

SUPPORTING STATEMENT
PROMPT CORRECTIVE ACTION
(OMB Control No. 3064-0115)

INTRODUCTION

The Federal Deposit Insurance Corporation (FDIC) is requesting a three-year renewal of the information collection for its collection (3064-0115) associated with Prompt Corrective Action (“PCA”). The current clearance for the collection expires on March 31, 2018. There is no change in the method or substance of the collection. The information collection requirements are contained in FDIC regulations 12 CFR parts 303, 324, and 390.

A. JUSTIFICATION

The PCA provisions of section 38 of the Federal Deposit Insurance Act require or permit the FDIC and other federal banking agencies to take certain supervisory actions when FDIC-insured institutions fall within certain PCA categories. They also restrict or prohibit certain activities and require the submission of a capital restoration plan when an insured institution becomes undercapitalized. Various provisions of the statute and the FDIC’s implementing regulations require the prior approval of the FDIC before an FDIC-supervised institution, or certain insured depository institutions, can engage in certain activities, or allow the FDIC to make exceptions to restrictions that would otherwise be imposed. This collection of information consists of the applications that are required to obtain the FDIC’s prior approval.

1. Circumstances and Need

Specifically, the collection consists of applications: (1) to make a capital distribution from an FDIC-supervised institution that would be undercapitalized after making said distribution; (2) from certain undercapitalized institutions to engage in any new line of business; (3) from critically undercapitalized institutions to pay interest on subordinated debt; (4) from certain undercapitalized institutions to pay any bonus or increased compensation to any senior executive officer; (5) from critically undercapitalized institutions to enter into any material transaction other than in the usual course of business; (6) from critically undercapitalized institutions to extend credit for any highly leveraged transaction; (7) from critically undercapitalized institutions to amend their charters or bylaws under certain circumstances; (8) from critically undercapitalized institutions to make any material change in accounting methods; (9) from critically undercapitalized institutions to engage in any covered transaction as defined in section 23A(b) of the Federal Reserve Act, 12 USC 371c; and (10) from critically undercapitalized institutions to pay excessive compensation or bonuses.

2. Use of the Information Collected

This information helps institutions comply with the statutory requirements and allows the FDIC to properly discharge its responsibilities under section 38 of the FDI Act.

3. Use of Technology to Reduce Burden

Institutions can submit PCA-related applications to the FDIC via the FDIC's interactive Website, *FDICconnect*.

4. Efforts to Identify Duplication

There is no duplication. Each application is unique. Similar information is not available from any other source.

5. Minimizing Burden on Small Entities

The same requirements apply to all institutions regardless of size. However, over the last 12 years, of 92% of the PCA applications were to institutions with total assets of less than \$550 million, the Small Business Administration's definition of a "small entity." Therefore, it is estimated that of the 17 PCA applications, 16 would be attributed to small entities.

6. Consequences of Less Frequent Collections

This is an occasional, not a periodic, collection. Institutions must submit applications only when seeking FDIC approvals.

7. Special Circumstances

None.

8. Consultation with Persons Outside the FDIC

A notice seeking public comment for a 60-day period was published in the *Federal Register* on December 29, 2017 (82 FR 61758). One comment was received and was generally supportive of the requirements in the rule but did not address the paperwork burden for this information collection.

9. Payment or Gift to Respondents

None.

10. Confidentiality

Any information deemed to be of a confidential nature would be exempt from public disclosure in accordance with the provisions of the Freedom of Information Act (5 U.S.C. 552).

11. Information of a Sensitive Nature

This collection contains no sensitive information.

12. Estimates of Hour Burden and Annualized Cost

2018 Summary of Annual Burden and Internal Cost (3064-0115)							
	Type of Burden	Obligation to Respond	Estimated Number of Respondents	Estimated Frequency of Responses	Estimated Time per Response	Frequency of Response	Total Annual Estimated Burden
Prompt Corrective Action (12 CFR parts 303, 324, and 390)	Reporting	Voluntary	17	1	4	On Occasion	68 hours
TOTAL HOURLY BURDEN							68 hours
TOTAL INTERNAL COST	\$136.48	/HR	/HR				\$9,280.64

Annualized Cost of Internal Hourly Burden:
 68 hours x \$136.48 per hour¹ = \$9,280.64.

13. Capital, Start-Up, Operating, and Maintenance Costs

None.

14. Estimate of annualized costs to the government

None.

15. Change in burden

There is no change in the method or the substance of this information collection.

¹ The hourly compensation estimate is based on published compensation rates for Legal Occupations (\$86.43) in the depository credit intermediation sector. The estimate includes the May 2016 75th percentile hourly wage rate reported by the BLS, National Industry-Specific Occupational Employment and Wage Estimates. The reported hourly wage rate is adjusted for changes in the CPI-U between May 2016 and June 2017 (1.85 percent) and grossed up by 155.0 percent to account for non-monetary compensation as reported by the June 2017 Employer Costs for Employee Compensation Data.

The 132 decrease in burden hours is a result of (1) economic fluctuation and (2) an updated estimate (based on historical information) of PCA applications received. In particular, the average number of PCA applications has decreased while the hours per application remain the same.

16. Publication

The information is not published.

17. Display of expiration date

Not applicable.

18. Exceptions to certification statement

None.

B. STATISTICAL METHODS

Not applicable.