proposal, but rather was part of a separate public comment process (68 FR 3318), providing notice of intent to make certain changes to the Thrift Financial Report (TFR) effective March 2004. In a **Federal Register** notice dated

September 2, 2003, OTS announced it will not change TFR filing due dates. The filing due date for Schedule CMR will remain the same, 45 days after the close of the quarter.

Type of Review: Revision.

Affected Public: Savings Associations.

Estimated Number of Respondents: 890.

Estimated Frequency of Response:

Four times per year.

Estimated Burden Hours per

Response: 12 hours.

Estimated Total Burden: 42,720 hours.

Clearance Officer: Marilyn K. Burton, (202) 906-6467, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552.

OMB Reviewer: Joseph F. Lackey, Jr., (202) 395-7316, Office of Management and Budget, Room 10235, New Executive Office Building, Washington, DC 20503.

Dated: March 30, 2004.

By the Office of Thrift Supervision.

Richard M. Riccobono,

Deputy Director.

[FR Doc. 04-7640 Filed 4-2-04; 8:45 am]

BILLING CODE 6720-01-P

DEPARTMENT OF THE TREASURY

Office of Thrift Supervision

Submission for OMB Review; Comment Request—Securities Offering Disclosure

AGENCY: Office of Thrift Supervision (OTS), Treasury.

ACTION: Notice and request for comment.

SUMMARY: The proposed information collection requirement described below has been submitted to the Office of Management and Budget (OMB) for review, as required by the Paperwork Reduction Act of 1995. OTS is soliciting public comments on the proposal.

DATES: Submit written comments on or before May 5, 2004.

ADDRESSES: Send comments, referring to the collection by title of the proposal or by OMB approval number, to OMB and OTS at these addresses: Joseph F. Lackey, Jr., Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10235, New Executive Office Building, Washington, DC 20503, or e-mail to Joseph_F._Lackey_Jr@omb.eop.gov; and Information Collection Comments, Chief Counsel's Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552, by fax to (202) 906-6518, or by e-mail to infocollection.comments@ots.treas.gov.

OTS will post comments and the related index on the OTS Internet Site at www.ots.treas.gov. In addition, interested persons may inspect comments at the Public Reading Room, 1700 G Street, NW., by appointment. To make an appointment, call (202) 906-5922, send an e-mail to publicinfo@ots.treas.gov, or send a facsimile transmission to (202) 906-7755.

FOR FURTHER INFORMATION CONTACT: To obtain a copy of the submission to OMB, contact Marilyn K. Burton at marilyn.burton@ots.treas.gov, (202) 906-6467, or facsimile number (202) 906-6518, Regulations and Legislation Division, Chief Counsel's Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552.

SUPPLEMENTARY INFORMATION: OTS may not conduct or sponsor an information collection, and respondents are not required to respond to an information collection, unless the information collection displays a currently valid OMB control number. As part of the approval process, we invite comments on the following information collection.

Title of Proposal: Securities Offering Disclosure.

OMB Number: 1550-0035.

Form Numbers: SEC Forms S-1, S-2, S-3, S-4, S-8, SB-1, SB-2, 144 and OTS Forms OC and G-12.

Regulation requirement: 12 CFR part 563g.

Description: OTS collects information for disclosure in securities offerings by savings associations related directly to U.S. Securities and Exchange Commission requirements for offering of information to potential securities purchasers. OTS's statutory authority for collecting this information is under the Home Owners' Loan Act of 1933, and is pursuant to an exemption from registration for savings associations in the Securities Act of 1933. The Securities Offering regulation, 12 CFR part 563g, sets standards for disclosure in connection with a purchase or sale of securities to provide information to shareholders and potential investors to make informed investment decisions and to reduce the risk of a fraudulent securities offering that could adversely affect the public or the safety and soundness of a savings association.

In addition, on July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002, Public Law No. 102-204 (2002) (the "Sarbanes-Oxley Act"). Titles III and IV of the Sarbanes-Oxley Act include a number of provisions that are designed to improve the corporate governance and financial disclosures of issuers that have a class