

SUPPORTING STATEMENT
Application for Consent to Reduce or Retire Capital
(OMB Control No. 3064-0079)

INTRODUCTION

The Federal Deposit Insurance Corporation (FDIC) is requesting a three-year extension without revision of the information collection entitled “Application for Consent to Reduce or Retire Capital” (OMB Control Number 3064-0079). 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 December 31, 2019.

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

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 the information:

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. Consideration of the use of improved information technology:

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

This information collection does not have a significant impact on a substantial number of small entities. The information required is the minimum necessary for the FDIC, consistent with the Section 18(i) of the Federal Deposit Insurance Act, to ensure 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 without FDIC consent.

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

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 necessitating collection inconsistent with 5 CFR Part 1320.5(d)(2):

None. This information collection is conducted in accordance with the guidelines in 5 CFR 1320.5(d)(2).

8. Efforts to consult with persons outside the agency:

On September 30, 2019, the FDIC published a Federal Register notice proposing to extend the Application for Consent to Reduce or Retire Capital's existing information collection (84 FR 51566). The FDIC did not receive any comments addressing this collection of information.

9. Payments 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. Estimate of hour burden including annualized hourly costs:

Estimated Annual Burden

Summary of Annual Burden							
Information Collection (IC) Description	Type of Burden	Obligation to Respond	Estimated Number of Respondents	Estimated Frequency of Responses	Estimated Time per Response (hours)	Frequency of Response	Total Annual Estimated Burden (hours)
Application for consent to reduce or retire capital	Reporting	Mandatory	118	1	11	On Occasion	1298
TOTAL HOURLY BURDEN							1298

The estimated labor cost is calculated as follow:

Estimated Category of Personnel Responsible for Complying with the PRA Burden	Total Estimated Hourly Compensation	Estimated Weights	Estimated Total Weighted Labor Cost Component
Executives and Managers *	\$78.25	50%	\$59.84
Lawyers **	\$152.94	40%	\$61.17
Clerical ‡	\$20.92	10%	\$3.20
Total Estimated Weighted Average Hourly Compensation Rate		100%	\$124.21

Source: The estimate includes the May 2018 75th percentile hourly wage rate for Management Occupations (\$78.25), Lawyers, Judges, and Related Workers (assumed to be \$100), and Office and Administrative Support Occupations (\$20.92) reported by the Bureau of Labor Statistics, National Industry-Specific Occupational Employment, and Wage Estimates. These wage rates have been adjusted for changes in the Consumer Price Index for all Urban Consumers between May 2018 and March 2019 (1.40 percent) and grossed up by 51 percent to account for non-monetary compensation as reported by the March 2019 Employer Costs for Employee Compensation Data.

* Occupation (SOC Code): Management Occupations (111000)

** Occupation (SOC Code): Lawyers, Judges, and Related Workers (231000)

‡ Occupation (SOC Code): Office and Administrative Support Occupations (430000)

The dollar value of the 1,298 hours of total estimated annual burden is \$161,225 (1,298 hours x \$124.21).

13. Estimate of start-up costs to respondents:

None.

14. Estimate of annualized costs to the government:

None

15. Analysis of change in burden:

There is no change in the method or substance of the collection. The hour burden has increased by 1,223 hours since the 2016 ICR. The estimated number of affected institutions is higher in 2019 than in 2016. More institutions have filed these applications in the years 2016-2018 than in the years 2013-2015, and we believe it is reasonable to expect the more recent volume of applications to continue over the next three years.

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

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

17. Display of expiration date:

Not applicable.

18. Exceptions to Certification

None.

B. Collection of Information Employing Statistical Methods

Not Applicable.