

**SUPPORTING STATEMENT**  
**Privacy of Consumer Financial information**  
**OMB Control No. 1550-0103**

A. JUSTIFICATION

1. Circumstances and Need

These information collections are required under section 504 of the Gramm-Leach-Bliley Act (Act), Public Law No. 106-102. Section 502 of the Act prohibits a financial institution from disclosing nonpublic personal information about a consumer to nonaffiliated third parties unless the institution satisfies various disclosure requirements (i.e., provides a privacy notice and opt out notice) and the consumer has not elected to opt out of the disclosure. Section 504 requires the Office of Thrift Supervision, as well as the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Federal Trade Commission, and Securities and Exchange Commission to issue regulations as necessary to implement the notice requirements and restrictions.

2. Use of Information Collected

Consumers use the privacy notice information to determine whether they want personal information disclosed to third parties that are not affiliated with the institution. Further, consumers use the opt-out notice mechanism to advise the institution of their wishes regarding disclosure of their personal information. Institutions use the opt-out information to determine the wishes of their consumers and to act appropriately.

3. Use of Technology to Reduce Burden

The information collections consist of disclosures, filings from consumers, and internal institution records. Institutions are not prohibited from using any technology that facilitates consumer understanding and response and that permits review, as appropriate, by examiners.

4. Efforts to Identify Duplication

These information collections are not duplicative within the meaning of the PRA and OMB regulations. Each collection is unique and covers the institution's particular circumstances.

5. Minimizing the Burden on Small Banks

The information collections do not impose any significant burden beyond that required by the statute. Because of the statutory requirements, there are no significant alternatives that minimize burden on small institutions.

6. Consequences of Less Frequent Collections

The collections in the regulation closely follows the Act, which requires institutions to provide an updated and annually restated notice to their customers of their privacy policies and practices, and to permit consumers to opt-out of disclosure of their personal information.

7. Special Circumstances

These information collections are conducted in a manner consistent with the requirements of 5 CFR Part 1320.

8. Consultation with Persons Outside the Agency

Notice of the intent to renew these information collections was published in the Federal Register on August 7, 2006 (71 FR 44780). No comments were received.

9. Payment or Gift to Respondents

Not applicable.

10. Confidentiality

Not applicable.

11. Questions of a Sensitive Nature

No questions of a sensitive nature are involved.

12. Estimates of Annualized Hour Burden and Associated Cost

The burden estimate for this information collection is as follows:

Financial Institutions' Disclosure Requirements

**Initial notice (573.4(a)):**

Institution prepares and provides initial notice of privacy policies and practices to consumers. The number of respondents is a three-year average of the number of de novo and acquired institutions for 2003, 2004, and 2005. The estimated response time is 80 hours (2 business weeks). The response time of this item may range from one hour to 100 or more hours, with an average of 80 hours.

13 de novos and acquisitions @ 80 hours = 1,040 burden hours

**Annual notice (573.5(a)) and Notice of change in terms (573.8(c)):**

Institution prepares and provides annual notice to customers. The number of respondents is based on the number of institutions that reported data on their year-end 2005 Thrift Financial Report. The average number of de novo and acquired institutions are not included in this respondent count. The estimated response time is 8 hours (1 business day).

854 institutions that filed June 30, 2006 TFRs @ 8 hours = 6,832 burden hours

**Opt out and partial opt out (573.7(a)(1)(iii)):**

Institution prepares and provides opt out notice to consumers.

747 small institutions ( $\leq$ \$1 billion in assets) x 15% = 112 institutions

107 large institutions ( $>$ \$1 billion in assets) x 50% = 53

112 small institutions + 53 large institutions = 165 institutions

165 institutions @ 8 hours = 1,320 hours

Consumers' Reporting Requirements

**Opt out and partial opt out notice (573.7(a)(2), (a)(3)(i), and (c)) and Continuing right to opt out (573.7(f) and (g)):**

Consumer makes opt out and partial opt out response to institution.

112 small institutions x 5,000 approx. customers x 3.5% = 19,600 customers

53 large institutions x 25,000 approx. customers x 3.5% = 46,375 customers

19,600 customers (small) + 46,375 customers (large) = 65,975 customers

65,975 customers @ .5 hours = 32,988 hours

**Total burden hours:**

42,180 burden hours

**Cost burden:**

The estimated hour burden of this collection is 42,180 burden hours. The following is an estimate of the annualized dollar cost to OTS-regulated institutions of the hour burden for this collection of information broken down by wage rate categories:

Clerical: 25 % of 42,180 hours = 10,545 hours @ \$20 = \$210,900

Managerial/Technical: 40 % of 42,180 hours = 16,872 hours @ \$40 = \$674,880

Senior Management/Professional: 25 % of 42,180 hours = 10,545 hours @ \$ 80 =

\$843,600

Legal: 10 % of 42,180 hours = 4,218 hours @ \$100 = \$421,800

Total estimated dollar cost: \$2,151,180

13. Capital/Start-up and Operation/Maintenance Costs

Institutions should be able to use readily available equipment to comply with the information collections. However, some software costs likely will be incurred to add the privacy notice and opt-out notice disclosures, probably to existing institution documents. Most institution documents of this nature are revised on a continuing basis. Therefore, whether the revisions are made in-institution or through a servicer, the cost would be a part of usual and customary business practice.

14. Annualized cost to the Federal Government

Not applicable.

15. Reason for Change in Burden

This submission reflects a decrease in institution burden (from 11,048 to 9,192) and consumer burden (from 33,775 to 32,988), due to fewer institution respondents (from 1,156 to 1,032) and consumer respondents (from 67,550 to 65,975).

16. Publication

These are disclosures from institutions to consumers and filings from consumers to institutions. OTS is not collecting data; therefore, it has no information to publish and no plans to publish any data for statistical or other purposes.

17. Display of Expiration Dates

Not applicable.

18. Exceptions to Certification

Not applicable.

B. STATISTICAL METHODS

Not applicable.