

## I. INTRODUCTION

The primary method for presenting the facts, circumstances, and analysis regarding applications, notices, and other requests (collectively, filings) is the Summary of Investigation (SOI). The SOI should fully discuss the underlying proposal, the analysis and conclusions regarding the statutory factors and other relevant risk factors, and the recommended course of action.

The SOI should provide a wide range of readers - including Regional Office (RO) and Washington Office (WO) management, the Legal Division (Legal), the Division of Deposit and Consumer Protection (DCP) and internal review staff - with sufficient information to understand the proposal, the institution's current circumstances and risk profile, the Case Manager's analysis of all applicable statutory and regulatory requirements, any mitigating information, other matters that may impact or be impacted by the determination, and the basis for the recommended course of action. The depth and breadth of the SOI analysis and the discussion required to support a recommended action will vary from case to case, given the specific proposal and the characteristics of the underlying institution.

## II. FORMAT OF THE SUMMARY OF INVESTIGATION

The SOI, at a minimum, must include the following sections: Description of Proposal; Analysis of Statutory Factors; Other Significant Matters; and Conclusion and Recommendation. The required content of each section is discussed below.

### Description of Proposal

The Description of Proposal section should describe the proposed transaction or activity that resulted in the filing. This section should also include appropriate background information and context. At a minimum, the background information should briefly describe the institution's business model, including its primary products and services, funding sources, and operational focus. The background information should also note whether the proposal involves a material change to the business model, such as expansion into new geographic markets or new business lines. If so, a comprehensive analysis of the change should be included in the Analysis of Statutory Factors section.

Concerns that the proposal presents "major matters," such as significant policy or legal issues, the potential to attract unusual attention or publicity, or is a matter of first impression (that is, a situation that might set future direction, precedent, or policy) should be noted in this section and further detailed, as appropriate, in the Other Significant Matters section.

If there are related filings that have been, or are anticipated to be, submitted to the FDIC and/or other agencies, those filings should be summarized in this section to provide context for the entirety of the proposal.

### Analysis of Statutory Factors

FDIC policy is that staff must fully consider and favorably resolve all statutory factors associated with any filing to act favorably under delegated authority. Accordingly, the Analysis of Statutory Factors section of the SOI must address each statutory factor separately and include a specific statement as to whether the statutory factor has been favorably resolved, favorably resolved subject to conditions, or unfavorably resolved.\*

\*Note: For filings subject to expedited processing, although each statutory factor must be considered, resolution of the factors may be addressed by reference to the relevant ratings assigned to the institution, so

long as the filing does not present a distinctly different business plan than historically pursued and the institution is not experiencing or likely to experience deterioration. In most cases, the review of the statutory factors for filings evaluated under expedited processing may be documented mainly with statistical and rating information (including the SOI data fields and the Application Summary Statement). Case Managers should, however, provide expanded analysis and commentary as circumstances warrant. Such commentary would be appropriate for cases in which potential concerns could impact the analysis of one or more statutory factors (*e.g.*, less than satisfactory component ratings, weaknesses in a specialty area, departure from the current business model/plan, or other emerging supervisory concerns). If the filing is removed from expedited processing, the Case Manager should summarize the reason within the SOI.

Case Managers should review the appropriate sections of these Procedures to identify the statutory factors applicable to each type of filing, as well as other regulatory requirements and processing or interpretive guidance pertinent to the filing.

Within the SOI, the Case Manager should provide a written evaluation of each statutory factor. The level of analysis and written commentary required for each statutory factor will vary depending on the facts and circumstances of the filing. SOIs related to filings presenting unique facts or circumstances, higher risk activities, or deficiencies regarding the underlying business plan should include more detailed assessments of each statutory factor.

For example, the SOI for a new branch filing that is part of a newly implemented expansion strategy should address the statutory factors contained in Section 6 of the Federal Deposit Insurance (FDI) Act<sup>1</sup> and assess, among other items, whether the institution has a history of satisfactory performance and condition, satisfactory earning prospects given the expansion plans, capital levels that will support the anticipated growth, and the necessary policies and controls to effectively manage the expansion. In contrast, less extensive SOI comments may be appropriate in analyzing a filing to establish a new, in-market branch by a well-rated, well-managed institution with an existing branch network.

#### *Comments Regarding Specialty Examination Areas*

An institution's demonstrated commitment toward maintaining effective programs with respect to each of the specialty examination areas is generally reflected in the Management component rating per the Statement of Policy on Uniform Financial Institutions Rating System;<sup>2</sup> as a result, the effectiveness of specialty programs is taken into account in the analysis of management. If any issues or concerns are noted regarding a specialty area, the matter should be discussed in an appropriate level of detail within the management assessment in the Analysis of Statutory Factors section. Depending on the nature of the matter, such issues or concerns may also affect the analysis of other applicable statutory factors. If an institution is subject to an enforcement action related to a specialty area, the SOI should outline the primary provisions of the enforcement action and note the nature and status of corrective measures taken by management, and whether substantial progress in meeting the provisions of the enforcement action is noted.

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<sup>1</sup> Section 6 of the FDI Act requires the FDIC to consider the following factors: financial history and condition of the depository institution, the adequacy of its capital structure, its future earnings prospects, the general character and fitness of its management, the risk presented by the institution to the Deposit Insurance Fund, the convenience and needs of the community to be served, and the consistency of the institution's corporate powers with the FDI Act.

<sup>2</sup> The UFIRS takes into consideration certain factors that are common to all institutions. Under this system, all financial institutions are evaluated in a comprehensive and uniform manner, and supervisory attention is appropriately focused on the financial institutions exhibiting financial and operational weaknesses or adverse trends. Specialty examination findings and the ratings assigned to those areas are taken into consideration, as appropriate, when assigning component and composite ratings under UFIRS. Published in the Federal Register on January 6, 1997: link: [Federal Register: Uniform Financial Institution Rating System](#).

### Other Significant Matters

The Other Significant Matters section should address any other matters that could have an impact on the analysis of the statutory factors, other regulatory requirements, or the overall recommendation. Examples may include (this should not be considered an exhaustive list):

- Noteworthy regulatory, policy, or legal issues. For example, any significant concerns identified by Legal or DCP. The Case Manager should confirm, prior to finalizing the SOI, that all DCP and Legal feedback has been received and considered.
- Other regulatory or policy issues that must be addressed per outstanding policy, such as:
  - The presence of a dominant management influence, including the adequacy of any mitigating factors;
  - The effectiveness of any related recent or pending supervisory actions; and
  - Any proposed non-standard conditions related to the dominant official presence.<sup>3</sup>
- For requests to make a golden parachute payment, the certifications required by Part 359 of the FDIC Rules and Regulations.
- Internal and external consultations, such as:
  - Consultations completed during the processing of a filing, including discussions with subject matter experts, WO RMS staff, WO and RO Legal, DCP, and any other divisions of the FDIC. The SOI should specifically note whether case-specific concurrence from Legal and DCP was required and obtained (or, if applicable, whether the case was subject to general concurrence from Legal).
  - The attitude of other regulators, along with dates of any correspondence reflecting other regulatory actions on the filing and related filings.
  - Whether other regulatory actions are subject to conditions; if so, summarize the conditions.
  - Unless addressed elsewhere in the SOI, the Other Significant Matters section should briefly summarize any feedback received from Legal and DCP, based on their review of the filing.
- Outstanding corrective program or supervisory strategy changes, such as:
  - The status of outstanding written agreements (*e.g.*, capital and liquidity maintenance agreements, parent company agreements, and/or operating agreements) or corrective programs (*e.g.*, formal or informal enforcement actions).
  - A summary of the RO's strategy and plans to monitor the institution's progress with all conditions of approval for proposals that represent a material change to the institution's business model or risk profile. Supervisory strategies may include a reasonable combination of periodic certifications and progress reports from the institution, as well as offsite and/or onsite reviews.
  - Any recommended non-standard conditions, such as whether the institution agreed to the conditions in writing, who agreed to the conditions, and the date of agreement.

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<sup>3</sup> The SOI should include a statement as to whether or not there is a dominant management official. Additional information on dominant officials can be found in the Risk Management Manual of Examination Policies.

- A statement as to who has delegated authority to act on the filing. If the Regional Director or designee does not have delegated authority, provide a statement as to why the RO does not have delegated authority.
- For filings forwarded to the WO for action, it should include the name, title, and complete address of the designated point of contact for the applicant, as well as the officials at the other regulatory agencies.

### Conclusion and Recommendation

This section should include a brief statement regarding the recommended action on the filing and an executive summary supporting the recommendation. The level of detail in the Conclusion and Recommendation section should be commensurate with the significance of, and risk inherent in, the proposed transaction or activity. The Conclusion and Recommendation section should flow logically from the preceding sections and should include any mitigating information with respect to identified areas of concern, if applicable. A signature block with the name and title of the individual approving the recommended action and the date of action should be included immediately below this section.

### **III. REFERENCES**

*Sections 6, 18, 19, 32, and 42 of the FDI Act*

*Major Matters Resolution, Board Resolution, Seal No. 074956*