

yield curve in order to capture the material effects of any explicit or embedded options.

Assumptions about customer behavior and new business activity should be reasonable and consistent with each rate scenario that is evaluated. In particular, as part of its measurement process, bank management should consider how the maturity, repricing and cash flows of instruments with embedded options may change under various scenarios. Such instruments would include loans that can be prepaid without penalty prior to maturity or have limits on the coupon adjustments, and deposits with unspecified maturities or rights of early withdrawal.

Monitoring and Reporting Exposures

Institutions should also establish an adequate system for monitoring and reporting risk exposures. A bank's senior management and its board or a board committee should receive reports on the bank's interest rate risk profile at least quarterly. More frequent reporting may be appropriate depending on the bank's level of risk and the potential that the level of risk could change significantly. These reports should allow senior management and the board or committee to:

- Evaluate the level and trends of the bank's aggregated interest rate risk exposure.
- Evaluate the sensitivity and reasonableness of key assumptions—such as those dealing with changes in the shape of the yield curve or in the pace of anticipated loan prepayments or deposit withdrawals.
- Verify compliance with the board's established risk tolerance levels and limits and identify any policy exceptions.

- Determine whether the bank holds sufficient capital for the level of interest rate risk being taken.

The reports provided to the board and senior management should be clear, concise, and timely and provide the information needed for making decisions.

Internal Control, Review, and Audit of the Risk Management Process

A bank's internal control structure is critical to the safe and sound functioning of the organization generally, and to its interest rate risk management process in particular. Establishing and maintaining an effective system of controls, including the enforcement of official lines of authority and the appropriate separation of duties, are two of management's more important responsibilities. Individuals responsible for evaluating risk

monitoring and control procedures should be independent of the function they are assigned to review.

Effective control of the interest rate risk management process includes independent review and, where appropriate, internal and external audit. The bank should conduct periodic reviews of its risk management process to ensure its integrity, accuracy and reasonableness. Items that should be reviewed and validated include:

- The adequacy of, and personnel's compliance with, the bank's internal control system.
- The appropriateness of the bank's risk measurement system given the nature, scope and complexity of its activities.
- The accuracy and completeness of the data inputs into the bank's risk measurement system.
- The reasonableness and validity of scenarios used in the risk measurement system.
- The validity of the risk measurement calculations. The validity of the calculations is often tested by comparing actual versus forecasted results.

The scope and formality of the review and validation will depend on the size and complexity of the bank. At large banks, internal and external auditors may have their own models against which the bank's model is tested. Banks with complex risk measurement systems should have their models or calculations validated by an independent source—either an internal risk control unit of the bank or by outside auditors or consultants.

The findings of this review should be reported to the board on an annual basis. The report should provide a brief summary of the bank's interest rate risk measurement techniques and management practices. It also should identify major critical assumptions used in the risk measurement process, discuss the process used to derive those assumptions and provide an assessment of the impact of those assumptions on the bank's measured exposure.

Dated: May 13, 1996.

Eugene A. Ludwig,

Comptroller of the Currency.

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

Dated: May 23, 1996.

William W. Wiles,

Secretary of the Board.

By order of the Board of Directors.

Dated at Washington, DC, this 14th day of May, 1996.

Robert E. Feldman,

Deputy Executive Secretary.

[FR Doc. 96-16300 Filed 6-25-96; 8:45 am]

BILLING CODES: 4810-33-P; 6210-01-P; 6714-01-P

Internal Revenue Service

Proposed Collection; Comment Request for Form 8843

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 Form 8843, Statement for Exempt Individuals and Individuals With a Medical Condition.

DATES: Written comments should be received on or before August 26, 1996, to be assured of consideration.

ADDRESSES: Direct all written comments to Garrick R. Shear, Internal Revenue Service, room 5571, 1111 Constitution Avenue NW., Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the form(s) and instructions should be directed to Martha R. Brinson, (202) 622-3869, Internal Revenue Service, room 5571, 1111 Constitution Avenue NW., Washington, DC 20224.

SUPPLEMENTARY INFORMATION:

Title: Statement for Exempt Individuals and Individuals With a Medical Condition.

OMB Number: 1545-1411.

Form Number: Form 8843.

Abstract: Form 8843 is used by an alien individual to explain the basis of the individual's claim that he or she is able to exclude days of presence in the United States because the individual is a teacher/trainee or student; professional athlete; or has a medical condition or problem.

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

Type of Review: Extension of a currently approved collection.

Affected Public: Individuals or households.

Estimated Number of Respondents: 150,000.

Estimated Time Per Respondent: 1 hr. 9 min.

Estimated Total Annual Burden Hours: 172,485.

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: June 14, 1996.

Garrick R. Shear,

IRS Reports Clearance Officer.

[FR Doc. 96-16339 Filed 6-25-96; 8:45 am]

BILLING CODE 4830-01-U

Proposed Collection; Comment Request for Form 1120-H

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 Form 1120-H, U.S. Income Tax Return for Homeowners Associations.

DATES: Written comments should be received on or before August 26, 1996, to be assured of consideration.

ADDRESSES: Direct all written comments to Garrick R. Shear, Internal Revenue Service, room 5571, 1111 Constitution Avenue NW., Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the form(s) and instructions should be directed to Martha R. Brinson,

(202) 622-3869, Internal Revenue Service, room 5571, 1111 Constitution Avenue NW., Washington, DC 20224.

SUPPLEMENTARY INFORMATION:

Title: U.S. Income Tax Return for Homeowners Associations.

OMB Number: 1545-0127.

Form Number: Form 1120-H.

Abstract: Homeowners associations file Form 1120-H to report income, deductions, and credits. The form is also used to report the income tax liability of the homeowners association. The IRS uses Form 1120-H to determine if the income, deductions, and credits have been correctly computed. The form is also used for statistical purposes.

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

Type of Review: Extension of a currently approved collection.

Affected Public: Business or other for-profit organizations and individuals or households.

Estimated Number of Respondents: 60,000.

Estimated Time Per Respondent: 32 hrs. 32 min.

Estimated Total Annual Burden Hours: 1,951,800.

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: June 17, 1996.

Garrick R. Shear,

IRS Reports Clearance Officer.

[FR Doc. 96-16340 Filed 6-25-96; 8:45 am]

BILLING CODE 4830-01-U

Proposed Collection; Comment Request for Forms SS-4 and SS-4PR

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 SS-4, Application for Employer Identification Number, and SS-4PR, Solicitud de Numero de Identificacion Patronal (EIN).

DATES: Written comments should be received on or before August 26, 1996, to be assured of consideration.

ADDRESSES: Direct all written comments to Garrick R. Shear, Internal Revenue Service, room 5571, 1111 Constitution Avenue NW., Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the form(s) and instructions should be directed to Martha R. Brinson, (202) 622-3869, Internal Revenue Service, room 5571, 1111 Constitution Avenue NW., Washington, DC 20224.

SUPPLEMENTARY INFORMATION:

Title: Form SS-4, Application for Employer Identification Number, and Form SS-4PR, Solicitud de Numero de Identificacion Patronal (EIN).

OMB Number: 1545-0003,

Form Number: Forms SS-4 and SS-4PR.

Abstract: Taxpayers who are required to have an identification number for use on any return, statement, or other document must prepare and file Form SS-4 or Form SS-4PR (Puerto Rico only) to obtain a number. The information is used by the Internal Revenue Service and the Social Security Administration in tax administration and by the Bureau of the Census for business statistics.

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

Type of Review: Extension of a currently approved collection.

Affected Public: Business or other for-profit organizations, individuals or households, not-for-profit institutions, farms, Federal government and state, local or tribal governments.

Estimated Number of Respondents: 3,217,362.

Estimated Time Per Respondent: 1hr. 30 min.

Estimated Total Annual Burden Hours: 4,826,457.

REQUEST FOR COMMENTS: Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All