FEDERAL DEPOSIT INSURANCE CORPORATION

[OMB No. 3064–0057; –0112; –0127; –0140; –0175; –0198]

Agency Information Collection Activities: Proposed Collection Renewal; Comment Request

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Notice and request for comment.

SUMMARY: The FDIC, as part of its obligations under the Paperwork Reduction Act of 1995 (PRA), invites the general public and other Federal agencies to take this opportunity to comment on the renewal of the existing information collections described below (OMB Control No. 3064–0057; –0112; –0127; –0140; –0175; –0198).

DATES: Comments must be submitted on or before May 18, 2020.

ADDRESSES: Interested parties are invited to submit written comments to the FDIC by any of the following methods:

- *https://www.FDIC.gov/regulations/laws/federal.*
- *Email: comments@fdic.gov.* Include the name and number of the collection in the subject line of the message.
- *Mail:* Manny Cabeza (202–898–3767), Regulatory Counsel, MB–3128, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.
- *Hand Delivery:* Comments may be hand-delivered to the guard station at the rear of the 17th Street building (located on F Street), on business days between 7:00 a.m. and 5:00 p.m.

All comments should refer to the relevant OMB control number. A copy of the comments may also be submitted to the OMB desk officer for the FDIC: Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: Manny Cabeza, Regulatory Counsel, 202–898–3767, *mcabeza@fdic.gov,* MB–3128, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.

SUPPLEMENTARY INFORMATION:

Proposal to renew the following currently approved collections of information:

1. *Title:* Quarterly Certified Statement Invoice for Deposit Insurance Assessment.

OMB Number: 3064–0057.

Affected Public: FDIC-insured depository institutions.

Burden Estimate:

SUMMARY OF ANNUAL BURDEN

Information collection description	Type of burden	Obligation to respond	Estimated number of respondents	Estimated frequency of responses	Estimated time per response (minutes)	Estimated annual burden (hours)
Certified Statement for Quarterly Deposit Insurance Assessment (FDIC Form 6420/07).	Reporting	Mandatory	5,258	Quarterly	20	6,941

Total Estimated Annual Burden: 6,941 hours.

General Description of Collection: The FDIC collects deposit insurance assessments on a quarterly basis. Each quarterly assessment is based on an insured depository institution's quarterly report of condition for the prior calendar quarter. The FDIC collects the quarterly assessment payments by means of direct debits through the Automated Clearing House network. The information collection consists of the reporting requirement associated with certifying the review by officials of the insured institutions to confirm that the assessment data are accurate and, in cases of inaccuracy, submission of corrected data.

2. *Title:* Real Estate Lending Standards.

OMB Number: 3064–0112.

Affected Public: Insured state nonmember banks and state savings associations.

Burden Estimate:

SUMMARY OF ANNUAL BURDEN

Information collection description	Type of burden	Obligation to respond	Estimated number of respondents	Estimated frequency of responses	Estimated time per response (minutes)	Estimated annual burden (hours)
Real Estate Lending Standards	Recordkeeping	Mandatory	3,344	On Occasion	20	1,115

Total Estimated Annual Burden: 1,115 hours.

General Description of Collection: Section 1828(o) of the Federal Deposit Insurance Act requires each federal banking agency to adopt uniform regulations prescribing real estate lending standards. Part 365 of the FDIC Rules and Regulations, which implements section 1828(o), requires institutions to have real estate lending policies that include (a) limits and standards consistent with safe and sound banking practices; (b) prudent underwriting standards, including loan-to-value ratio (LTV) limits that are clear and measurable; (c) loan administration policies; (d) documentation, approval and reporting requirements; and (e) a requirement for annual review and approval by the board of directors. The rule also establishes supervisory LTV limits and other underwriting considerations in the form of guidelines. Since banks generally have written policies on real estate lending, the additional burden imposed by this regulation is limited to modifications to existing policies necessary to bring those policies into compliance with the regulation and the development of a system to report loans in excess of the guidelines to the board of directors.

3. *Title:* Fast-Track Generic Clearance for the Collection of Qualitative Feedback.

OMB Number: 3064–0127.

Affected Public: General public including FDIC insured depository institutions.

Burden Estimate:

SUMMARY OF ANNUAL BURDEN

Information collection description	Type of burden	Obligation to respond	Estimated number of respondents	Estimated frequency of responses	Estimated time per response (minutes)	Estimated annual burden (hours)
Occasional Qualitative Surveys	Reporting	Voluntary	850	15	60	12,750
Total Estimated Annual Burden						12,750

General Description of Collection: The FDIC is requesting renewal of this approved collection to use occasional qualitative surveys to gather information from the public. While the subject and nature of the surveys to be deployed under this information collection are yet to be determined, based on prior experience it is expected that the number of respondents will range from a few to, at times several thousands, but, in general, these surveys are expected to involve an average of 850 respondents. Likewise, the time to respond to the surveys can range from a few minutes to several hours. It is expected that the average time to respond to a survey is approximately one hour. These surveys are completely voluntary in nature. FDIC estimates that approximately 15 such surveys will be conducted in any given year.

The purpose of the surveys is, in general terms, to obtain anecdotal information about regulatory burden, problems or successes in the bank supervisory process (including both safety-and-soundness and consumer-related exams), the perceived need for regulatory or statutory change, and similar concerns. The information in these surveys is anecdotal in nature, that is, samples are not necessarily random, the results are not necessarily representative of a larger class of potential respondents, and the goal is not to produce a statistically valid and reliable database. Rather, the surveys are expected to yield anecdotal information about the particular experiences and opinions of members of the public, primarily staff at respondent banks or bank customers. The information is used to improve the way FDIC relates to its clients, to develop agendas for regulatory or statutory change, and in some cases simply to learn how particular policies or programs are working, or are perceived in particular cases.

4. *Title:* Insurance Sales Consumer Protection.

OMB Number: 3064–0140.

Affected Public: Insured State nonmember banks and savings associations that sell insurance products; persons who sell insurance products in or on behalf of insured State nonmember banks and savings associations.

Type of Burden: Third-party disclosure.

Obligation to Respond: Mandatory.

Burden Estimate:

SUMMARY OF ANNUAL BURDEN

Information collection description	Type of burden	Obligation to respond	Estimated number of respondents	Estimated frequency of response	Estimated time per response (hours)	Estimated annual burden (hours)
Insurance Sales Consumer Protections	Third Party Disclosure.	Mandatory	1,774	On Occasion	5	8,870
Total Estimated Annual Burden						8,870

General Description of Collection: Respondents must prepare and provide certain disclosures to consumers (*e.g.,* that insurance products and annuities are not FDIC-insured) and obtain consumer acknowledgments, at two different times: (1) Before the completion of the initial sale of an insurance product or annuity to a consumer; and (2) at the time of application for the extension of credit (if insurance products or annuities are sold, solicited, advertised, or offered in connection with an extension of credit).

5. *Title:* Interagency Guidance on Sound Incentive Compensation Practices.

OMB Number: 3064–0175.

Affected Public: Insured state nonmember banks and state savings associations.

Obligation to Respond: Voluntary.

Burden Estimate:

SUMMARY OF ANNUAL BURDEN

	Type of burden	Estimated number of respondents	Estimated number of responses	Estimated time per response (hours)	Frequency of response	Total annual estimated burden (hours)
Document policies and procedures (Implementation).	Recordkeeping	1	1	40	Annual	40
Annual maintenance of policies and procedures (Ongoing).	Recordkeeping	2,164	1	2	Annual	4,328
Total Hourly Burden						4,368

Methodology and Assumptions: Previously, each institution supervised by the FDIC was estimated to spend 40 hours per year maintaining a record of its policies and procedures regarding incentive based compensation.

However, while an institution without any such policies and procedures may take 40 hours to completely document them for the first time, after performing the initial documentation, unless an institution needs to revise its policies and procedures, there should be no further recordkeeping burden. FDIC is using one respondent as a placeholder to represent any institution that adopt incentive based compensation for the first time. The estimate of 40 hours remains unchanged from the 2017 estimate. Supervisory experience shows that approximately 65% of large FDIC-supervised institutions revise their incentive-based compensation policies and procedures annually. FDIC estimates it takes approximately 2 hours for an institution to update its record of its policies and procedures related to incentive compensation. While a majority of the institutions supervised by the FDIC are small, and may not use incentive based compensation, or may use incentive based compensation arrangements less complex than those used at large institutions, FDIC assumes that each year approximately 65 percent of FDIC-supervised institutions will spend approximately 2 hours each revising their records of their incentive based compensation policies and procedures. As of December 31, 2019, the FDIC supervised 3,344 institutions. FDIC assumes that 2,164 (65%) of those institutions will revise their records of incentive based compensation policies and procedures each year.

General Description of Collection: This Guidance helps promote that incentive compensation policies at insured state non-member banks do not encourage excessive risk-taking and are consistent with the safety and soundness of the organization. Under this Guidance, banks are encouraged to: (i) Have policies and procedures that identify and describe the role(s) of the personnel and units authorized to be involved in incentive compensation arrangements, identify the source of significant risk-related inputs, establish appropriate controls governing these inputs to help ensure their integrity, and identify the individual(s) and unit(s) whose approval is necessary for the establishment or modification of incentive compensation arrangements; (ii) create and maintain sufficient documentation to permit an audit of the organization's processes for incentive compensation arrangements; (iii) have any material exceptions or adjustments to the incentive compensation arrangements established for senior executives approved and documented by its board of directors; and (iv) have its board of directors receive and review, on an annual or more frequent basis, an assessment by management of the effectiveness of the design and operation of the organization's incentive compensation system in providing risk-taking incentives that are consistent with the organization's safety and soundness.

6. *Title:* Generic Information Collection for Qualitative Research.

OMB Number: 3064–0198.

Affected Public: General public including FDIC insured depository institutions.

Burden Estimate:

SUMMARY OF ANNUAL BURDEN

Information collection description	Type of burden	Obligation to respond	Estimated number of respondents	Estimated frequency of responses	Estimated time per response (minutes)	Estimated annual burden (hours)
Occasional Qualitative Surveys	Reporting	Voluntary	500	20	60	10,000
Total Estimated Annual Burden						10,000

General Description of Collection: The FDIC is requesting renewal of this approved collection to use occasional qualitative surveys to gather information from the public to inform qualitative research. While the subject and nature of the surveys to be deployed under this information collection are yet to be determined, based on prior experience it is expected that the number or respondents will range from a few to, at times, several thousands, but, in general, these surveys are expected to involve an average of 500 respondents. Likewise, the time to respond to the surveys can range from a few minutes to several hours, but, it is expected that the average time to respond to a survey is approximately one hour. These surveys are completely voluntary in nature. FDIC estimates that approximately 20 such surveys will be conducted in any given year.

Currently, the FDIC has a variety of methods to collect quantitative information from consumers and institutions (*e.g.,* Call Reports, FDIC National Survey of Unbanked and Underbanked Households, etc.). Qualitative data would provide complementary information on insights, opinions, and perceptions that will inform how the FDIC approaches its mission to safeguard financial stability of the banking system and promote consumer protection and economic inclusion. This clearance would allow the FDIC to engage with consumers and other relevant stakeholders through qualitative research methods such as focus groups, in-depth interviews, cognitive testing, and/or qualitative virtual methods.

The purpose of the surveys is, in general terms, to obtain anecdotal information about regulatory burden, problems or successes in the bank supervisory process (including both safety-and-soundness and consumer-related exams), the perceived need for regulatory or statutory change, and similar concerns. The information in these surveys is anecdotal in nature, that is, samples are not necessarily random, the results are not necessarily representative of a larger class of potential respondents, and the goal is not to produce a statistically valid and reliable database. Rather, the surveys are expected to yield anecdotal information about the particular experiences and opinions of members of the public, primarily staff at respondent banks or bank customers. The collection is non-controversial and does not raise issues of concern to other Federal agencies; with the exception of information needed to provide remuneration for participants of focus groups and cognitive laboratory studies, personally identifiable information (PII) is collected only to the extent necessary and is not retained.

Participation in this information collection will be voluntary and conducted in-person, by phone, or using other methods, such as virtual technology. The types of collections that this generic clearance covers include, but are not limited to: Small discussion groups; focus groups of consumers, financial industry professionals, or other stakeholders; cognitive laboratory studies, such as those used to refine questions or assess usability of a website; qualitative customer satisfaction surveys (*e.g.,* posttransaction surveys; opt-out web surveys); and in-person observation testing (*e.g.,* website or software usability tests).

Request for Comment

Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the FDIC's functions, including whether the information has practical utility; (b) the accuracy of the estimates of the burden of the information collection, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. All comments will become a matter of public record.

Federal Deposit Insurance Corporation.

Dated at Washington, DC, on March 12, 2020.

Robert E. Feldman,

Executive Secretary.

[FR Doc. 2020–05455 Filed 3–16–20; 8:45 am]

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FEDERAL RESERVE SYSTEM

[Docket No. OP–1696]

Internal Appeals Process for Material Supervisory Determinations and Policy Statement Regarding the Ombudsman for the Federal Reserve System

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final policy.

SUMMARY: The Board is revising its internal appeals process for institutions wishing to appeal an adverse material supervisory determination and its policy regarding the Ombudsman for the Federal Reserve System.

DATES: The amendments and policy are applicable on April 1, 2020.

FOR FURTHER INFORMATION CONTACT: Jason A. Gonzalez, Senior Special Counsel, (202) 452–3275, Jay Schwarz, Special Counsel, (202) 452–2970, or Lucas E. Beirne, Counsel, (202) 452–2933, Legal Division, Ryan Lordos, Deputy Associate Director, (202) 452–2961, Division of Supervision & Regulation, or Jeremy Hochberg, Managing Counsel, (202) 452–6496, or Maureen Yap, Senior Counsel, (202) 452–2642, Division of Consumer and Community Affairs, for matters relating to the appeals process; and Margie Shanks, Ombudsman, (202) 452–3584, or Jay Schwarz, Special Counsel, (202) 452–2970, or Lucas E. Beirne, Counsel (202) 452–2933, Legal Division, for matters relating to the functions of the Ombudsman. Telecommunications Device for the Deaf (TDD) users may call (202) 263–4869.

SUPPLEMENTARY INFORMATION:

I. Background

In February 2018, the Board of Governors of the Federal Reserve System (''Board'') invited public comment on proposed amendments to its intra-agency process for appeals of material supervisory determinations and to its policy regarding the Ombudsman of the Federal Reserve System (''Federal Reserve'').[1]

A. Prior Appeals Process and Ombudsman Policy

The Board first established guidelines for an appeals process in March 1995, when, after providing the opportunity to comment, the Board published final guidelines to implement section 309 of the Riegle Community Development and Regulatory Improvement Act of 1994 (the ''Riegle Act''), 12 U.S.C. 4806. Section 309 requires the Federal banking agencies, including the Board, to maintain an independent, intra-agency appellate process for review of material supervisory determinations.

In general, the prior guidelines provided that all institutions that are subject to Federal Reserve oversight, including bank holding companies, U.S. agencies and branches of foreign banks, and Edge corporations, may appeal any material supervisory determination.[2] Appeals were decided within a specified time frame by a review panel selected by the Reserve Bank, in consultation with Board staff, that was composed of persons who were not employed by the Reserve Bank and had not participated in, or reported to the persons who made the material supervisory determination under review. An institution was granted the further right to appeal an adverse decision by the review panel first to the President of the Reserve Bank that made the material supervisory determination and ultimately to a member of the Board. The prior guidelines also had safeguards to protect institutions that filed appeals from examiner retaliation.

The prior guidelines applied to any ''material supervisory determination,'' which included any material matter relating to the examination or inspection process. The only matters excluded from this appeals process were those matters for which an alternative, independent process of appeal exists, such as the imposition of a Prompt Corrective Action directive or a cease and desist order or other formal actions. As noted in the prior guidelines, institutions were encouraged to express questions or concerns about supervisory determinations during the course of an inspection or examination, consistent with the longstanding Federal Reserve practice of resolving problems informally during the course of the inspection or examination process.

The Board's prior Ombudsman policy was adopted in August 1995. It specified the responsibilities of the Ombudsman, which include serving as a point of contact for complaints regarding any Federal Reserve action, referring complaints to the appropriate person, and investigating and resolving complaints of retaliation.

B. Proposed Appeals Process and Ombudsman Policy

The Board proposed to amend its appeals process for material supervisory determinations in several ways. Specifically, the Board proposed to reduce the levels of appeal from three to two and to enhance independent review of the matter by providing that Federal Reserve and Board staff not affiliated with the affected Reserve Bank review the matter at both appeal levels. The Board proposed establishing specific standards of review to be applied in the two levels of appeal. The panel that reviews the initial appeal would be required to approach the determination being appealed as if no determination had previously been made by Federal Reserve staff. The initial review panel would consider a record that includes any relevant materials submitted by the appealing institution and Federal Reserve staff, and have the discretion to augment the record in appropriate circumstances. The final review panel would consider whether the decision of the initial review panel is reasonable and supported by a preponderance of the evidence in the record, but would not seek to augment the record with new information. To maximize transparency, the decision of the final review panel would be made public. Finally, the Board proposed to establish an accelerated process for appeals that relate to or cause an institution to become critically undercapitalized under the Prompt Corrective Action (''PCA'') framework to better assure that a review of an adverse material supervisory determination occurs within the PCA time frame of 90 days.

The Board also proposed changes to the Ombudsman policy. The proposed

[1] 83 FR 8391 (Feb. 27, 2018).

[2] 60 FR 16470 (Mar. 30, 1995).