

particular facts and circumstances. Some laws and regulations are applicable to any process or tool a financial institution employs, regardless of whether a financial institution utilizes AI or how.

#### Laws and Regulations

- Section 39 of the Federal Deposit Insurance Act as implemented through the agencies' safety and soundness regulations<sup>8</sup>
- Sections 501 and 505(b) of Gramm-Leach-Bliley Act as implemented through the agencies' regulations and standards, including Interagency Guidelines Establishing Information Security Standards<sup>9</sup>
- Fair Credit Reporting Act (FCRA)/Reg. V
- Equal Credit Opportunity Act (ECOA)/Reg. B
- Fair Housing Act (FHA)
- Section 5 of the Federal Trade Commission Act (prohibiting UDAP) and sections 1031 and 1036 of the Dodd-Frank Act (prohibiting unfair, deceptive, or abusive acts or practices (UDAAP))

#### Supervisory Guidance and Statements

- Interagency Statement on the Use of Alternative Data in Credit Underwriting<sup>10</sup>
- Supervisory Guidance on Model Risk Management<sup>11</sup>
- Third-Party/Outsourcing Risk Management<sup>12</sup>
- New, Modified, or Expanded Bank Products and Services<sup>13</sup>

<sup>8</sup> Refer to the Interagency Guidelines Establishing Standards for Safety and Soundness, 12 CFR 364, Appendix A (FDIC); 12 CFR 263 (FRB); 12 CFR 30, appendix A (OCC).

<sup>9</sup> Refer to the Interagency Guidelines Establishing Information Security Standards, 12 CFR 364, Appendix B (FDIC); 12 CFR 208, Appendix D–2 and 12 CFR 225, Appendix F (FRB); 12 CFR 30, appendix B (OCC); Guidelines for Safeguarding Member Information, 12 CFR 748, Appendix A (NCUA).

<sup>10</sup> Refer to FDIC FIL–82–2019, <https://www.fdic.gov/news/financial-institution-letters/2019/fil19082.html>; Federal Reserve CA Letter 19–11, <https://www.federalreserve.gov/supervisionreg/caletters/caletters.htm>; and OCC Bulletin 2019–62, <https://www.occ.gov/news-issuances/bulletins/2019/bulletin-2019-62.html>.

<sup>11</sup> Refer to the “Supervisory Guidance on Model Risk Management,” Federal Reserve SR Letter 11–7, <https://www.federalreserve.gov/supervisionreg/srletters/srletters.htm>; OCC Bulletin 2011–12, <https://www.occ.gov/news-issuances/bulletins/2011/bulletin-2011-12.html>; and FDIC Financial Institution Letter (FIL)–22–2017, <https://www.fdic.gov/news/financial-institution-letters/2017/fil17022.html>.

<sup>12</sup> FDIC: Guidance for Managing Third-Party Risk (FIL)–44–2008, <https://www.fdic.gov/news/financial-institution-letters/2008/fil08044.html>; OCC Bulletin 2013–29, OCC Bulletin 2020–10; NCUA: Evaluating Third Party Relationships, Supervisory Letter (SL) 07–01 (Oct. 2007); and FRB: Guidance on Outsourcing Risk (SR 13–19), <https://www.federalreserve.gov/supervisionreg/srletters/srletters.htm>.

<sup>13</sup> OCC Bulletin 2017–43, <https://www.occ.treas.gov/news-issuances/bulletins/2017/bulletin-2017-43.html>; and NCUA 19–CU–04 (Dec. 2019), <https://www.ncua.gov/regulation-supervision/letters-credit-unions-other-guidance/use-alternative-data-credit-underwriting>.

- CFPB Innovation Spotlight on Providing Adverse Action Notices When Using AI/ML Models<sup>14</sup>

#### Examination Manuals/Procedures/Other Resources

- Federal Financial Institutions Examination Council Information Technology Examination Handbook<sup>15</sup>
- Consumer Compliance Manuals and Booklets<sup>16</sup>
- Interagency Fair Lending Examination Procedures<sup>17</sup>
- CFPB Examination Procedures, ECOA Baseline Review Module 5: Fair Lending Risks Related to Models<sup>18</sup>

#### Blake J. Paulson,

*Acting Comptroller of the Currency.*

By order of the Board of Governors of the Federal Reserve System.

#### Ann Misback,

*Secretary of the Board.*

Federal Deposit Insurance Corporation.

Dated at Washington, DC, on or about February 25, 2021.

#### James P. Sheesley,

*Assistant Executive Secretary.*

#### David Uejio,

*Acting Director, Bureau of Consumer Financial Protection.*

#### Melane Conyers-Ausbrooks,

*Secretary of the Board, National Credit Union Administration.*

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**BILLING CODE 4810–33–P; 6210–01–P; 4810–AM–P; 6714–01–P**

## DEPARTMENT OF THE TREASURY

### Proposed Collection; Comment Request

**AGENCY:** Departmental offices, Department of the Treasury.

**SUMMARY:** The Department of the Treasury, as part of its continuing effort to reduce paperwork burdens, invites the general public and other Federal

<sup>14</sup> Patrice Alexander Ficklin, Tom Pahl, and Paul Watkins, CFPB Blog, Innovation spotlight: Providing adverse action notices when using AI/ML models (July 7, 2020), available at <https://www.consumerfinance.gov/about-us/blog/innovation-spotlight-providing-adverse-action-notices-when-using-ai-ml-models/>.

<sup>15</sup> FFIEC IT Handbook, <https://ithandbook.ffiec.gov/>.

<sup>16</sup> OCC Consumer Compliance series of *Comptroller's Handbook* booklets, <https://www.occ.treas.gov/topics/supervision-and-examination/consumer-compliance/index-consumer-compliance.html>; NCUA: Evaluating Compliance Risk—Updated Compliance Indicators, SL–17–01 (March 2017), <https://www.ncua.gov/regulation-supervision/letters-credit-unions-other-guidance/use-alternative-data-credit-underwriting>.

<sup>17</sup> Interagency Fair Lending Examination Procedures, <https://www.ffiec.gov/PDF/fairlend.pdf>.

<sup>18</sup> See, CFPB ECOA Baseline Review, p. 24, [https://files.consumerfinance.gov/f/documents/cfpb\\_supervision-and-examination-manual\\_ecoa-baseline-exam-procedures\\_2019-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervision-and-examination-manual_ecoa-baseline-exam-procedures_2019-04.pdf).

agencies to comment on the revision of a currently approved information collection that is to be proposed for approval by the Office of Management and Budget. The Office of International Affairs of the Department of the Treasury is soliciting comments concerning Treasury International Capital (TIC) Form SHL/SHLA, “Survey of Foreign-Residents’ Holdings of U.S. Securities, including Selected Money Market Instruments”.

**DATES:** Written comments should be received on or before June 1, 2021 to be assured of consideration.

**ADDRESSES:** Direct all written comments to Dwight Wolkow, International Portfolio Investment Data Systems, Department of the Treasury, Room 1050 MT, 1500 Pennsylvania Avenue NW, Washington, DC 20220. In view of possible delays in mail delivery, please also notify Mr. Wolkow by email ([comments2TIC@do.treas.gov](mailto:comments2TIC@do.treas.gov)) or by telephone (cell: 202–923–0518).

#### FOR FURTHER INFORMATION CONTACT:

Copies of the proposed forms and instructions are available on the Treasury International Capital (TIC) Forms web page “Forms SHL/SHLA | U.S. Department of the Treasury”. Requests for additional information should be directed to Mr. Wolkow by email ([comments2TIC@treasury.gov](mailto:comments2TIC@treasury.gov)), or by telephone (cell: 202–923–0518).

#### SUPPLEMENTARY INFORMATION:

*Title:* Treasury International Capital (TIC) Form SHL/SHLA, “Survey of Foreign-Residents’ Holdings of U.S. Securities, including Selected Money Market Instruments”.

*OMB Control Number:* 1505–0123.

*Abstract:* This form collects foreign-residents’ holdings of U.S. securities. These data are used by the U.S. Government in the formulation of international financial and monetary policies, and for the computation of the U.S. balance of payments accounts and of the U.S. international investment position. These data are also used to provide information to the public and to meet international reporting commitments. The data collection includes large benchmark surveys (Form SHL) conducted every five years, and smaller annual surveys (Form SHLA) conducted in the non-benchmark years. The data collected under an annual survey are used in conjunction with the results of the preceding benchmark survey and of recent TIC form SLT (“Aggregate Holdings of Long-Term Securities by U.S. and Foreign Residents”) reporting to make economy-wide estimates for that non-benchmark year. Currently, the determination of who must report in the annual surveys

is based primarily on the data submitted during the preceding benchmark survey and on data submitted on SLT reporting. The data requested in the annual survey will generally be the same as requested in the preceding benchmark report. Form SHL is used for the benchmark survey of all significant U.S.-resident custodians and U.S.-resident issuers of securities regarding foreign-residents' holdings of U.S. securities. In non-benchmark years, Form SHLA is used for the annual surveys of primarily the largest U.S.-resident custodians and issuers.

**Current Actions:** No changes in the forms (schedules) or instructions are being proposed at this time. Some clarifications and format changes may be made to improve the instructions.

**Type of Review:** Renewal without change of a currently approved collection.

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

**Form:** TIC SHL/SHLA, Schedules 1 and 2 (1505-0123).

**Estimated Number of Respondents:** An annual average (over five years) of 317, but this varies widely from about 840 in benchmark years (once every five years) to about 185 in other years (four out of every five years).

**Estimated Average Time per Respondent:** An annual average (over five years) of about 133 hours, but this will vary widely from respondent to respondent. (a) In the year of a benchmark survey, which is conducted once every five years, it is estimated that exempt respondents will require an average of 17 hours; for custodians of securities, the estimate is a total of 321 hours on average, but this figure will vary widely for individual custodians; and for issuers of securities that have data to report and are not custodians, the estimate is 61 hours on average. (b) In a non-benchmark year, which occurs four years out of every five years, it is estimated that the largest custodians of securities will require a total of 486 hours on average; and for the largest issuers of securities that have data to report and are not custodians, the estimate is 110 hours on average. The exemption level for custodians and for end-investors is the holding of less than \$200 million in reportable U.S. securities owned by foreign residents. The exemption level applies only in benchmark years.

**Estimated Total Annual Burden Hours:** An annual average (over five years) of 42,035 hours.

**Frequency of Response:** Annual.

**Request for Comments:** Comments submitted in response to this notice will be summarized and/or included in the

request for Office of Management and Budget approval. All comments will become a matter of public record. The public is invited to submit written comments concerning: (a) Whether the Survey is necessary for the proper performance of the functions of the Office of International Affairs within the Department of the Treasury, including whether the information collected will have practical uses; (b) the accuracy of the above estimate of the burdens; (c) ways to enhance the quality, usefulness and clarity of the information to be collected; (d) ways to minimize the reporting and/or record keeping burdens on respondents, including the use of information technologies to automate the collection of the data requested; and (e) estimates of capital or start-up costs of operation, maintenance and purchase of services to provide the information requested.

**Dwight Wolkow,**

*Administrator, International Portfolio Investment Data Reporting Systems.*

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## DEPARTMENT OF THE TREASURY

### Proposed Collection; Comment Request

**AGENCY:** Departmental Offices; Department of the Treasury.

**SUMMARY:** The Department of the Treasury, as part of its continuing effort to reduce paperwork burdens, invites the general public and other Federal agencies to comment on the revision of a currently approved information collection that is to be proposed for approval by the Office of Management and Budget. The Office of International Affairs of the Department of the Treasury is soliciting comments concerning Treasury International Capital Form SHC/SHCA "Survey of U.S. Ownership of Foreign Securities including Selected Money Market Instruments." The next such collection is the annual survey to be conducted as of December 31, 2021.

**DATES:** Written comments should be received on or before June 1, 2021 to be assured of consideration.

**ADDRESSES:** Direct all written comments to Dwight Wolkow, International Portfolio Investment Data Systems, Department of the Treasury, Room 1050 MT, 1500 Pennsylvania Avenue NW, Washington DC 20220. In view of possible delays in mail delivery, please also notify Mr. Wolkow by email ([comments2TIC@treasury.gov](mailto:comments2TIC@treasury.gov)), or by telephone (cell: 202-923-0518).

### FOR FURTHER INFORMATION CONTACT:

Copies of the proposed form and instructions are available on the Treasury International Capital (TIC) Forms web page, Forms SHC/SHCA | U.S. Department of the Treasury. Requests for additional information should be directed to Mr. Wolkow by email ([comments2TIC@treasury.gov](mailto:comments2TIC@treasury.gov)), or by telephone (cell: 202-923-0518).

### SUPPLEMENTARY INFORMATION:

**Title:** Treasury International Capital (TIC) Form SHC/SHCA "U.S. Ownership of Foreign Securities, including Selected Money Market Instruments."

**OMB Control Number:** 1505-0146.

**Abstract:** Form SHC/SHCA is part of the Treasury International Capital (TIC) reporting system, which is required by law (22 U.S.C. 3101 *et seq.*; E.O. 11961; 31 CFR 129) and is used to conduct annual surveys of U.S. residents' ownership of foreign securities for portfolio investment purposes. These data are used by the U.S. Government in the formulation of international financial and monetary policies, and for the computation of the U.S. balance of payments accounts and of the U.S. international investment position. These data are also used to provide information to the public and to meet international reporting commitments. The SHC/SHCA survey is part of an internationally coordinated effort under the auspices of the International Monetary Fund to improve data on securities worldwide. Most of the major industrial and financial countries conduct similar surveys.

The data collection includes large benchmark surveys (Form SHC) conducted every five years, and smaller annual surveys (Form SHCA) conducted in the non-benchmark years. The data collected under an annual survey are used in conjunction with the results of the preceding benchmark survey and of recent TIC form SLT ("Aggregate Holdings of Long-Term Securities by U.S. and Foreign Residents") reporting to make economy-wide estimates for that non-benchmark year. Currently, the determination of who must report in the annual surveys is based primarily on the data submitted during the preceding benchmark survey and on data submitted on SLT reports in the survey year. The data requested in the annual survey will generally be the same as requested in the preceding benchmark report. Form SHC is used for the benchmark survey of all significant U.S.-resident custodians and end-investors regarding U.S. ownership of foreign securities. In non-benchmark years Form SHCA is used for the annual