

SUPPORTING STATEMENT
INTERAGENCY BANK MERGER ACT APPLICATION

(OMB No. 3064-0015)

INTRODUCTION

The FDIC is requesting OMB approval to renew this collection, with clarification of the instructions for the interagency form used by Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, Comptroller of the Currency, and Office of Thrift Supervision.

Each Agency provides a separate supporting statement to OMB, and is assigned a separate control number for the collection. The subject form is used for applications under section 18(c) of the Federal Deposit Insurance Act (FDIA), as amended (12 USC 1828(c)). The application is used for a merger, consolidation, or other combining transaction between nonaffiliated parties as well as to effect a corporate reorganization between affiliated parties (affiliate transaction).

There is a different level of burden for each of the two types of merger transactions, nonaffiliated and affiliated. An affiliated transaction refers to a merger, consolidation, other combination, or transfer of any deposit liabilities, between depository institutions that are controlled by the same holding company. It includes a business combination between a depository institution and an affiliated interim institution. Applicants proposing affiliate transactions are not required to complete questions 12 through 14 of this form. If depository institutions are not controlled by the same holding company, the merger transaction is considered nonaffiliated, and the applicant must complete the entire form.

A. JUSTIFICATION

1. Circumstances and Need

Section 18(c) of the Federal Deposit Insurance Act (12 USC 1828(c)) requires an insured depository institution that wishes to merge or consolidate with any other insured depository institution or, either directly or indirectly, acquire the assets of, or assume liability to pay any deposits made in, any other insured depository institution, to apply for the prior written approval of the responsible agency (FDIC, OCC, FRB). The responsible agency is required by the Act to request reports on the competitive factors involved from the Attorney General and the other two banking agencies. The FDIC is the responsible agency if the acquiring, assuming, or resulting bank is to be a State nonmember insured bank (except a District bank).

According to the Act, in reviewing an application, the responsible agency is required to consider the following factors:

- (a) Competitive Factors - the responsible agency cannot approve any proposed merger transaction whose effect in any section of the country may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade, unless it finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.
- (b) Banking Factors - an evaluation of the financial and managerial resources and future prospects of the existing and proposed institutions.
- (c) Community Factors - the consideration of the convenience and needs of the community to be served, including compliance with the Community Reinvestment Act.

2. Use of Information Collected

The information collected is used by the FDIC as a basis for evaluating the statutory factors mentioned in item 1 above. Copies of the completed application submitted by an FDIC-supervised bank are forwarded by the FDIC to the Director of the Office of Thrift Supervision, the Comptroller of the Currency, the Federal Reserve Board and the Attorney General, together with a request for their opinion on the competitive aspects of the application, as required by 12 USC 1828(c)).

3. Use of Technology to Reduce Burden

Although the FDIC continues to review conversion of hard copy collections to electronic collections, this collection continues to require submission of hard copies of the interagency bank merger applications.

4. Effort to Identify Duplication

The information collected is unique to the transaction that the applicant bank is proposing. Therefore the information does not exist at any location other than at the source, which is the applicant bank.

5. Minimizing the Burden on Small Banks

The collection requirement is the same for all banks, regardless of size. The burden in preparing the application form is considered to be minimal. The information collected is only that necessary to evaluate the transaction, giving consideration to the statutory factors of 12 USC 1828(c).

6. Consequence of Less Frequent Collections

The information is collected when a bank applies for approval to effect a phantom

merger or other merger transaction for the principal purpose of a corporate reorganization.

7. Special Circumstances

The applicant bank is required to prepare more than an original and two copies of the application because copies of merger transactions must be reviewed by each of the three banking agencies (FDIC, OCC, FRB), the OTS, and the Attorney General. Some state banking departments also require a copy of the application pertaining to their banks.

8. Consultation with Persons Outside the FDIC

A “first” Federal Register notice seeking comment was published on August 7, 2007 (72 FR 44220). No comments were received.

9. Payment or Gift to Respondents

The FDIC has not made payment or provided gifts to respondents.

10. Confidentiality

The applicant is advised by a notice on the application form that all information in the application is available for public review unless it is confidential in nature and it qualifies for exemption under the Freedom of Information Act (5 USC 552). It is the responsibility of the applicant to identify clearly, and on separate pages, the information submitted which it deems confidential.

11. Information of a Sensitive Nature

No information of a sensitive nature is required.

12. Estimates of Annualized Burden

Number of applications submitted by	
FDIC-supervised banks:	275
Hours to process an application:	23.5
Total annual burden	6,463 hours

13. Capital, start-up and maintenance costs

The collection of information is a one-time event that does not require capital, start-up, or maintenance costs.

14. Estimate Annual Cost to the Federal Government

The collection of information is a one-time event that does not have an annual cost to the Federal Government.

15. Reason for Change in Burden

The change in overall annual burden is a decrease of 2,333 hours. This change is due to a change in the number of applications. Over the past three years, the average number of Mergers decreased from 362 to the current 275.

16. Publication

The information collected is for internal use and is not published.

17. Display of Expiration Dates

The OMB expiration date is displayed on the proposed form.

18. Exceptions to Certification

There are no exceptions to the certification statement.

B. STATISTICAL METHODS

Not applicable.