

**SUPPORTING STATEMENT  
REG-101896-09 (NPRM)**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The collection of information in proposed §§1.6045-1(c)(3)(xi)(C) and 1.6045A-1 concerns furnishing information in connection with a transfer of securities. It is necessary so that brokers that effect sales of transferred covered securities can determine and report the adjusted basis of the sold securities and whether any gain or loss with respect to the sale is long-term or short-term in compliance with section 6045(g) of the Internal Revenue Code.

Section 6045A requires brokers to furnish information when transferring a security. Section 6724(d)(2)(I) imposes a penalty on brokers who do not meet this requirement. New sections 6045(g), 6045A, and 6724(d)(2)(I) take effect in January 2011 and were added by section 403 of the Energy Improvement and Extension Act of 2008, Division B of Public Law 110-343 (122 Stat. 3765, 3854 (2008)) (attached).

2. USE OF DATA

The information will not be furnished to the IRS at the time of transfer. It will only be furnished to brokers and others so that the broker that ultimately effects the sale of a transferred covered securities can report information on Form 1099-B that would otherwise not be known by the broker because the broker did not effect the purchase of the security or open the short sale for the security.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Not applicable. There are no plans to provide electronic filing because the information is not reported to the IRS at the time of transfer. The proposed regulations adopt the statutory requirement that brokers furnish the statement in writing but, in §1.6045A-1(a)(2), (b)(1), permit brokers to use electronic or other means to furnish information between each other upon their mutual agreement.

4. EFFORTS TO IDENTIFY DUPLICATION

Not applicable. The issue of duplication within the agency does not arise because the information is not reported to the IRS at the time of transfer.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

Not applicable.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

Not applicable.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

Not applicable.

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

This notice of proposed rulemaking was published in the Federal Register (74 FR 67010), on December 17, 2009, to provide the public a 60-day period in which to review and provide public comments relating to any aspect of the proposed regulation. Public comments were received and will be considered in the development of the final regulations.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

The information in the response is provided only between two entities (including their agents), who both have a relationship with the investor. No information is reported to the IRS.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

REG-101896-09 (NPRM, Transfer Reporting): To comply with the collection of information in these proposed regulations in §§1.6045-1(c)(3)(xi)(C) and 1.6045A-1 concerning furnishing information in connection with a transfer of securities, a broker must prepare and furnish a transfer statement containing certain information whenever it transfers custody of a security. For transfers of securities connected to a short sale that does not close the short sale, the broker receiving the transfer must also furnish a statement concerning the transaction that opened the short sale. It is estimated that the above requirements will affect

30,000 brokers per year, with a burden of approximately 8 hour per respondent per year, for an annual burden of 240,000 hours.

# respondents	# responses per respondent	Total annual responses	Hours per response	Total annual burden
30,000	133.33	4,000,000	0.06	240,000

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

This is a new collection.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the regulations sunset as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I

Not applicable.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information

must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.