

SUPPORTING STATEMENT
RESOLUTION PLANS AND PERIODIC ENGAGEMENT AND
CAPABILITIES TESTING REQUIRED
(OMB CONTROL NO. 3064-0185)

INTRODUCTION

This submission is being made in connection with the issuance of a final rule published in the *Federal Register* by the Federal Deposit Insurance Corporation (FDIC). The current information collection titled, “Resolution Plans and Periodic Engagement and Capabilities Testing Required Market Risk Capital Requirements” (OMB No. 3064-0185), which is in accordance with 12 C.F.R. Part 360.10 (the Rule), expires on February 28, 2025. FDIC is seeking the extension, with revisions, of the ICR for a period of three years.

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.

The rule revises the current regulation that requires the submission of resolution plans by insured depository institutions (IDIs) with \$50 billion or more in total assets. In particular, the Rule revises the requirements regarding the content and timing of resolution submissions as well as interim supplements to those submissions provided to the FDIC by IDIs with \$50 billion or more in total assets in order to support the FDIC’s resolution readiness in the event of material distress and failure of these large IDIs. IDIs with \$100 billion or more in total assets are required to submit full resolution plans, while IDIs with total assets between \$50 and \$100 billion will submit informational filings. The Rule also enhances how the credibility of resolution

submissions will be assessed, expands expectations regarding engagement and capabilities testing, and explains expectations regarding the FDIC's review and enforcement of IDIs' compliance with the Rule.

2. Use of Information Collected

The Rule requires IDIs with \$50 billion or more in total assets (covered IDIs or CIDs) to submit resolution plans periodically. This resolution plan requirement was established to facilitate the FDIC's readiness to resolve a CIDI under the FDI Act in the event of its insolvency.

The Rule builds on the FDIC's more than a decade-long experience by providing guidance and feedback to CIDs, and leveraging the content of submissions for the development of resolution strategies by the FDIC. Through this process, the FDIC has gained a better understanding of the challenges of resolving CIDs and the importance of resolution plans and other related submissions to facilitate the FDIC's readiness in the event of a failure of one of these CIDs. Part of the challenge arises from the wide range of business models and structures among CIDs. While some of these CIDs are engaged largely in traditional banking activities, with nearly all assets and activities conducted within the CIDI or its subsidiaries (the bank chain), others conduct significant non-banking activities. Many of the CIDs have a broker-dealer subsidiary or affiliate that provides services to bank customers. The CIDs subject to the Rule also include banks primarily engaged in a particular business segment, such as credit card services, as well as U.S. IDIs that are part of large foreign banking organizations. There is no one-size-fits-all resolution approach for these institutions; rather, the FDIC must be prepared to execute a range of resolution options, recognizing the trade-offs among those options. The FDIC's development of resolution strategies—and its assessment of the options and trade-offs that inform them—benefit from the CIDI's knowledge of its own firm, an understanding of the CIDI's relevant capabilities, and an awareness of the impediments to executing an orderly resolution of the CIDI. Across the different CIDI business models and structures, there are a variety of factors that increase the challenges and complexity of resolution in the event of the failure of these large banks. These factors include deposit profile as well as size and organizational complexity.

The Rule revisions address two distinct groups of CIDs based on size, with differing corresponding obligations for each group under the Rule. The first group comprises those IDIs with \$100 billion or more in total assets (group A CIDs). The Rule requires group A CIDs to submit full resolution plans containing an identified strategy appropriate to the CIDI for its orderly and efficient resolution, as well as providing all other content elements described in the Rule.

The second group comprises those IDIs with at least \$50 billion but less than \$100 billion in total assets (group B CIDs). The Rule requires resolution submissions from

group B CIDs in the form of an informational filing. The informational filing would not require development of an identified strategy for resolution nor the demonstration of capabilities necessary to produce valuations needed in assessing the least-cost test. All CIDs would be required to participate in engagement and capabilities testing regarding matters related to their resolution submissions.

Based upon these considerations, and the FDIC's experience in planning for and executing bank resolutions, the FDIC is implementing changes intended to make the resolution submissions more useful and appropriately focused on the resolution challenges presented by both group A CIDs and group B CIDs.

3. Use of Technology to Reduce Burden

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

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. CIDs are not small entities.

6. Consequences to Less Frequent Collections

The failure of a large, complex CID 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, and now with the recent failures of three large banks in the spring of 2023; Silicon Valley Bank (SVB), Signature Bank and First Republic Bank underscore the importance of robust resolution planning in advance of failure, particularly for these large and complex CIDs. The speed of bank runs has been accelerated by advances in banking technology that allow deposits to move electronically, with no need to stand in line or wait for physical checks or bills. Advances in communications technology allow a message to reach hundreds of millions of screens instantaneously. In the case of SVB, the speed of the run was the fastest and largest withdrawal of deposits in a single day in the nation's history. From a resolution planning perspective, this new reality underscores the need for effective resolution planning long before a bank's failure is on the horizon.

7. Special Circumstances

None.

8. Consultation with Persons Outside the FDIC

The FDIC published a notice of proposed rulemaking in the *Federal Register* (88 FR 64579, September 19, 2023). The FDIC received 12 comment letters to the proposal from banking organizations, industry and trade groups representing the banking and financial services industry, a law firm, and consumer groups.

The comments received generally were responsive to questions posed by the FDIC in the NPR. The majority of commenters suggested changes to reduce the costs of submission preparation for filers, including by adjusting the proposed submission cycle, narrowing the proposed scope and content requirements, and enhancing alignment with relevant resolution planning requirements of the Dodd-Frank Act rule. Several commenters raised concerns about the enhanced credibility standard, and asked for greater clarity on engagement and capability testing. Three commenters offered broad support for the proposed rule as written.

The FDIC considered all comments received and has adopted certain changes to the proposed rule as discussed in the Final Rule preamble published in the Federal Register on July 9, 2024 (89 FR 56620). In addition, the FDIC made certain technical, non-substantive changes throughout, including corrections to paragraph numbering and grammar, improving word choice for readability, and eliminating redundancy.

The FDIC received comments that appear to relate to the PRA. As stated above, the majority of commenters suggested changes to reduce the costs of submission preparation for filers, including by adjusting the proposed submission cycle, narrowing the proposed scope and content requirements, and enhancing alignment with relevant resolution planning requirements of the DFA rule. Additionally, one commenter raised questions about the FDIC's burden estimate.

The Rule modifies the current filing cycle cadence for group A CIDs that are affiliated with U.S. GSIBs from triennial to biennial, which will result in these CIDs sometimes filing multiple full resolution submissions across a given three-year PRA renewal cycle. On content, the final rule does not differ substantially from the proposed rule. The final rule retains the proposed rule's requirement for group A CIDs and group B CIDs to submit interim supplements to the FDIC in calendar years where they are not expected to file full resolution submissions, except in the case of the biennial filers who are also not expected to file in calendar years when they file DFA resolution plans.

On engagement and capabilities testing, the final rule is broadly similar to the proposed rule. The change in submission cycle resulted in an increased expectation for engagement with group A CIDI triennial filers, as discussed above. Therefore, the estimate for subsequent full resolution submissions for group A CIDs which are filing triennially has been increased from 72 hours per billion dollars in assets to 73 hours per billion dollars in assets, which would affect the estimates in Information

Collection #2, described in Table 1 below. For subsequent plan submissions for group A CIDs which are filing biennially, the estimate remains at 72 hours per billion dollars in assets.

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

The FDIC received comments that appear to relate to the PRA. As stated above, the majority of commenters suggested changes to reduce the costs of submission preparation for filers, including by adjusting the proposed submission cycle, narrowing the proposed scope and content requirements, and enhancing alignment with relevant resolution planning requirements of the DFA rule. Additionally, one commenter raised questions about the FDIC's burden estimate. The comments received and their respective responses are summarized in the above analysis.

The final rule modifies the current filing cycle cadence for group A CIDs that are affiliated with U.S. GSIBs from triennial to biennial, which will result in these CIDs sometimes filing multiple full resolution submissions across a given three-year PRA renewal cycle. On content, the final rule does not differ substantially from the proposed rule. The final rule retains the proposed rule's requirement for group A CIDs and group B CIDs to submit interim supplements to the FDIC in calendar years where they are not expected to file full resolution submissions, except in the case of the biennial filers who are also not expected to file in calendar years when they file DFA resolution plans. On engagement and capabilities testing, the final rule is broadly similar to the proposed rule. The change in submission cycle resulted in an increased expectation for engagement with group A CIDI triennial filers, as discussed above. Therefore, the estimate for subsequent full resolution submissions for group A CIDs which are filing triennially has been increased from 72 hours per billion dollars in assets to 73 hours per billion dollars in assets, which would affect the estimates in Information Collection #2, described in Table 1 below. For subsequent plan submissions for group A CIDs which are filing biennially, the estimate remains at 72 hours per billion dollars in assets.

The revisions for this Information Collection Renewal (“ICR”) in the final rule represent a decrease of 182,238 hours from the PRA estimates in the proposed rule (771,975 hours).¹ This decrease is primarily due to the reversion to a triennial cycle for all CIDs except for group A CIDs that are affiliated with U.S. GSIBs, and the decision to exempt group A CIDs that are affiliated with U.S. GSIBs from the interim supplement requirement in calendar years when they file DFA resolution plans. The FDIC will revise this information collection as follows:

Information Collection (IC) (Obligation to Respond)	Type of Burden (Frequency of Response)	Number of Respondents	Number of Responses per Respondent	Time per Response (HH:MM)	Annual Burden (Hours)
1. Resolution Plan update by previous filer (biennial filer, group A), 12 FR 360.10(c)(1); 12 FR 360.10(d) (Mandatory)	Reporting (Annual, 2 year filing cycle)	3	1	89216:00 ²	267,648
2. Resolution Plan update by previous filer (triennial filer, group A), 12 FR 360.10(c)(2); 12 FR 360.10(d) (Mandatory)	Reporting (Annual, 3 year filing cycle)	8	1	18100:58 ³	144,808
3. Resolution Plan by new filer (group A), 12 FR 360.10(c)(3); 12 FR 360.10(d) (Mandatory)	Reporting (Annual, 3-year filing cycle)	1	1	16000:00	16,000

¹ The revisions for this ICR in the final rule represent an increase of 300,074 estimated annual burden hours from the PRA estimates in the 2021 collection (289,663 hours), and an increase of 16,946 estimated annual burden hours from the PRA estimates in the 2018 collection (572,791 hours).

² For the PRA renewal cycle corresponding with the expected effective date of the final rule – from 2025 through 2027 – there will be a total of nine biennial filers, with total assets (as of the quarter ending March 31, 2024) of approximately \$11,152 billion. The FDIC estimates that these nine CIDs would incur 72 hours per billion dollars in assets of reporting burden under this IC, and that these nine ICs would file once during this three-year period. Therefore, the total burden is 802,944 hours (\$11,152 billion in assets * 72 hours per billion in assets = 802,944 hours) across this period, or 267,648 hours annually. At three respondents a year (9 biennial filers / 3 years), this comes out to 89,216 hours per response.

³ For the PRA renewal cycle corresponding with the expected effective date of the final rule – from 2025 through 2027 – there will be a total of 24 triennial filers, with total assets (as of the quarter ending March 31, 2024) of approximately \$5,951 billion. The FDIC estimates that these 24 CIDs would incur 73 hours per billion dollars in assets of reporting burden under this IC, and that these 24 ICs would file once during this three-year period. Therefore, the total burden is 434,423 hours (\$5,951 billion in assets * 73 hours per billion in assets = 434,423 hours) across this period, or approximately 144,807.67 hours annually. At 8 respondents a year (24 triennial filers / 3 years), this comes out to 18,100.96 hours per response, or 18,100 hours and 58 minutes per response.

4. Informational Filing update by previous filer (group B), 12 FR 360.10 (c) (2); 12 FR 360.10(d) (Mandatory)	Reporting (Annual, 3-year filing cycle)	1	1	00:00 ⁴	0
5. Informational Filing by New Filers (group B), 12 FR 360.10(c)(3); 12 FR 360.10(d) (Mandatory)	Reporting (Annual, 3-year filing cycle)	6	1	7200:00	43,200
6. Interim Supplement, 12 FR 360.10(e) (Mandatory)	Reporting (Annual, 3-year filing cycle)	30	1	3920:00	117,600
7. Waiver Requests, 12 FR 360.10(i) (Required to obtain or retain a benefit)	Reporting (On Occasion)	1	1	01:00	1
8. Notice of extraordinary event, 12 FR 360.10(c)(4) (Mandatory)	Reporting (On Occasion)	4	1	120:00	480
Total Annual Burden (Hours):					589,737
Source: FDIC.					
Note: The estimated annual IC time burden is the product, rounded to the nearest hour, of the estimated annual number of responses and the estimated time per response for a given IC. The estimated annual number of responses is the product, rounded to the nearest whole number, of the estimated annual number of respondents and the estimated annual number of responses per respondent. This methodology ensures the estimated annual burdens in the table are consistent with the values recorded in OMB's consolidated information system.					

Annualized Cost of Internal Hourly Burden:
589,737 hours x \$109.32 per hour = \$64,470,049.

Summary of Hourly Burden Cost Estimate (OMB No. 3064-0185)			
Information Collection (Obligation to)	Hourly Weight	Percentage Shares of Hours Spent by and Hourly Compensation Rates for each Occupation Group	Estimated Hourly

⁴ The estimated time per response for a group B CIDI that has filed previously under the final rule is 67 hours per billion dollars in total assets. However, for the PRA renewal cycle corresponding with the expected effective date of the final rule – from 2025 through 2027 – the FDIC estimates that 0 group B CIDs will be subject to this requirement. For the purposes of estimating annual reporting compliance burden, all group B CIDs in this period are considered “new filers” and thus will file under IC #5. The FDIC expects that the 17 group B CIDs under IC #5 (rounded to six annually) would all file under IC #4 in the next three-year PRA renewal cycle, notwithstanding the number of group B CIDs that may fail, merge with other CIDs, or experience asset growth such that they no longer would be considered a group B CIDI at the time of their next filing. In recognition that, in future filing cycles, some group B CIDs will incur burden under this IC, the FDIC uses a placeholder estimate of 0 respondents to retain this information collection.

Respond)	(%)	(by Collection)						Compensation Rate
		Exec. & Mgr. (\$133.82)	Lawyer (\$165.76)	Compl. Ofc. (\$64.61)	IT (\$102.64)	Fin. Anlst. (\$101.15)	Clerical (\$37.83)	
1. Resolution Plan update by previous filer (group A), NPR (Mandatory)	58.45	25	0	0	0	75	0	\$109.32
2. Resolution Plan by new filer (group A), NPR (Mandatory)	1.38	25	0	0	0	75	0	\$109.32
3. Informational Filing update by previous filer (group B), NPR (Mandatory)	2.10	25	0	0	0	75	0	\$109.32
4. Informational Filing by New Filers (group B), NPR (Mandatory)	5.60	25	0	0	0	75	0	\$109.32
5. Interim Supplement, NPR (Mandatory)	32.47	25	0	0	0	75	0	\$109.32
Weighted Average Hourly Compensation Rate:								\$109.32
Source: Bureau of Labor Statistics: 'National Industry-Specific Occupational Employment and Wage Estimates: Industry: Credit Intermediation and Related Activities (5221 And 5223 only)' (May 2021), Employer Cost of Employee Compensation (March 2021), and Employment Cost Index (March 2021 and December 2022). Standard Occupational Classification (SOC) Codes: Exec. And Mgr = 11-0000 Management Occupations; Lawyer = 23-0000 Legal Occupations; Compl. Ofc. = 13-1040 Compliance Officers; IT = 15-0000 Computer and Mathematical Occupations; Fin. Anlst. = 13-2051 Financial and Investment Analysts; Clerical = 43-0000 Office and Administrative Support Occupations.								
Note: The estimated hourly compensation rate for a given collection is the average of the hourly compensation rates for the occupations used to comply with that collection, weighted by the share of hours spent by each occupation. The weighted average hourly compensation rate is the average of the estimated hourly compensation rates for all information collections, weighted by the share of hourly burden for each collection. These hourly weights, calculated as the estimated number of annual burden hours in a given collection over the total estimated number of annual burden hours across all collections, are shown in the "Hourly Weight" column of this table.								

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

None.

14. Estimated Annualized Cost to the Federal Government

None.

15. Reason for Change in Burden

See Section 12 above.

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.