

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

INTRODUCTION

The FDIC is requesting a revision and three-year extension 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 August 31, 2016.

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 60-day *Federal Register* notice requesting public comment was published on May 24, 2016 (81 FR 35762). No comments were received.

9. Payment or Gift to Respondents

There will be no payments or gifts to respondents.

10. Confidentiality

Information will be kept private to the extent allowed by law.

11. Information of a Sensitive Nature

No information of a sensitive nature is requested.

12. Estimate of Annual Burden

Number of applications: 80
Hours to prepare an application: 11.
Total annual burden hours: 880.

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

None.

15. Reason for Change in Burden

The change in burden is due to the FDIC's revised estimate of the number of applications expected, from 64 in 2013 to 80 currently. Also the FDIC has revised its estimate of the burden hours required to complete an application from 1 hour to 11 hours. This has resulted in an increase in estimated total annual burden of 816 hours (64 hours in 2013 to 880 hours currently).

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.

B. Statistical Methods

Not applicable.