

SUPPORTING STATEMENT
APPLICATION FOR CONSENT TO REDUCE OR RETIRE CAPITAL
(OMB No. 3064-0079)

INTRODUCTION

The FDIC is requesting a three-year extension, without change in the method or substance of the collection, of OMB's approval of the information collection captioned above. This collection requires insured state nonmember banks that propose to change their capital structure to submit an application containing information about the proposed change in order to obtain FDIC's consent to reduce or retire capital. The FDIC evaluates the information contained in the letter application in relation to statutory considerations and makes a decision to grant or to withhold consent. The current clearance expires on July 31, 2013.

A. JUSTIFICATION

1. Circumstances and Need

Section 18(i) of the Federal Deposit Insurance Act (12 U.S.C. 1828(i)) states that no insured, state nonmember bank shall, without the prior consent of the FDIC, reduce the amount or retire any part of its common or preferred capital stock, or retire any part of its capital notes or debentures. In granting or withholding consent under section 18(i) of the FDI Act, the FDIC is required to consider the following:

- (a) the financial history and condition of the bank;
- (b) the adequacy of its capital structure;
- (c) its future earnings prospects;
- (d) the general character and fitness of its management;
- (e) the convenience and needs of the community to be served; and,
- (f) whether or not its corporate powers are consistent with the purpose of the Act.

2. Use of Information Collected

The FDIC evaluates the information contained in an application and makes a decision to grant or withhold consent based on the statutory considerations listed in paragraph 1 above.

3. Use of Technology to Reduce Burden

Applicants are free to use whatever methods are least burdensome for them to supply the required information.

4. Efforts to Identify Duplication

This collection does not duplicate information provided elsewhere. The information is unique to the occasion to which the application relates.

5. Minimizing the Burden on Small Banks

The collection requirement is the minimum required for the FDIC to exercise its statutory mandate regarding banks that wish to reduce or retire capital.

6. Consequences of Less Frequent Collections

The information is collected only when a bank is seeking FDIC consent to reduce or retire capital. Less frequent collection would violate the law.

7. Special Circumstances

There are no “special circumstances.”

8. Consultation With Persons Outside the FDIC

A “first” Federal Register notice requesting public comment was published on April 16, 2013 (78 FR 22544). One comment was received. The commenter expressed agreement with and support for the FDIC’s need to collect the information required by an institution’s application for consent to reduce or retire capital.

9. Payment or Gift to Respondents

There will be no payments or gifts to respondents.

10. Confidentiality

Provisions for confidentiality are not applicable to this information collection.

11. Information of a Sensitive Nature

No information of a sensitive nature is requested.

12. Estimate of Annual Burden

Number of applications: 64.
Hours to prepare an application: 1.
Total annual burden hours: 64.

13. Capital, Start-up, Operating, and Maintenance Cost Burden

No capital, start up, operating or maintenance costs are associated with this collection.

14. Estimated Annual Cost to Federal Government

N/A

15. Reason for Change in Burden

The change in estimated annual burden, from 80 hours to 64 hours is an adjustment reflecting a decline in the number of applications.

16. Publication

There is no publication of the information collected.

17. Display of Expiration Date

No special provisions for the expiration date are requested.

18. Exceptions to Certification

There are no exceptions to the certification.