

SUPPORTING STATEMENT
Recordkeeping and Confirmation Requirements for Securities Transactions
OMB Control No. 1550-0109

A. Justification

1. Circumstances and need for the collection.

The regulation found at 12 CFR part 551 imposes recordkeeping and confirmation requirements for savings associations that effect securities transactions.

2. Use of information.

The recordkeeping and confirmation regulation ensures that savings association customers receive the same protections and disclosures provided to brokerage customers; ensures savings associations effect securities transactions safely and soundly; and provides savings associations with formal guidance when they effect securities transactions.

3. Use of technology to reduce burden.

The recordkeeping and confirmation regulation allows savings associations to maintain required records in any manner, form, or format, including in an electronic format, so long as the records clearly and accurately reflect the required information and provide an adequate basis for auditing the information. The recordkeeping and confirmation regulation also allows savings associations to provide required notices electronically. OTS believes that many parts of the recordkeeping and confirmation process are already automated to a great extent. However, because these electronic systems vary from institution to institution, the use of improved technology to reduce the burden is not applicable.

4. Efforts to identify duplication.

This information collection is not duplicative within the meaning of the PRA and OMB regulations. Information that is similar to or that corresponds to information that could serve OTS's purpose and need in this information collection is not being collected by any other means or for any other purpose; nor is this information otherwise available in the detail necessary to satisfy the purpose and need for which this collection of information is undertaken.

5. Minimizing burden on small entities.

The regulation includes several exemptions that may be available to small savings associations. For example, § 551.20(b)(1) exempts savings associations from certain recordkeeping and policy and procedure requirements if the institution conducts fewer

than 500 securities transactions for customers (excluding transactions in government securities). Similarly, § 551.20(b)(2) exempts savings associations that conduct fewer than 500 government securities transactions from certain recordkeeping requirements. OTS believes that many small associations will take advantage of these exemptions. Moreover, OTS continues to have the ability under 12 CFR 500.30(a) to waive any recordkeeping or confirmation requirements upon a finding of good cause. This provision permits OTS to minimize any significant economic impact of a provision on a specific institution on a case-by-case basis.

6. Consequences of less frequent collection.

The requirements in the recordkeeping and confirmation regulation are necessary to provide adequate customer protections and create an audit trail to ensure safe and sound operations. Less frequent collection would frustrate these purposes, potentially result in undiscovered violations, and impair OTS's supervisory program.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320.

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

8. Consultation with persons outside the agency.

Notice of the intent to renew this information collection was published in the Federal Register, on August 19, 2008 (73 FR 161). OTS has not received any comments.

9. Payment to respondents.

No payments or gifts are made in connection with this information collection.

10. Confidentiality.

Any information OTS reviews is treated in the same confidential manner that OTS treats other examination-related information.

11. Justification for questions of a sensitive nature.

This information collection does not require any questions of a sensitive nature.

12. Burden estimate.

The collection of information requirements in the proposed recordkeeping and confirmation rule are in §§ 551.50, 551.70–.100, 551.140, and 551.150.

Section 551.50—Recordkeeping requirements: Section 551.50 establishes the minimum recordkeeping requirements for savings associations concerning securities transactions with their customers. The proposal requires that the savings association only maintain essential records to track the association's activity in securities transactions. This type of recordkeeping should be a usual and customary process for a savings association. OTS has assigned 1 burden hour per savings association to account for this collection.

All savings associations: 829 respondents @ 1 hour = 829 burden hours

Sections 551.70–.100—Confirmation Requirements: Sections 551.70–.100 establish the minimum disclosures needed to receipt a customer's security transaction. The disclosure that a savings association must make to the customer is considered usual and customary and does not impose any measurable burden to a bank. Moreover, under § 551.80, a savings association may satisfy the confirmation requirements merely by ensuring that the customer receives a copy of the registered broker-dealer's confirmation order. OTS has assigned 1 burden hour per savings association to account for this collection in OMB's inventory.

All savings associations: 829 respondents @ 1 hour = 829 burden hours

Section 551.140—Policies and procedures: This section requires written policies and procedures dealing with a number of the functions involved in effecting securities transactions on behalf of customers. OTS has assigned 10 burden hours per savings association for creating new written policies and procedures, and 2 hours for updating existing policies.

Savings associations—new written policies: 9 respondents @ 10 hours = 90 burden hours.

All savings associations—update policies: 829 respondents @ 2 hours = 1,658 burden hours

Section 551.150—Report by officers and employees: Section 551.150 requires certain savings association officers and employees to report personal transactions they make or that are made on their behalf in which they have a beneficial interest. This information is important for fiduciaries in maintaining procedures that preserve and protect the interests of account beneficiaries. These procedures are considered usual and customary for the securities industry and the fiduciary business. OTS has assigned one burden hour per savings association to mark this collection in OMB's inventory.

All savings associations: 829 respondents @ 1 hour = 829 burden hours

829 respondents
<u>x 5 burden hours</u>
4,145 burden hours

90 burden hours

4,235 Total Burden Hours

13. Estimate of Annual Cost

The cost is estimated at \$127,050 – \$30 (average of 80% clerical @ \$25 per hour and 20% professional @ \$50 per hour) x 4,235 hours, totaling \$127,050.

14. Estimates of annualized cost to government.

This collection should not result in any cost to government.

15. Changes in burden.

The change in burden hours from 4,400 to 4,235 is due to a decrease in the overall number of respondents per year and a decrease in the number of respondents who would need to write new policies.

16. Publication for statistical use.

OTS is not planning on using any of this information for statistical purposes.

17. Display of expiration date.

OTS seeks not to display the expiration date because there is no form on which to display the expiration date.

18. Exceptions to the certification statement.

There are no exceptions to the certification on OMB Form 83-I.

B. Collections of information employing statistical methods.

Not applicable.