

SUPPORTING STATEMENT
MANAGEMENT OFFICIAL INTERLOCKS
(OMB No. 3064-0118)

INTRODUCTION

The Federal Deposit Insurance Corporation (FDIC) is requesting a three-year extension, with revision, of the Management Official Interlocks information collection (OMB No. 3064-0118). The current clearance for the collection expires on November 20, 2020. The FDIC is revising its regulations to raise the major assets prohibition thresholds to \$10 billion to account for changes in the United States banking market since the current thresholds were established in 1996. The final rule increases the number of depository institutions that do not have to seek an exemption from the major assets prohibition from the appropriate agency.

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

This collection is associated with the FDIC's Management Official Interlocks regulation, 12 CFR 348, which implements the Depository Institutions Management Interlocks Act (DIMIA), 12 U.S.C. 3201-3208. DIMIA generally prohibits bank management officials from serving simultaneously with two unaffiliated depository institutions or their holding companies but allows the FDIC to grant exemptions in appropriate circumstances. Consistent with DIMIA, the FDIC's Management Official Interlocks regulation has an application requirement at section 348.6 requiring information specified in the FDIC's procedural regulation, 12 CFR 303.250. The rule also contains a notification requirement at section 348.4(i).

2. Use of the information:

The information is used to provide state and federal examiners of depository institutions with documentation which will allow them to ascertain whether depository organizations are eligible for a management interlock exemption.

3. Consideration of the use of improved information technology:

Currently, the low number of respondents for this collection does not make conversion to electronic submission cost beneficial.

4. Efforts to identify duplication:

There is no duplication. Each situation is unique.

5. Methods used to minimize burden if the collection has a significant impact on a substantial number of small entities:

There is a small market share exemption under which qualified banks need not submit information that would otherwise be required. Note: The FDIC implemented an increase in the small bank exemption, from \$20 million to \$50 million, pursuant to a statutory mandate (the Financial Services Regulatory Relief Act of 2006). Because more banks are covered by this exemption as a result of the change, the effect is to reduce burden overall. Also, the final rule increases the number of institutions that would no longer be subject to the major assets prohibition and therefore reduces the number of institutions that need to seek an exemption from the major assets prohibition from the appropriate agency.

6. Consequences to the Federal program if the collection were conducted less frequently:

This occasional collection is the minimum required to implement the statute.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320.5(d)(2):

None.

8. Efforts to consult with persons outside the agency:

A notice of proposed rulemaking seeking public comment for a 60-day period was published in the *Federal Register* on January 31, 2019 (84 FR 604). No specific PRA comments were received. The information collection requirements contained in the proposed rulemaking were submitted to OMB pursuant to section 3507(d) of the PRA (44 USC §3507(d)) and section 1320.11 of OMB's implementing regulations (5 CFR part 1320). OMB filed a comment in response to the submissions, instructing the OCC and the FDIC to resubmit at the final rule stage and to discuss any increase in burden (*See*, section 15 below).

9. Payment or gifts to respondents

None.

10. Any assurance of confidentiality:

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

11. Justification for questions of a sensitive nature:

No information of a sensitive nature is requested.

12. Estimates of hour burden including annualized hourly costs:

Estimated Annual Burden

Summary of Annual Burden and Internal Cost (3064-0118)						
	Type of Burden	Estimated Number of Respondents	Estimated Number of Responses	Estimated Time per Response	Frequency of Response	Total Annual Estimated Burden
Management Official Interlocks	Reporting	6	1	4	On Occasion	24 hours
Management Official Interlocks	Recordkeeping	6	1	3	On Occasion	18 hours
TOTAL HOURLY BURDEN						42 hours

Estimated Annualized Cost of Internal Hourly Burden¹

Information Collection	Wage Category	Total Burden Hours	Burden Hours by Wage Category	Wage Rate	Total Cost of Hour Burden
Management Interlocks	50% clerical	42	21	\$20	\$420
	50% counsel		21	\$100	\$2,100
Total Internal Cost					\$2,520

13. Estimate of start-up costs to respondents:

None.

14. Estimate of annualized costs to the government:

None.

¹ Source: Bureau of Labor Statistics: "National Industry-Specific Occupational Employment and Wage Estimates: Depository Credit Intermediation Sector" (May 2017), Employer Cost of Employee Compensation (December 2018), Consumer Price Index (December 2018).

- Occupation (SOC Code): Top Executives (111000)
- Occupation (SOC Code): Lawyers, Judges, and Related Workers (231000)
- Occupation (SOC Code): Compliance Officers (131041),
- Occupation (SOC Code): Office and Administrative Support Occupations (430000)

15. Analysis of change in burden:

The final rule revises existing regulations to raise the major assets prohibition thresholds to \$10 billion to account for changes in the United States banking market since the current thresholds were established in 1996. Increasing the major assets prohibition thresholds relieves certain depository organizations below the adjusted thresholds from having to ask the agencies for an exemption from the major assets prohibition. Across the agencies, the estimated total annual burden changed due to an increase in the number of respondents because of economic changes and also because of the alignment of the burden estimates across the agencies. For the FDIC, this resulted in the inclusion of a burden estimate for recordkeeping burden that had previously not been included.

The FDIC's estimated annual burden increased slightly through an effort to conform its burden estimates to those of the other agencies. In addition, all of the agencies have increased their estimates for the burden associated with recordkeeping to reflect the fact that the number of respondents that may engage in recordkeeping would not decrease by the final rule. Additionally, the FDIC removed from its burden calculation estimates references to 12 CFR 248.6(b) as that section does not contain information collection requirements under the PRA. This change has not impacted the estimated burden calculation. For the FDIC these revisions have resulted in an overall estimated annual burden increase from 21 hours to 42 hours.

16. Information regarding collections whose results are planned to be published for statistical use:

The result of this collection will not be published for statistical use.

17. Display of expiration date:

Not applicable.

18. Exceptions to certification:

None.

B. STATISTICAL METHODS

Not applicable.