



441 G St. N.W.
Washington, DC 20548

B-334746

November 7, 2022

The Honorable Sherrod Brown
Chairman
The Honorable Patrick J. Toomey
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Maxine Waters
Chairwoman
The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
House of Representatives

Subject: *Federal Deposit Insurance Corporation: Assessments, Revised Deposit Insurance Assessment Rates*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Federal Deposit Insurance Corporation (FDIC) entitled “Assessments, Amendments to Incorporate Troubled Debt Restructuring Accounting Standards Update” (RIN: 3064-AF85). We received the rule on October 25, 2022. It was published in the *Federal Register* as a final rule on October 24, 2022. 87 Fed. Reg. 64348. The effective date is January 1, 2023.

According to FDIC, the final rule incorporates updated accounting standards in the risk-based deposit insurance assessment system applicable to all large insured depository institutions (IDIs), including highly complex IDIs. FDIC stated it calculates deposit insurance assessment rates for large and highly complex IDIs based on supervisory ratings and financial measures, including the underperforming assets ratio and the higher-risk assets ratio, both of which are determined, in part, using restructured loans or troubled debt restructurings (TDRs). FDIC further stated the final rule includes modifications to borrowers experiencing financial difficulty, an accounting term recently introduced by the Financial Accounting Standards Board to replace TDRs, in the underperforming assets ratio and higher-risk assets ratio for purposes of deposit insurance assessments.

Enclosed is our assessment of FDIC’s compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the

subject matter of the rule, please contact Shari Brewster, Assistant General Counsel, at (202) 512-6398.

A handwritten signature in black ink that reads "Shirley A. Jones". The signature is written in a cursive style with a large initial 'S' and 'J'.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: M. Andy Jiminez
Director, Office of Legislative Affairs
Federal Deposit Insurance Corporation

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
FEDERAL DEPOSIT INSURANCE CORPORATION
ENTITLED
“ASSESSMENTS, AMENDMENTS TO INCORPORATE TROUBLED DEBT
RESTRUCTURING ACCOUNTING STANDARDS UPDATE”
(RIN: 3064-AF85)

(i) Cost-benefit analysis

The Federal Deposit Insurance Corporation (FDIC) did not discuss the costs and benefits of the final rule. In its submission to us, FDIC indicated that it considered preparation of an analysis of the costs and benefits of the final rule to be not applicable.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

FDIC determined no small entities will be affected by the final rule.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

As an independent regulatory agency, FDIC is not subject to the Act.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On July 27, 2022, FDIC published a proposed rule. 87 Fed. Reg. 45023. FDIC received two comments on the proposed rule from trade associations and an insured depository institution. FDIC addressed the comments in the final rule.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

FDIC stated the final rule does not create any new or revise any existing information collection requirements (ICRs) regarding assessment information collections. FDIC determined the final rule does impact ICRs for the Call Report. ICRs associated with the Call Report are found under Office of Management and Budget Control Numbers 1557-0081, 3064-0052, and 7100-0036.

Statutory authorization for the rule

FDIC promulgated the final rule pursuant to sections 1813, 1815, 1817–1819, and 1821 of title 12, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

As an independent regulatory agency, FDIC is not subject to the Order.

Executive Order No. 13132 (Federalism)

As an independent regulatory agency, FDIC is not subject to the Order.