

**Supporting Statement  
Disclosure of Deposit Status  
OMB No. 3064-0168**

INTRODUCTION

This statement supports a request for revision of an existing information collection, entitled “SWEEP Accounts: Disclosure of Deposit Status,” OMB No. 3064-0168. Previously the FDIC requested permission to change the title of the collection to “Disclosure of Deposit Status” to reflect its issuance of a Notice of Proposed Rulemaking that would expand the requirement, then limited in its application to sweep accounts, to disclose the deposit insurance status of funds held in noninterest-bearing transaction accounts.

This information collection was initially established pursuant to a final rule adopted by the FDIC in which it established its practices for determining deposit and other liability account balances at a failed insured depository institution. 74 FR 5797 (February 2, 2009). The FDIC practices defined in the final rule were a continuation of long-standing FDIC procedures in processing such balances at a failed depository institution. The final rule, applicable to all insured depository institutions, imposed certain disclosure requirements in connection with sweep accounts.

As a result of Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”). Pub. L. 111-203 (July 21, 2010), the FDIC amended its deposit insurance regulations to provide, for a prescribed period of time, full deposit insurance for noninterest-bearing transaction accounts. The regulations now include a requirement that insured depository institutions make disclosures not just for sweep accounts, but for all noninterest-bearing transaction accounts, if the institution takes any action that results in the loss of full coverage for such accounts.

A. JUSTIFICATION

1. Circumstances and Need

Section 343 of the Dodd-Frank Act amended the Federal Deposit Insurance Act to provide full deposit insurance coverage (beyond the Standard Maximum Deposit Insurance Amount (SMDIA)), from December 31, 2010, through December 31, 2012, for the net amount held in a noninterest-bearing transaction account by any depositor at an insured depository institution. Previously, full deposit insurance coverage of funds held in qualifying noninterest-bearing transaction accounts was provided, through December 31, 2010, for institutions participating in the FDIC’s Transaction Account Guaranty Program (TAGP). TAGP was available only for participating institutions that did not opt out of the program, whereas section 343 applies to all insured depository institutions.

As a means of ensuring that depositors are aware of what types of accounts will be covered by the temporary unlimited deposit insurance coverage, the FDIC's regulations require that each insured depository institution participating in the TAGP provide individual notices to depositors with low-interest NOW accounts that such accounts are no longer be fully protected but are instead insured under the general deposit insurance rules up to the SMDIA of \$250,000.

Further, the regulations require that insured depository institutions with sweep arrangements or other accounts eligible for full coverage as noninterest-bearing transaction accounts provide a disclosure to account holders if the institution takes any action that results in an account's no longer being eligible for full coverage.

## 2. Use of Information Collected

The disclosures are necessary to ensure that depository institution customers are aware of the extent to which their deposits are insured and to avoid the loss of funds in the event of a failure.

## 3. Use of Technology to Reduce Burden

Insured depository institutions may use whatever technology they consider feasible and appropriate to make the required disclosures.

## 4. Efforts to identify duplication

The disclosures are not otherwise mandated.

## 5. Minimizing Burden on Small Entities

With respect to the TAGP program disclosure requirements, a one-time disclosure was required.

The regulations require an IDI to provide a disclosure for sweep accounts and other accounts eligible for full coverage as noninterest-bearing accounts if it takes any action that would make such full coverage no longer available for such accounts.

## 6. Consequences of Less Frequent Collections

The disclosure to NOW account depositors of the change in insurance category was a one-time disclosure. The disclosure to customers of any action affecting the deposit insurance coverage of funds in noninterest-bearing transaction accounts is on a per occurrence basis. These disclosures are the minimum necessary to ensure that bank depositors are on notice of changes affecting the insured status of funds held in noninterest-bearing transaction accounts.

## 7. Special Circumstances

None.

8. Consultation with Persons outside the FDIC

The FDIC sought, obtained and considered public comment when promulgating the disclosure regulations.

9. Payment or Gift to Respondents

No payments are made to respondents.

10. Confidentiality

No assurance of confidentiality is involved in the disclosure requirements.

11. Questions of a sensitive nature

No questions of a sensitive nature are involved.

12. Estimate of Annualized Burden

The present burden estimates are as follows:

<b>Information Collection</b>	<b>Number of respondents</b>	<b>Annual frequency</b>	<b>Response time</b>	<b>Annual burden hours</b>
<u>Sweep account disclosures</u> (section 360.8(e))	1,839	1	2 hours	3678
<u>NOW/IOLTA disclosures</u> (sections 330.16(c)(2))	0	0	0	0
<u>Disclosure of action affecting deposit insurance coverage</u> (section 330.16(c)(3))	7357	1	4 hours	29,428
<b>Total Burden</b>				<b>33,106</b>

13. Capital Start-up and Operation /Maintenance Costs

The FDIC believes there should no longer be any start-up costs.

14. Annualized cost to the Federal Government

None.

15. Reason for Change in burden

A. Sweep account disclosures (section 360.8)

The present figures are more closely aligned than previously with the FDIC's experience. Thus, the FDIC *estimates* that it is likely that only 25% of IDIs offer sweep accounts, and those IDIs that do offer sweep programs operate them consistently for all affected accounts. This being the case, making disclosure of whether such sweep accounts are considered deposits or not deposits should be a relatively simple task. The burden has decreased from 84,710 hours (1970 respondents x 43 hours = 84,710 hours) to 3,678 hours (1,839 respondents x 2 hours = 3,678 hours).

B. NOW/IOLTA disclosures (section 330.16(c)(2))

This was a one-time only requirement, and has been completed. Therefore, the burden declined from 49,992 hours (6,249 respondents x 8 hours = 49,992 hours) to 0 hours.

C. Disclosure of action affecting deposit insurance coverage (section 330.16(c)(3))

Every insured depository institution ("IDI") would still be affected by the disclosure requirement, as any might take in a new sweep account and, accordingly, have the obligation to make the disclosure prescribed by the regulation. The number of hours estimated to be required for this response has been lowered in the belief that the learning curve associated with the initial disclosure no longer exists, and IDIs can provide the disclosure more efficiently. The burden has decreased from 62,640 hours (7,830 respondents x 8 hours = 62,640 hours) to 29,428 hours (7,357 respondents x 4 hours = 29,428 hours).

16. Publication

This collection does not involve the publication of information.

17. Display of Expiration Date

Not applicable.

18. Exceptions to certification

No exceptions.

B. STATISTICAL METHODS

Not applicable.