

**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, without revision, the required Notice Claiming Status as an Exempt Transfer Agent (FR 4013; OMB No. 7100-0137). Banks, bank holding companies, and trust companies subject to the Federal Reserve's supervision that are low-volume transfer agents voluntarily file the notice on occasion with the Federal Reserve. 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. The Federal Reserve expects to receive six notices per year, for an annual burden of twelve hours.<sup>1</sup> There is no formal reporting form, and each notice is filed as a letter.

**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 or bank holding companies to register with their primary banking regulator, that is, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation (FDIC), Office of Thrift Supervision, or the Office of the Comptroller of the Currency.<sup>2</sup> 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 Federal Reserve-registered transfer agents, a notice is filed with the Federal Reserve. 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 the Federal Reserve to determine who may be eligible for extended examination frequency. The information is not available elsewhere.

---

<sup>1</sup>Reports with fewer than ten respondents are not subject to the Paperwork Reduction Act (PRA); however, the number of respondents for this notice sometimes reaches or exceeds ten, so the proposal is processed following PRA procedures.

<sup>2</sup>This includes nondeposit subsidiary trust companies, which are banks within the meaning of section 3(a)(6) of the Act.

## **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 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 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, thirty-one transfer agents have an exemption notice on file, or about 40 percent of the seventy-eight transfer agents registered with the Federal Reserve.

## **Time Schedule for Information Collection**

Federal Reserve-registered transfer agents wishing to claim an exemption from SEC regulations file a notice with the Federal Reserve. The notice is filed after a ten business-day review period 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. Federal Reserve-registered transfer agents withdraw by sending a letter to the Federal Reserve. 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 2, 2007, the Federal Reserve published a notice in the *Federal Register* (72 FR 15692) requesting public comment for 60 days on the extension, without revision, on the Notice Claiming Status as an Exempt Transfer Agent. The comment period for this notice expires on June 1, 2007.

## Legal Status

The Board's Legal Division determined that the FR 4013 is required and that it is authorized by section 17A(c) of the Securities Exchange Act of 1934 (15 U.S.C. '78q-1(c)) as amended by the Securities Acts Amendments of 1975. The Federal Reserve is authorized to collect this data from state member banks or their subsidiaries, and bank holding companies or their subsidiaries (except national banks and state nonmember banks that are insured by the FDIC) by 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 twelve hours, based on an estimated average response time of two hours. The average number of notices received over the past three years was used to estimate the annual reporting burden. The total annual burden for this notice 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>
FR 4013	6	1	2	12

The total estimated annual reporting cost to the public for this information collection would be \$812.<sup>3</sup>

## Estimate of Cost to the Federal Reserve System

The annual cost associated with the FR 4013 is negligible.

---

<sup>3</sup> Total cost to the public was estimated using the following formula. Percent of staff time, multiplied by current annual burden hours, multiplied by hourly rate: 25% - Clerical @ \$25; 40% - Managerial or Technical @ \$55; 25% - 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.