

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 December 31, 2021. The FDIC’s implementation of the collection has changed since the previous renewal. Specifically, the FDIC anticipates that respondent institutions will submit Resolution Plans only once during the three-year renewal period rather than twice, as was the case with respect to the 2018 renewal. In addition, as permitted by the Rule, the FDIC may grant exemptions from certain of the Rule’s information requirements, which should reduce the burden on respondent institutions in preparing their Resolution Plans.

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 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 2008-2009 financial crisis, 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 covered insured depository institutions (CIDs) to submit a Resolution Plan that should enable the FDIC, as receiver, to resolve the institution under Sections 11 and 13 of the Federal Deposit Insurance Act (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 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 requirements for the timing and content of a Resolution Plan, but permits the FDIC to modify or exempt a CIDI from such requirements.

On April 16, 2019, the FDIC suspended temporarily the Rule's submission requirements for all CIDs. Subsequently, on January 19, 2021, the FDIC lifted this moratorium with respect to CIDs with total average assets of \$100 billion or more (Specified CIDs). In a 'Statement on Resolution Plans for Insured Depository Institutions' issued on June 25, 2021 (Statement), the FDIC announced that it would reinstate the Rule's requirements, in a modified form, for Specified CIDs. Rule requirements for CIDs with average total assets of less than \$100 billion remain suspended.

Under the approach contemplated in the Statement, the Specified CIDs are expected to submit a Resolution Plan once during the three-year renewal period for the Rule's Information Collection. In addition, the FDIC will exempt all Specified CIDs from the obligation to include certain categories of content in future Resolution Plan submissions. The FDIC may issue letters to each Specified CIDI communicating the common exemptions as well as, in some cases, certain additional exemptions specific to an institution.

A Specified 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. A Specified CIDI may also seek additional exemptions from the Rule's content requirements beyond those described above.

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 collection required is unique and is structured to avoid duplication of other collections.

5. Minimizing Burden on Small Entities

Not applicable.

6. Consequences to Less Frequent Collections

The failure of a large, complex IDI is likely to present operational challenges in resolution, particularly if operations must be initiated in a bridge depository institution. Through the FDIC's experience in failed bank resolutions, particular in the 2008-2009 financial crisis, it has become apparent that planning commenced significantly in advance of failure, and using information provided by the IDI, has the potential to facilitate the resolution of a large, complex IDI in a way that best preserves value and minimizes disruption. Resolution Plans filed under the Rule assist the FDIC in conducting such advance planning. The resolution challenges presented by an IDI may change as markets and as the IDI's activities, structure and risk profile evolve. As such, less frequent collection of information could impede the FDIC's advance resolution planning.

7. Special Circumstances

None.

8. Consultation with Persons Outside the FDIC

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 Gifts to Respondents

None.

10. Confidentiality

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

Given the changes to the PRA requirements of the Rule since the 2018 ICR, the FDIC has revised the delineation of burdens. As per these changes, the information collection (IC) now comprises the following line items:

- a. Resolution Plan Updates by specified CIDs whose top tier parent company is a U.S. global systemically important bank as defined in 12 CFR § 217.402 (GSIB specified CIDs).
- b. Resolution Plan Updates by specified CIDs whose top tier parent company is not a U.S. global systemically important bank (non-GSIB specified CIDs).
- c. Resolution Plans by New Filers.
- d. Notices of Material Change.
- e. Exemption Requests.

Potential respondents to this IC, as defined by the Rule under the modified approach described in the Statement, are specified CIDs, or IDIs with total assets greater than or equal to \$100 billion, based upon the average of the IDI's four most recent Call Reports. As of March 31, 2021, there are 33 IDIs meeting those requirements.¹ The FDIC anticipates that one of these Specified CIDs will cease to exist due to its pending merger with another specified CIDI.² The FDIC also anticipates that a new specified CIDI will be created due to the pending merger of two IDIs with expected combined assets over \$100 billion.³ Thus, on net, the FDIC anticipates that there will be 33 potential respondents to this IC. The estimated number of respondents will vary by line item.

Resolution Plan Updates:

¹ FDIC Call Report Data, March 31, 2021.

² See FRB Order No. 2021-04 (May 14, 2021), available at <https://www.federalreserve.gov/newsevents/pressreleases/files/orders20210514a1.pdf>, last accessed on July 16, 2021.

³ See First Citizens BancShares, Inc., "First Citizens, CIT Receive FDIC Approval of Proposed Merger," July 14, 2021, available at <https://www.globenewswire.com/news-release/2021/07/14/2262762/0/en/First-Citizens-CIT-Receive-FDIC-Approval-of-Proposed-Merger.html>, last accessed on July 16, 2021.

Of the set of potential respondents, the FDIC estimates that 9 GSIB Specified CIDs and 22 non-GSIB specified CIDs will submit Resolution Plan Updates.⁴ To estimate the burden imposed by the Rule under the modified approach described in the Statement, FDIC started with the methodology used in the 2018 ICR. That methodology relied on results from a survey of seven banks to estimate an average PRA burden per submission of 65 hours per billion dollars of assets. FDIC then made the following adjustments to the burden estimate to reflect the modified approach described in the Statement:

- a. Reduced the estimated average PRA burden by five hours per billion dollars of assets to reflect the exclusion of content the Statement announced the FDIC would exempt from the specified CIDs' resolution plans.⁵
- b. Reduced the estimated average PRA burden by two hours per billion dollars of assets to reflect the rescission of guidance that had requested that each CIDI provide information on how a failure scenario would impact its creditor stack.⁶
- c. Increased the estimated average PRA burden by 2 hours per billion of assets to reflect the anticipated engagement contemplated in the Statement, which contemplates one such engagement per specified CIDI over the three-year filing period.⁷
- d. Reduced the estimated average burdens for GSIB specified CIDs by four percent to reflect expected exemptions tailored to each GSIB specified CIDI. The four percent reduction was estimated by dividing the total number of such exemptions across all GSIB specified CIDs (8) by the total number of required content items across all GSIB specified CIDs (198).
- e. Further reduced the estimated average burdens for non-GSIB specified CIDs by 20 percent to reflect expected exemptions tailored to each non-GSIB specified CIDI. The 20 percent reduction was estimated by dividing the total number of such exemptions across all non-GSIB specified CIDs (97) by the total number of required content items across all non-GSIB specified CIDs (484).

Based on the above methodology, FDIC estimates that the burden hours per submission would be 57.6 hours per billion dollars for Resolution Plan Updates by GSIB specified CIDs.⁸ Using assets reported on Call Reports for the nine GSIB specified CIDs, we estimate a total burden of 591,840 hours for Resolution Plan Updates by GSIB specified CIDs, or an average of 65,760 hours per submission.⁹ Using the same methodology, FDIC estimates that the burden hours per submission to be 48 hours per billion dollars for non-GSIB specified CIDs.¹⁰ Using the assets

⁴ Based on FDIC Call Report Data, March 31, 2021.

⁵ See Statement, at page 9.

⁶ *Id.*

⁷ *Id.* at page 10

⁸ $57.6 \text{ hours} = (65 \text{ hours} - 5 \text{ hours} - 2 \text{ hours} + 2 \text{ hours}) \times (100 \text{ percent} - 4 \text{ percent})$

⁹ $65,760 \text{ hours per submission} = 591,840 \text{ hours for nine submissions} / 9 \text{ submissions}$. $591,840 \text{ hours} = 57.6 \text{ hours per submission per billion dollars in asset} \times \$10,275 \text{ billion in assets}$, as reported in the March 31, 2021 Call Report

¹⁰ $48 \text{ hours} = (65 \text{ hours} - 5 \text{ hours} - 2 \text{ hours} + 2 \text{ hours}) \times (100 \text{ percent} - 20 \text{ percent})$

reported on the latest Call Report for the 22 non-GSIB specified CIDs, we estimate a total burden of 249,840 hours for Resolution Plan Updates by non-GSIB specified CIDs, or an average of 11,356 hours per submission.¹¹

Under the modified approach described in the Statement, each respondent is expected to prepare a single submission in the upcoming three-year renewal cycle, resulting in a response rate of one in three years (or 1/3 per year). Because the OMB's PRA renewal system limits annual responses to values greater than or equal to one, however, FDIC uses an annual rate of one response by both GSIB specified CIDs and non-GSIB specified CIDs (rather than 1/3). To estimate the annual hourly burden incurred by a respondent, we divide the estimated burden hours per submission by three to arrive at the estimated burden hours per year. Thus, FDIC estimates that Resolution Plan Updates by GSIB specified CIDs will incur 21,920 hours per year¹² and Resolution Plan Updates by non-GSIB specified CIDs will incur 3,785.5 hours per year.¹³

Resolution Plans by New Filers:

Of the set of potential respondents, the FDIC estimates that two Specified CIDs will each submit a new Resolution Plan (i.e., submit a plan for the first time).¹⁴ To estimate the burden imposed by the Rule under the modified approach described in the Statement, FDIC started with the methodology used in the 2018 ICR. That methodology assumed that IDIs that cross the \$50 billion threshold will incur approximately 7,200 hours to prepare and submit their first resolution plan. This estimate is substantially higher than a comparative CIDI completing an annual update due to the higher costs of preparing a resolution plan for the first time.¹⁵ Given that, under modified approach described in the Statement, the total asset threshold is \$100 billion in assets rather than \$50 billion in assets, as was the case in the 2018 ICR, and the submission moratorium on CIDs with less than \$100 billion in total assets remains in place, the FDIC believes that 14,400 hours (7,200 hours × 2) is a reasonable and appropriate estimate for the burden of first time submissions under the Rule for purposes of this IC. Furthermore, note that the non-individual streamlined content exemptions and engagement changes described above, taken together, reduce the estimated average burden hours of Resolution Plan Updates by 7.7 percent.¹⁶ The FDIC believes that these changes would also reduce the burden of first time submissions by the same percentage. Thus, FDIC estimates that that each first time

11 11,356 hours per submission = 249,840 hours for twenty-two submissions / 22 submissions. 249,840 hours = 48 hours per submission per billion dollars in asset × \$5,205 billion in assets, as reported in the March 31, 2021 Call Report. We adjust the assets of one non-GSIB specified CIDI to include the assets of the IDI that merged with it.

12 21,920 hours per year = 65,760 hours per submission / 3 years per submission.

13 3,785 hours per year = 11,356 hours per submission / 3 years per submission.

14 Based on FDIC Call Report Data, March 31, 2021, one specified CIDI has not previously submitted a plan and two CIDs will merge to become a specified CIDI.

15 For example, using the 65 hours per billion dollars parameter, a CIDI with \$50 billion in assets is estimated to incur 3,250 hours to prepare and submit a Resolution Plan Update.

16 7.7 percent = 5 hours / 65 hours * 100 percent.

Resolution Plan submission will take 13,292 hours to prepare.¹⁷

As stated above, each respondent is expected to prepare a single submission in the upcoming three-year cycle, resulting in a response rate equal to 1/3 per year. Because the OMB's PRA renewal system limits annual responses to values greater than or equal to one, however, FDIC uses an annual rate of one response by New Filers. To estimate the annual hourly burden incurred by a respondent, FDIC divides the estimated burden hours per submission by three to arrive at the estimated burden hours per year. Thus, FDIC estimates that Resolution Plans by New Filers will incur 4,430.7 hours per year.¹⁸

Notice of Material Change:

According to the Rule, a CIDI shall file with the FDIC a notice no later than 45 days after any event, occurrence, change in conditions or circumstances or other change that results in, or could reasonably be foreseen to have, a material effect on the resolution plan of the CIDI.¹⁹ The 2018 ICR estimated one annual respondent, two annual responses per respondent, and 120 hours of burden per response, for this Notice of Material Change. The FDIC believes that two annual respondents each with one annual response per respondent is a more reasonable and appropriate estimate, and this estimate reflects that change. Thus FDIC estimates two annual respondents, one annual response per respondent, and 120 hours of burden per response for the line item Notice of Material Change.

Exemption Request:

As described above, the Rule and the Statement permit a specified CIDI to seek exemptions from the informational requirements of the Rule beyond those described in the Statement or in the letter from the FDIC to the specified CIDI. Such a request should be in writing and include a "description of why the information would not be useful or material to the FDIC"²⁰ Since the FDIC does not have access to information that would enable it to estimate how many institutions will seek to submit an exemption request or how long it would take to prepare such a request, the FDIC uses placeholder estimates of one such exemption request and one burden hour to complete it.²¹ Thus FDIC estimates one annual respondent, one annual response per respondent, and one hour of burden per response for the line item Exemption Request.

Summary of Annual Burdens

The estimated annual burden for each line item, in hours, is the product of the

¹⁷ 13,292 hours = 14,400 × (100 percent - 7.7 percent)

¹⁸ 4,430.7 hours per year = 13,292 hours per submission / 3 years per submission.

¹⁹ See 12 CFR 360.10(c)(1)(v).

²⁰ See Statement at page 10.

²¹ The SMEs considered basing an estimate for a § 360.10 exemption request on the estimate of 20 burden hours recently used for an exemption request under § 360.9. The SMEs ultimately determined that the exemption requests under the two provisions were unlikely to be analogous, however, and that the breadth and variability of § 360.10 exemption requests made it impracticable for the FDIC to develop a meaningful estimate without additional information that is not currently available.

estimated annual number of respondents, annual number of responses per respondent, and time per response, as summarized in Table 1 below. The total estimated annual burden for this IC is 289,663.4 hours, which is a decrease of 283,128 hours from the 2018 ICR. The increase is driven by the modified approach to implementing the Rule as outlined in the Statement.

Table 1. Summary of Estimated Annual Implementation Burdens (OMB No. 3064-0185)						
IC Description	Type of Burden (Obligation to Respond)	Frequency of Response	Number of Respondents	Number of Responses / Respondent	Time per Response (Hours)	Annual Burden (Hours)
Resolution Plan Updates by GSIB specified CIDIs	Reporting (Mandatory)	Annual (3 year cycle)	9	1	21,920	197,280
Resolution Plan Updates non-GSIB specified CIDIs	Reporting (Mandatory)	Annual (3 year cycle)	22	1	3785.5	83,281
Resolution Plans by New Filers	Reporting (Mandatory)	Annual (3 year cycle)	2	1	4430.7	8,861.4
Notice of Material Change	Reporting (Mandatory)	On occasion	2	1	120	240
Exemption Request	Reporting (Required to obtain benefit)	On occasion	1	1	1	1
Total Annual Burden Hours:						289,663.4 hours
Source: FDIC.						

Hourly Burden Cost Estimate

To estimate the weighted average hourly cost of compensation, FDIC uses the 75th percentile hourly wages reported by the BLS National Industry-Specific Occupational Employment and Wage Estimates for the relevant occupations in the Depository Credit Intermediation sector, as of May 2020.²²

The reported hourly wage rates 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 $(1 - 0.333)$.²³ FDIC also 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 and ensure that the wage information is contemporaneous with the non-monetary compensation statistic.²⁴

After calculating these adjustments, FDIC weights the total hourly compensation for the occupations shown in the table, using the estimated allocation of labor for each IC

22 BLS: "National Industry-Specific Occupational Employment and Wage Estimates: Industry: Credit Intermediation and Related Activities (5221 And 5223 only)" (May 2020).

23 BLS: Employer Cost of Employee Compensation (March 2021).

24 BLS: Consumer Price Index (March 2021).

reflected below to find the estimated hourly cost of complying with this ICR.²⁵

Table 2. Summary of Hourly Burden Cost Estimate (OMB No. 3064-0185)			
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 ²⁶	\$127.80	25%	\$31.95
Lawyers ²⁷	\$152.86	0%	\$0.00
Compliance Officer ²⁸	\$67.64	0%	\$0.00
IT Specialists ²⁹	\$94.28	0%	\$0.00
Financial Analysts ³⁰	\$82.31	75%	\$61.73
Clerical ³¹	\$34.73	0%	\$0.00
Total Estimated Weighted Average Hourly Compensation Rate		100%	\$93.68
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).			

Total Estimated Cost Burden

The total annual cost burden is estimated as: 289,663.4 hours per year multiplied by \$93.68 per hour which results in \$27,136,391 per year.

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 289,663.4 hours. This represents a decrease of 283,127.6 hours from the current burden estimate of 572,791 hours. This decrease is due to the expected exemptions to be granted by the FDIC with respect to certain of the Rule's information requirements and the extension of the reporting period from biannual to triennial. Because the FDIC anticipates that submissions will be required no more frequently than triennially, the burden associated with the Annual Update has been divided by three to represent one Annual

²⁵ In the 2018 ICR, the burden hours for completing the IC are distributed between executives and financial analysts at a ratio of 1 to 3 for the two occupations, respectively. The SMEs believe that this ratio continues to be reasonable and appropriate for all the line items in this IC.

²⁶ Occupation (SOC Code): Management Occupations (110000).

²⁷ Occupation (SOC Code): Legal Occupations (230000).

²⁸ Occupation (SOC Code): Compliance Officers (131040).

²⁹ Occupation (SOC Code): Computer and Mathematical Occupations (150000).

³⁰ Occupation (SOC Code): Financial and Investment Analysts, Financial Risk Specialists, and Financial Specialists, All Other (132098).

³¹ Occupation (SOC Code): Office and Administrative Support Occupations (430000).

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

None.

B. STATISTICAL METHODS

Not applicable.