

**Supporting Statement for the
Transfer Agent Registration and Amendment Form
(FR TA-1; OMB No. 7100-0099)**

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 revision, the uniform interagency Transfer Agent Registration and Amendment Form (FR TA-1; OMB No. 7100-0099). The Securities Exchange Act of 1934 (the Act) requires any person acting as a transfer agent to register as such and to amend registration information when it changes. State member banks (SMBs) and their subsidiaries, bank holding companies, and certain nondeposit trust company subsidiaries of bank holding companies register with the Federal Reserve System by submitting the FR TA-1. The information collected is available to the public upon request and includes the company name, all business addresses, and descriptions of the registrant's proposed activities as a transfer agent. The Federal Reserve uses the information to act upon registration applications and to aid in performing its supervisory duties. These data are not available from any other source. The Federal Reserve expects to receive approximately fifteen registrations and amendments per year, for an annual burden of eight hours.

The Federal Reserve proposes to revise the General Instructions to instruct respondents submitting amended data to complete sections 1 through 3 and any other sections for which information is being amended.

Background and Justification

By the late 1960s, the volume of paper-intensive securities transactions was overwhelming brokers and transfer agents, causing errors and delays in handling investor assets. Partly as a result of this problem, the Congress, in the Securities Acts Amendments of 1975, required that transfer agents register with their appropriate regulatory agency (ARA). Section 17A(c) of the Securities Exchange Act of 1934, as amended in 1975, requires all transfer agents for securities registered under section 12 of the Act to register "by filing with the appropriate regulatory agency . . . an application for registration in such form and containing such information and documents . . . as such appropriate regulatory agency may prescribe as necessary or appropriate in furtherance of the purposes of this section." In general, an entity performing transfer agent functions for a security is required to register if the security is registered on a national securities exchange and if the issuer has total assets of \$10 million and a class of equity security held of record by 500 or more persons. The Federal Reserve's Regulation H (section 208.31(a) and Regulation Y (section 225.4(d)) implement the provisions of the Act.

To accomplish the registration of transfer agents, the FR TA-1 reporting form was developed in 1975 as an interagency effort by the Securities and Exchange Commission (SEC) and the federal bank regulatory agencies, namely the Board of Governors of the Federal Reserve

System, the Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC). The Federal Reserve primarily uses the data collected on the reporting form to determine whether an application for registration should be approved, denied, accelerated or postponed. The Federal Reserve uses the data in connection with its supervisory responsibilities.

Section 401 of the Financial Services Regulatory Relief Act of 2006, which amended the Securities Exchange Act of 1934,¹ now recognizes the Office of Thrift Supervision (OTS) as an ARA for Municipal Securities Rulemaking Board, clearing agency, and transfer agent purposes. This amendment was effective January 11, 2007.

Description of Information Collected

Currently, seventy-eight transfer agents are registered with the Federal Reserve, the majority of which are SMBs. To register, registrants must submit an original and two copies of the FR TA-1 reporting form to their ARA. In addition to the corporate name and all business addresses, registrants also submit their Financial Industry Number Standard (FINS) number and three items detailing their transfer agent activities. The Federal Reserve processes the data manually, reviewing each reporting form for completeness and accuracy, and may contact registrants directly to verify data. The Federal Reserve notifies registrants of their registration status by letter and sends them copies of transfer agent rules and regulations. The Federal Reserve forwards copies of completed registration forms and notification letters to the SEC and to the appropriate Reserve Bank. Except in limited circumstances, there is no communication with registrants who submit amended registration data.

Transfer agents deregister by submitting either a letter or the SEC's Form TA-W (OMB No. 3235-0151) to the Federal Reserve. If the Federal Reserve finds that a registrant has ceased doing business as a transfer agent, the Federal Reserve may initiate deregistration of the transfer agent.

Proposed Revision

Currently, the FR TA-1 instructions direct respondents who are submitting amended data to complete the entire reporting form. The Federal Reserve proposes to revise the instructions to state that respondents who are filing amended data would be required to identify its regulatory agency, filing status, and name of registrant organization (Questions 1, 2, and 3, respectively). Thereafter, respondents would complete only those data items that require amendment, provide the name and signature of the person responsible, and the date (Questions 14-16). This would make filling out an amended FR TA-1 easier for respondents and better highlight the data that has been changed.

¹ *Federal Register* notice published December 12, 2006, (71 FR 74698)

Time Schedule for Information Collection

Pursuant to the Act, registrants use the TA-1 reporting form to register as a transfer agent prior to performing transfer agent functions (examples of which are found in the General Instructions) and to amend registration information as necessary. Registration becomes effective thirty days after receipt of an acceptable FR TA-1 reporting form, unless the Federal Reserve takes action to accelerate, postpone, or deny registration. Registered transfer agents must submit amendments within sixty days of the date on which the information submitted in previous filings has become inaccurate, incomplete, or misleading.

Legal Status

The Federal Reserve Board's Legal Division has determined that the FR TA-1 is mandatory and that its collection by the Federal Reserve is authorized by sections 3(a)(34)(B)(ii), 23(a)(1), 17(a)(3) and 17A(c) of the Act, as amended (15 U.S.C. §§ 78c(a)(34)(B)(ii), 78w(a)(1), 78q(a)(3), and 78q-1(c)). Additionally, the Federal Reserve's Regulation H (section 208.31(a)) and Regulation Y (section 225.4(d)) implement the provisions of the Act. The registrations are public filings and are not considered confidential.

Consultation Outside the Agency

Staff members of the SEC and the federal banking regulatory agencies jointly developed the reporting form and will continue to collaborate on any future revisions. On April 6, 2007, the Federal Reserve published a notice in the *Federal Register* (72 FR 17222) requesting public comment for sixty days on the extension, with revision, of the Transfer Agent Registration and Amendment Form. The comment period for this notice expired on June 5, 2007. The Federal Reserve received no comments; the revisions will be implemented as proposed. On July 3, 2007, the Federal Reserve published a final notice in the *Federal Register* (72 FR 36545).

Estimate of Respondent Burden

The current annual reporting burden of the FR TA-1, including initial registration and subsequent amendments, is estimated to be eight hours. The Federal Reserve anticipates the proposed revision would have only a negligible effect on the estimated average hours per response and is therefore leaving it unchanged. Because the reporting forms are event generated, it is not possible to predict exactly how many reporting forms will be submitted in a given year. The burden estimate shown in the table below is based on the average number of responses received during the past three years. The total annual burden of this information collection represents less than 1 percent of total Federal Reserve System annual reporting burden.

	<i>Number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated total annual burden hours</i>
Registrations	5	1	1.25 hours	6
Amendments	10	1	10 minutes	<u>2</u>
<i>Total</i>				8

The current annual cost to the public of this report is estimated to be \$493.²

Sensitive Questions

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

Cost to the Federal Reserve System

The annual cost to the Federal Reserve System for printing, mailing and processing the FR TA-1 is negligible.

² 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% - Clerical @ \$25, 45% - Managerial or Technical @ \$55, 15% - Senior Management @ \$100, and 10% - Legal Counsel @ \$144. Hourly rate estimates for each occupational group are averages using data from the Bureau of Labor and Statistics, *Occupational Employment and Wages*, news release.