

SUPPORTING STATEMENT

NOTICES REQUIRED OF GOVERNMENT SECURITIES DEALERS OR BROKERS (INSURED STATE NONMEMBER BANKS)

OMB No. 3064-0093

INTRODUCTION

The FDIC is requesting OMB approval to continue the information collection requirements contained in the Government Securities Act of 1986. The current collection expires on September 30, 2009. The act requires all financial institutions that function as government securities brokers and government securities dealers to notify their designated federal regulatory agencies of their broker-dealer activities, unless exempted from the notice requirement by Treasury Department regulation (17 CFR 401).

Institutions that are planning to engage in government securities broker-dealer activities are required to file before beginning these activities. The information collection requirements are not contained in FDIC rules.

A. JUSTIFICATION

1. Circumstances and Need

The Government Securities Act of 1986 (Pub.L. 99-571) established a federal system of regulation of brokers and dealers, including banks and other financial institutions, who deal in or broker government securities. Under the Act, the Secretary of the Treasury is directed to adopt regulations concerning the financial responsibility of government securities brokers and dealers, protection of customer securities and balances, and recordkeeping and reports of government securities brokers and dealers.

Under the Government Securities Act of 1986, all financial institutions that function as government securities brokers or government securities dealers must notify their designated federal supervisory agencies of their broker/dealer activities, unless exempted from the notice of Treasury Department regulation. The Board of Governors of the Federal Reserve System has the responsibility for establishing the form for this notice, as well as the form of the notice to be filed by financial institutions that are no longer acting as government securities brokers or government securities dealers. The Board adopted Form G-FIN (notification by financial institution of status as government securities broker or dealer) and Form G-FINW (notification by financial institutions of termination of status as government securities broker or dealer). These forms were reviewed and approved by OMB under the Paperwork Reduction Act and assigned OMB control number 7100-0224.

The Department of the Treasury was responsible for establishing Form G-FIN-4

(notification by persons associated with financial institutions that are government securities brokers and dealers) and Form G-FIN-5 (notification of termination of association with a financial institution that is a government securities broker or dealer). These forms were reviewed and approved by OMB under the Paperwork Reduction Act and assigned OMB control number 1505-0100.

2. Use of Information Collected

The Form G-FIN and Form G-FINW are used by insured State nonmember banks that are government securities brokers or dealers to notify the FDIC of their status or that they have ceased to function as a government securities broker or dealer.

The Form G-FIN-4 is used by associated persons of insured State nonmember banks that are government securities brokers or dealers to provide certain information to the bank and to the FDIC concerning employment, residence, and statutory disqualification.

The Form G-FIN-5 is used by insured State nonmember banks that are government securities brokers or dealers to notify the FDIC that an associated person is no longer associated with the government securities broker or dealer function of the bank.

All these reports are required and authorized by law (15 U.S.C. 780-4 as amended by the Government Securities Act of 1986).

3. Use of Technology to Reduce Burden

Respondents may use whatever technology they wish.

4. Efforts to Identify Duplication

The information collected does not duplicate information available from other government agencies. Each federal bank regulatory agency (FRS, OCC, and FDIC) uses the same forms to collect the information from the banks they regulate. It is up to the bank or associated persons to provide the required notices or personal histories.

5. Minimizing the Burden on Small Businesses

All banks, regardless of size, are required to use identical forms. However, small banks, as a group, will be less burdened with submitting the forms because they are less likely to be government securities brokers or dealers.

6. Consequences of Less Frequent Collection

The forms are submitted only on the occasion of giving notice of government securities broker-dealer activities.

7. Special Circumstances

None.

8. Notice for Comment; Consultation with Persons Outside the FDIC

A “first” Federal Register notice (attached) seeking comment was published on July 8, 2009 (74 FR 32609). No comments were received.

9. Payment or Gift to Respondents

None.

10. Confidentiality

A Privacy Act Notice is printed on the Form G-FIN and Form G-FIN-4 advising the respondent of the authority, purpose and use of the information reported.

11. Information of a Sensitive Nature

Item 17 on Form G-FIN-4 is the only item containing questions of a sensitive nature. These questions deal with an applicant's possible conviction of any felony or misdemeanor within the past 10 years or other acts of misconduct. These questions are necessary to determine the applicant's fitness to be associated with the government securities broker or dealer function of a bank where proper and ethical practices are vital to the protection of the investor.

12. Estimate of Annual Burden

The estimated annual reporting burden imposed by the FDIC is 60 hours based upon an estimate of one hour response time per respondent, a reduction from the previous burden of 110 hours. The burden is estimated as follows:

<u>Form</u>	<u>Number of Responses</u>
G-FIN	7
G-FINW	0
G-FIN-4	10
<u>G-FIN-5</u>	<u>32</u>
Total	49

At one hour per form, the total annual burden is therefore 49 hours.

13. Capital, Start-up, and Operating Costs

None.

14. Annualized Cost to the Federal Government

None.

15. Reason for Change in Burden

The current burden estimate reflects an adjustment of -11 hours based on a decrease in the number of respondents from 60 to 49.

16. Publication

No publication is made of this collection of information. The information is used internally to ensure compliance with federal statutes.

17. Expiration Date Display Exceptions

None.

18. Exceptions to Certification

None.

B. STATISTICAL METHODS

Not applicable.

Attachments

1. Forms G-FIN; G-FINW; G-FIN4; G-FIN5
2. Legal Authority (PL 99-571)
3. "First" Federal Register notice; "Second" Federal Register notice