

SUPPORTING STATEMENT
RESOLUTION PLANS REQUIRED FOR INSURED DEPOSITORY
INSTITUTIONS WITH OVER \$50 BILLION IN TOTAL ASSETS
(OMB CONTROL NO. 3064-0185)

INTRODUCTION

The Federal Deposit Insurance Corporation (FDIC) is requesting a three-year renewal of the information collection titled, “Resolution Plans Required for Insured Depository Institutions With Over \$50 Billion In Total Assets” (3064-0185) specified in 12 C.F.R. Part 360.10 (the Rule). The current clearance for the collection expires on October 31, 2018. There is no change in the method or substance of the collection. However, the FDIC has reviewed its previous PRA submission and reassessed its burden hours associated with responding to the existing requirements of the Rule and to guidance, feedback, and additional requests for information by the FDIC as part of the iterative resolution planning process. The revised estimates are informed by feedback received from the covered insured depository institutions over the past year.

A. JUSTIFICATION

1. Circumstances and Need

The FDIC’s roles as insurer and receiver require a distinct focus on potential loss severities, default risks, complexities in structure and operations, and other factors that impact risk to the Deposit Insurance Fund and the ability of the FDIC to conduct an orderly resolution. The Federal Deposit Insurance Act (FDI Act) gives the FDIC broad authority to carry out its statutory responsibilities, and to obtain the information required by the Rule. The FDI Act gives the FDIC broad authority to carry out its statutory responsibilities, and to obtain the information required by the Rule. The authority to issue the Rule is provided by Section 9(a) Tenth of the FDI Act, 12 U.S.C. 1819(a) Tenth, which authorizes the FDIC to prescribe, by its Board of Directors, such rules and regulations as it may deem necessary to carry out the provisions of the FDI Act or of any other law that the FDIC is responsible for administering or enforcing.

Since the recent financial crisis began in late 2008, financial authorities throughout the world have recognized and agreed that advance planning for the resolution of large, complex financial institutions is critical to minimizing the disruption that a failure of such an institution may have as well as the costs of its resolution.

2. Use of Information Collected

The Rule requires certain insured depository institutions (IDIs) to submit a Resolution Plan that should enable the FDIC, as receiver, to resolve the institution under Sections 11 and 13 of the FDI Act, 12 U.S.C. 1821 and 1823, in a manner that ensures that depositors receive access to their insured deposits within one business day of the institution's failure (two business days if the failure occurs on a day other than Friday), maximizes the net present value return from the sale or disposition of its assets, and minimizes the amount of any loss to be realized by the institution's creditors. An IDI with \$50 billion or more in total assets (i.e., a covered IDI or CIDI) is required to submit periodically to the FDIC a contingent plan for the resolution of such institution in the event of its failure.

The Rule established the requirements for submission and content of a Resolution Plan, as well as procedures for review by the FDIC. After the initial submission, the Rule requires plan submissions on an annual basis (Annual Update) unless the FDIC determines to change the submission date. A CIDI must notify the FDIC of any event, occurrence, change in conditions or circumstances or other change which results in, or reasonably could be foreseen to have, a material effect on the CIDI's resolution plan.

The Rule is intended to address the continuing exposure of the banking industry to the risks of insolvency of large and complex IDIs that can be mitigated with proper resolution planning. The Interim Final Rule, which preceded the Rule, became effective January 1, 2012, and remained in effect until it was superseded by the Rule on April 1, 2012.

3. Use of Technology to Reduce Burden

Respondents may use any information technology that permits review by FDIC examiners.

4. Efforts to Identify Duplication

The information required is unique. It is not duplicated elsewhere.

5. Minimizing Burden on Small Entities

Not applicable.

6. Consequences to Less Frequent Collections

Conducting the collection less frequently would present safety and soundness risks.

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 July 30, 2018 (83 FR 36589). One comment was received which suggested policy changes to the Rule, which is currently under review. However, the comment did not address the accuracy of the PRA estimates.

9. Payment or Gifts 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

There are no questions of a sensitive nature.

12. Estimates of Hour Burden and Annualized Cost

2018 Summary of Annual Burden and Internal Cost (3064-0185)							
	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
Contingent Resolution Plan (CIDI Subsidiaries of Regional Bank Holding Companies and CIDI Subsidiaries of U.S. GSIFs)	Reporting	Mandatory	4	1	7,200	On Occasion	28,800
Contingent Resolution Plan - Annual Update (CIDI Subsidiaries of Regional Bank Holding Companies)*	Reporting	Mandatory	28	1	6,613	Annual	185,164
Contingent Resolution Plan - Annual Update (CIDI Subsidiaries of U.S. GSIFs)*	Reporting	Mandatory	9	1	39,843	Annual	358,587
Notice of Material Change (CIDI Subsidiaries of Regional Bank Holding Companies and CIDI Subsidiaries of U.S. GSIFs)	Reporting	Mandatory	1	2	120	On Occasion	240
TOTAL HOURLY BURDEN							572,791
TOTAL INTERNAL COST	\$94.38	/HR					\$54,060,014.58

* Because submissions have been required no more frequently than biennially, the burden associated with the Annual Update has been multiplied by 2/3 to represent two Annual Update filings over the three-year period contemplated by this notice and renewal.

Annualized Cost of Internal Hourly Burden:
572,791 hours x \$94.38 per hour¹ = \$54,060,014.58.

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

None.

14. Estimated Annualized Cost to the Federal Government

None.

15. Reason for Change in Burden

The annual burden for this information collection is estimated to be 572,791 hours. This represents an increase of 281,305 hours from the current burden estimate of 291,486 hours. This increase is not due to any new requirements imposed by the FDIC. Rather, it is due to FDIC's reassessment of the burden hours associated with responding to the existing requirements of the Rule and to guidance, feedback, and additional requests for information by the FDIC as part of the iterative resolution planning process. The revised estimates are informed by feedback received from the CIDs over the past year. Because submissions have been required no more frequently than biennially, the burden associated with the Annual Update has been multiplied by 2/3 to represent two Annual Update filings over the three-year period contemplated by this notice and renewal.

16. Publication

No publication for statistical use is contemplated.

17. Display of Expiration Date

Not applicable.

18. Exceptions to Certification Statement

¹ Total burden cost estimate was based on data gathered from the Bureau of Labor Statistics (BLS) as of March 2018. According to the May 2017 National Industry-Specific Occupational Employment and Wage Estimates for the Depository Credit Intermediation sector the 75th percentile hourly wage for Management Occupations (110000) and Financial Analysts (132051) is \$78.28 and \$53.27, respectively. The wage information reported by the BLS in the Specific Occupational Employment and Wage Estimates does not include health benefits and other non-monetary benefits. According to the March 2018 Employer Cost of Employee Compensation data compensation rates for health and other benefits are 35.5 percent of total compensation. The wage has therefore been inflation adjusted according to the BLS data on the Consumer Price Index for Urban Consumers (CPI-U) so that it is contemporaneous with the non-wage compensation statistic. The inflation rate was 2.28 percent between May 2017 and March 2018. Therefore, the adjusted average wage is \$94.38 per hour.

None.

B. STATISTICAL METHODS

Not applicable.