

SUPPORTING STATEMENT

PURCHASER ELIGIBILITY CERTIFICATION

OMB (3064-0135)

INTRODUCTION

The FDIC is requesting approval from the OMB to extend, without change, a currently approved information collection (OMB Control No. 3064-0135). The Purchaser Eligibility Certification information collection implements the statutory requirement that assets held by the FDIC in the course of liquidating any federally insured deposit institution not be sold to persons who contributed to the demise of an insured deposit institution in specified ways. The information collection expires on October 31, 2021.

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

The FDIC acquires assets as the result of being appointed conservator or receiver of failing financial institutions and generally sells these assets through competitive sales. The FDIC is statutorily required to promulgate a regulation prohibiting the sale of assets held by insured depository institutions that have been placed under the conservatorship or receivership of the FDIC to certain individuals or entities that profited or engaged in wrongdoing at the expense of those failed institutions, or seriously mismanaged those failed institutions. The statute specifies classes of persons prohibited from purchasing assets of failed institutions from the FDIC. (FDI Act Section 11(p), 12 U.S.C. §1821(p)). The statutory requirement is implemented by a regulation (12 C.F.R. Part 340), “Restrictions on Sale of Assets of a Failed Institution by the Federal Deposit Insurance Corporation,” (originally published at 65 Federal Register 14816, March 20, 2000 and revised at 80 Federal Register 22889, April 24, 2015) and a Purchaser Eligibility Certification that the FDIC uses to determine a person’s eligibility to purchase assets. The two forms used to facilitate this collection are: (1) the Contact Information Form and (2) the Pre-Qualification Request form. The Contact Information form is designed to allow for the quick identification of the types of assets a prospective bidder is interested in and to facilitate communication with the appropriate bidder representative. The Pre-Qualification Request form is intended to determine which prospective bidders are qualified to bid on particular assets offered by the FDIC (e.g., securities, mortgage servicing portfolios, shared national credits, interests in structured transactions, credit card receivables) for which no further qualification criteria must be met and to ensure that prospective bidders understand the terms and conditions of asset sales.

2. Use of the Information

The FDIC uses the information collected to ensure compliance with the statutory requirements before each sale of assets.

3. Consideration of the use of improved information technology:

In most cases, applicants are required to provide only their signature. In some additional cases, they are required to attach information. The need for the signatures makes electronic submissions impracticable.

4. Effort to Identify Duplication:

There is no duplication. The information is not available elsewhere.

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

In most cases respondents are required to provide only their signature. In some cases, respondents may be required to attach information. Self-certification is the least burdensome way to meet the statutory mandate.

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

These are occasional collections. As a result of the statute's prohibition, each purchase of assets from the FDIC requires a determination that the prospective bidder is qualified.

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

There are no special circumstances. 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:

FDIC published a notice in the Federal Register informing the public of its intent to renew this information collection and seeking public comment. That notice was published on November 12 2021 (86 FR 62812). No comments have been received. On December 21, 2021 FDIC published a second notice in the Federal Register (86 FR 72234) informing the public that the agency is submitting a request to OMB for the renewal of this information collection. That notice provides for an additional 30-day comment period and if any comments are received, FDIC will address them as instructed by OMB.

9. Payment or Gift to Respondents

No payments or gifts will be provided to respondents.

10. Any assurance of confidentiality:

Information collected will be kept private to the extent allowed by law. No assurance of confidentiality is made.

11. Justification for questions of a sensitive nature:

The information collection does not request information of a sensitive nature.

12. Estimate of Hour Burden Including Annualized Hourly Costs:

Summary of Annual Burden					
	Type of Burden	Estimated Number of Respondents	Estimated Time per Response	Frequency of Response	Total Estimated Annual Burden Hours
Purchaser Eligibility Certification (Form No. 7300-06)	Reporting	380	30 minutes	On Occasion	190 hours

The FDIC estimates that 90 percent of the labor allocation involved in submitting and preparing a Purchaser Eligibility Certification (PEC) can be classified as managerial and professional labor. The remaining 10 percent can be classified as executive labor. The FDIC does not collect information regarding the division of labor among the respondents, and is basing this estimate on own observations and experiences answering questions about the PEC form.

Total Estimated Hourly Labor Compensation Rates

To estimate the weighted average hourly cost of compensation, FDIC uses the 75th percentile hourly wages reported by the Bureau of Labor Statistics (BLS) National Industry-Specific Occupational Employment and Wage Estimates for the relevant occupations in the Depository Credit Intermediation sector, as of May 2020. FDIC adjusts the hourly wage by 3.31 percent based on changes in the Consumer Price Index for Urban Consumers (CPI-U) from May 2020 to March 2021 to account for inflation. The hourly wage rates reported do not include non-monetary compensation. According to the March 2021 Employer Cost of Employee Compensation data, compensation rates for health and other benefits are 33.3 percent of total compensation. To account for non-monetary compensation, FDIC divides the hourly wage rates reported by BLS by (1 – 0.333).

After calculating these adjustments, FDIC weights the total hourly compensation for the occupations shown in the table, FDIC estimates that 90 percent of the labor is performed by Purchasing Managers, and the remaining 10 percent is performed by Executives and Managers.

Summary of Estimated Labor Costs (OMB No. 3064-0135)

Category	Total Estimated Hourly Compensation	Estimated Weights	Weighted Average Compensation
Executives and Managers ¹	\$127.80	10%	\$12.78
Purchasing Managers ²	\$135.08	90%	\$121.57

¹ Occupation (SOC Code): Management Occupations (110000).

Total		100%	\$134.35
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Source: Bureau of Labor Statistics: "National Industry-Specific Occupational Employment and Wage Estimates: Industry: Credit Intermediation and Related Activities (5221 And 5223 only)" (May 2020), Employer Cost of Employee Compensation (March 2021), Consumer Price Index (March 2021).

Note: The 75th percentile 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 2021 Employer Cost of Employee Compensation data compensation rates for health and other benefits are 33.3 percent of total compensation. Additionally, the wage has been adjusted for inflation according 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 3.31 percent between May 2020 and March 2021.

Total Estimated Compliance Cost

The total annual cost burden for this information collection is estimated as: 190 hours / year multiplied by \$134.35 / hour which results in an estimated annual labor cost of \$ **25,526.50**.

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 has been no change in the method or substance of this information collection. The change in estimates annual burden is due to a decrease in the estimated number of respondents from 600 in 2018 to 380 currently.

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

The expiration date will be displayed on the form.

18. Exceptions to Certification Statement

None.

B. STATISTICAL METHODS

2 Occupation (SOC Code): Purchasing Managers (113060).

Not applicable.