

**Supporting Statement for the
Notice Claiming Status as an Exempt Transfer Agent
(FR 4013; OMB No. 7100-0137)**

Summary

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, with minor revision, the mandatory Notice Claiming Status as an Exempt Transfer Agent (FR 4013; OMB No. 7100-0137). Banks, bank holding companies (BHCs), and trust companies subject to the Federal Reserve’s supervision that are low-volume transfer agents submit a notice with the Federal Reserve Board certifying that they qualify for this exemption. Transfer agents are institutions that provide securities transfer, registration, monitoring, and other specified services on behalf of securities issuers. The purpose of the notice, which is effective until the agent withdraws it, is to claim exemption from certain rules and regulations of the Securities and Exchange Commission (SEC). The Federal Reserve uses the notices for supervisory purposes because the SEC has assigned to the Federal Reserve responsibility for collecting the notices and verifying their accuracy through examinations of the respondents. There is no formal reporting form and each notice is filed as a letter.

The Federal Reserve proposes to include savings and loan holding companies (SLHCs) in the respondent panel. The current annual burden for the FR 4013 is estimated to be 20 hours and would remain unchanged with the proposed revision.

Background and Justification

Pursuant to Section 17A(d) of the Securities Exchange Act of 1934, as amended in 1975 (the Act), the SEC has full authority to issue rules and regulations governing the conduct of all institutions registered as transfer agents pursuant to the Act. The Act requires transfer agents that are banks, BHCs, or SLHCs to register with their primary banking regulator, that is, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation (FDIC) or the Office of the Comptroller of the Currency.¹ SEC rule 240.17Ad-4 allows low-volume transfer agents, whether registered with the SEC or with one of the bank regulatory agencies, to claim exemption from certain of the SEC’s rules applicable to registered transfer agents. In the case of Board-registered transfer agents, a notice is filed with the Board. The Federal Reserve reviews the notices for conformity with SEC requirements. Also, the Federal Reserve conducts separate examinations of registered banks’ transfer agent operations, and the notices help staff determine which entities may be eligible for extended examination frequency. This information is not available elsewhere.

Description of Information Collection

The Act requires registered transfer agents to maintain a log that accumulates monthly totals of items received “for processing” and “for transfer.” If a transfer agent can affirm that during

¹This includes nondeposit subsidiary trust companies, which are banks within the meaning of section 3(a)(6) of the Act.

the most recent six-month period (including the current month) its processing volume and its transfer volume were each less than 500 items, then it can claim the exemption. For registered transfer agents that file with the Federal Reserve Board, the notice claiming the exemption is a letter that certifies that the transfer agent has met the requirements for qualifying it as an exempt transfer agent under SEC regulation (17 CFR 240.17Ad-4(b)). The letter of notice must contain the required affirmations specified in the rule, but otherwise there is no standard format.

Although the exemption may continue indefinitely, data for the exemption must be recalculated by the transfer agent with each succeeding month's activity for the most recent six-month period. A transfer agent who's processing or transfer volume fluctuates enough so that its status alternates between exempt and nonexempt usually opts to withdraw the exemption claim and operate as a nonexempt transfer agent. Currently, 10 transfer agents, or about 33 percent of the 30 transfer agents registered with the Federal Reserve, have an exemption notice on file.

Proposed Revision

Title III of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) transferred all former Office of Thrift Supervision authorities related to SLHCs to the Federal Reserve effective July 21, 2011. As a result, the Federal Reserve proposes to include SLHCs that are low-volume transfer agents as subject to the Federal Reserve's notification requirements.

Time Schedule for Information Collection

Federal Reserve-registered transfer agents wishing to claim an exemption from certain SEC regulations file a notice with the Federal Reserve if they are eligible. The notice is filed within 10 business days following the six-month period mentioned above. If the notice conforms to regulatory requirements, the Federal Reserve sends a letter of acknowledgment to the agent stating that it is an exempt transfer agent pursuant to this provision. As indicated above, the exemption remains in effect as long as the processing and transfer volumes for the most recent six-month period remain under the exemption threshold. Board-registered transfer agents withdraw from exempt status by sending a letter to the Board. The Federal Reserve does not publish the information it collects in the notices.

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Consultation Outside the Agency

On April 15, 2013, the Federal Reserve published a notice in the *Federal Register* (78 FR 22261) seeking public comment for 60 days on the extension, with revision, of the Notice Claiming Status as an Exempt Transfer Agent. The comment period for this notice expired on

June 14, 2013. The Federal Reserve did not receive any comments. The revision will be implemented as proposed. On June 25, 2013, the Federal Reserve published a final notice in the *Federal Register* (78 FR 38032).

Legal Status

The Board’s Legal Division has determined that the FR 4013 is mandatory and that it is authorized by section 17A of the Securities Exchange Act of 1934 as amended (15 U.S.C. § 78q-1), 17 C.F.R § 240.17Ad-4 and 12 C.F.R §§ 208.31 and 225.4d. SLHCs are subject to the notice requirement pursuant to Section 312 of the Dodd-Frank Act (12 U.S.C. § 5412(b)(2)(A), which transferred supervisory functions related to SLHCs to the Federal Reserve, and also revised Section 3(a)(34)(B)(ii) of the Securities Exchange Act (15 U.S.C. § 78c(a)(34)(B)(ii)). The Board’s Legal Division also determined that individual respondent data are not confidential.

Estimate of Respondent Burden

The annual reporting burden for the FR 4013 is estimated to be 20 hours, based on an estimated average response time of two hours. Because this information collection is event generated, it is not possible to predict exactly how many notices would be filed in a particular year. The average number of notices received over the past three years is five. However, the number of notices received may reach or exceed 10.² To avoid potentially underestimating the burden, the Federal Reserve has increased the number of respondents to 10. This notice requirement represents less than 1 percent of total Federal Reserve System paperwork burden.

	<i>Number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated total annual burden hours</i>
FR 4013	10	1	2	20

The total estimated annual cost to the public is \$998.³

Estimate of Cost to the Federal Reserve System

The annual cost associated with the FR 4013 is negligible.

² Reports with fewer than 10 respondents per year are not subject to the Paperwork Reduction Act (PRA); however, because the reporting requirements pertain to all banks, BHCs, SLHCs and trust companies subject to the Federal Reserve’s supervision, the proposal is processed following PRA procedures.

³ Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Office & Administrative Support at \$18, 45% Financial Managers at \$59, 15% Lawyers at \$63, and 10% Chief Executives at \$85). Hourly rate for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2012, www.bls.gov/news.release/ocwage.nr0.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/