



Washington, DC 20219

**Interpretive Letter #1144**

**November 2014**

**12 CFR 3, Subpart E**

September 29, 2014

Claudia A. Rinschler  
President  
Citicorp Trust Delaware, N.A.  
One Court Square, 17<sup>th</sup> Floor  
Long Island City, NY 11120

Subject: Citicorp Trust Delaware, N.A. – Exemption from Internal Ratings-Based and Advanced Measurement Approaches

Dear Ms. Rinschler:

We are writing to exempt Citicorp Trust Delaware, N.A. (CTDNA or the trust company) from calculating its capital requirements in accordance with the *Risk-Weighted Assets—Internal Ratings-Based and Advanced Measurement Approaches* (Basel III Advanced Approaches Framework).<sup>1</sup> Based on the facts and circumstances discussed below, the OCC determines that application of the Basel III Advanced Approaches Framework is not appropriate for CTDNA based on the bank's risk profile and scope of operations.

### **Discussion**

OCC regulations provide that a bank that is subject to the Basel III Advanced Approaches Framework must use that Framework to calculate its capital requirement “unless the Office of the Comptroller of the Currency determines in writing that the application of [the Framework] is not appropriate in light of the bank's asset size, level of complexity, risk profile, or scope of operations.”<sup>2</sup> In considering this exemption, the OCC reviewed CTDNA's risk profile, the scope and size of operations of CTDNA, and CTDNA's current capital levels and balance sheet.

Based on the facts and circumstances reviewed by OCC supervisory staff, including an evaluation of its risk profile, the OCC has determined that the application of the Basel III Advanced Approaches Framework to CTDNA is not appropriate, subject to the conditions below. The Basel III standardized approach capital treatment<sup>3</sup> will be suitable to maintain sufficient capital given CTDNA's risk profile. Applying the Basel III Advanced Approaches Framework to CTDNA would not meaningfully enhance the banking group's overall risk management because CTDNA's credit and operational risks are captured and recorded by

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<sup>1</sup> 12 C.F.R., part 3, subpart E.

<sup>2</sup> 12 C.F.R. § 3.100 (b)(2).

<sup>3</sup> 12 C.F.R., part 3, subpart D.

CTDNA's affiliates, and CTDNA, in size and business volume, is not significant in comparison to CBNA or the organization as a whole.

### **Conditions on Approval for the Exemption from the Basel III Capital Framework**

The OCC has determined that it will exempt CTDNA from the Basel III Capital Framework pursuant to 12 C.F.R. § 3.100 (b)(2),<sup>4</sup> subject to the conditions set forth below. CTDNA must meet these conditions, unless notified otherwise by the OCC:

1. CTDNA will calculate its tier 1 and tier 2 capital under risk-based capital standards set forth in 12 C.F.R. part 3, subpart D, as applicable, as reported in CTDNA's Consolidated Reports of Condition and Income (Call Report), and any subsequent revisions thereto.
2. CTDNA is not required to file an FFIEC 101 report, but must continue to file an FFIEC 031 or 041 report.
3. CTDNA must continue to capture information on credit and operational loss events as specified by 12 C.F.R. part 3, subpart E. CTDNA must be able to provide the OCC with all data submitted to its parent company that the parent company uses to comply with the Basel III Advanced Approaches Framework.
4. CTDNA must provide its OCC Examiner-in-Charge with at least 60 days notice of its intent to significantly deviate from or change its business plan or operations.
5. CTDNA must provide an annual statement to the OCC that addresses whether the exemption is still appropriate. The annual statement, which must be provided no later than April 1<sup>st</sup> of each year, must include a description of CTDNA's asset size, level of complexity, risk profile, and scope of operations in order to support the continuation of the exemption.
6. CTDNA shall maintain a system to analyze and maintain capital commensurate with CTDNA's risk profile, in conformance with OCC Bulletin 2007-21, Supervision of National Trust Banks – Revised Guidance: Capital and Liquidity.
7. The OCC may rescind or modify this exemption if the OCC determines that application of the risk-based capital standards set forth in 12 C.F.R. part 3, subpart D, as applicable, as reported in CTDNA's Consolidated Reports of Condition and Income (Call Report), and any subsequent revisions thereto are no longer appropriate for CTDNA.

The above-listed conditions of this approval are conditions "imposed in writing by [the OCC] in connection with any action on any application, notice, or other request" within the meaning of 12 U.S.C. § 1818 and, as such, are enforceable under 12 U.S.C. § 1818.

This exemption determination is based on CTDNA's information available to the OCC as of March 31, 2014. The OCC may rescind or modify this exemption if the OCC determines that

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<sup>4</sup> Id.

any representation, submission, or information provided by CTDNA is not accurate, is not fulfilled, or if CTDNA fails to satisfy the conditions set forth above.

This exemption determination and the activities and communications by OCC employees in connection with this determination, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. The non-contractual nature of the OCC's communications with CTDNA or with any of its affiliates and the OCC's continuing ability to exercise its supervisory, regulatory, and examination authorities are terms and conditions that may not be waived or modified by any employee or agent of the OCC or the United States.

If you have any questions about the approval or the conditions specified above, please do not hesitate to contact Examiner-in-Charge Mark Richardson at (212) 527-3227.

Sincerely,

*signed*

Martin Pfinsgraff  
Senior Deputy Comptroller  
Large Bank Supervision