

SUPPORTING STATEMENT FOR NEW AND REVISED INFORMATION COLLECTIONS

OMB CONTROL NUMBER 3038-_____

Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

Section 728 of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act, Pub L. No. 111-203, 124 Stat. 1376 (2010)) amended the Commodity Exchange Act (CEA) to add section 21, which directs the Commission to prescribe standards for swap data recordkeeping and reporting, and establishes a newly-created registered entity—the swap data repository (“SDR”)—to collect and maintain data related to swap transactions and make such data electronically available to regulators. Section 21 calls for the standards for swap data reporting to specify the data elements for each swap that will be collected and maintained by swap data repositories. Section 727 of the Dodd-Frank Act adds Section 2a(13) to the CEA, and Section 2a(13)(G) requires that each swap subject to the Commission’s jurisdiction, whether cleared or uncleared, must be reported to a registered swap data repository. Section 729 of the Dodd-Frank Act adds section 4r to the CEA, which ensures that at least one counterparty to each swap has an obligation to report data concerning the swap, and provides for data reporting to the Commission for swaps not accepted by any swap data repository.

Accordingly, the Commission has proposed regulations governing the reporting of swap data to swap data repositories, with the fundamental goal of ensuring that complete data concerning all swaps subject to the Commission’s jurisdiction is maintained in swap data repositories, where it would not be disclosed publicly, but would be available to the Commission and other financial regulators for fulfillment of their various regulatory mandates. As mandated by Title VII, the proposed regulations also establish swap data recordkeeping requirements for registered entities and swap counterparties.

This supporting statement concerns new collections of information found in proposed regulations that relate to these Dodd-Frank Act requirements. The proposed regulations would be found in 17 CFR Part 45 and would impose recordkeeping and reporting requirements on the following entities: SDRs, swap execution facilities (“SEFs”), designated contract markets (“DCMs”), derivatives clearing organizations (“DCOs”), swap dealers (“SDs”), major swap participants (“MSPs”), and non-SD/MSP counterparties. The collections of information set forth in the proposed regulations are as follows (and are described more fully in response to Question 12):

- Under proposed Regulation 45.2, SDRs, SEFs, DCMs, DCOs, SDs, MSPs, and non-SD/MSP counterparties would be required to keep records of all activities relating to swaps. Specifically, proposed Regulation 45.2 would require SDRs, SEFs, DCMs, DCOs, SDs, and MSPs to keep complete records of all activities relating to their business

with respect to swaps. The proposed regulation would require non-SD/MSP counterparties to keep complete records with respect to each swap in which they are a counterparty.

- Under proposed Regulation 45.3, SEFs, DCMs, DCOs, MSPs, SDs, and non-SD/MSP counterparties would be required to report data regarding swap transactions to SDRs.
- Under proposed Regulation 45.4, for each swap reported to an SDR, one SEF, DCM, SD, MSP, or SDR, chosen as provided in the regulation, would be required to report a unique swap identifier for that swap to the other registered entities and swap counterparties involved in that swap. Additionally under Proposed Regulation 45.4, SDs, MSPs, and non-SD/MSP counterparties (an estimated 1,300 entities and persons), would be required to report into a confidential database their ownership and affiliations information (as well as changes to ownership and affiliations).

The information collection obligations imposed by the proposed regulation are necessary to ensure that complete data concerning swaps is maintained in swap data repositories and available to the Commission and other regulators, as required by the CEA as amended by the Dodd-Frank Act.

2. Indicate how, by whom, and for what purpose the data would be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

The swap data required to be reported to SDRs would be used by regulators and government entities to provide oversight and supervision and to ensure compliance with statutes and regulations relating to swaps. This will include monitoring of systemic risk, protection of market participants against fraud, manipulation, and abusive trading practices, enforcement of aggregate speculative position limits, and monitoring of the financial integrity of the clearing process.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

The required swap data would be reported electronically. The information collection requirements do not include a requirement that a reporting party publish or maintain any related information or data on paper.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

The required information is not already collected by the Commission for any other purpose, collected by any other agency, or available for public disclosure through any other source. Prior to enactment of the Dodd-Frank Act, the Commission did not have authority to require swap data recordkeeping and reporting. There are no existing regulations that could be modified to serve a similar purpose.

5. If the collection of information involves small business or other small entities (Item 5 of OMB Form 83-I), describe the methods used to minimize burden.

The Commission has previously established certain definitions of “small entities” to be used in evaluating the impact of Commission regulations on such entities in accordance with the Regulatory Flexibility Act. In its previous determinations, the Commission has concluded that DCMs and DCOs are not small entities for the purposes of the RFA. As SDRs, SEFs, SDs, and MSPs are new entities to be regulated by the Commission pursuant to the Dodd-Frank Act, the Commission has not previously determined whether they are small entities for the purpose of the RFA. The Commission is proposing to determine that SDRs, SEFs, SDs, and MSPs covered by these rules, for reasons similar to those applicable to DCMs and DCOs, are not small entities for purposes of the RFA. Relatively few non-SD/MSP swap counterparties will be required to report swap data pursuant to the proposed regulations. The proposed regulations require reporting by a non-SD/MSP counterparty only with respect to swaps in which neither counterparty is an SD or MSP, and the considerable majority of swaps involve at least one SD or MSP. Moreover, many non-SD/MSP counterparties may be Eligible Contract Participants (“ECPs”) as defined by the Commission’s regulations, and ECPs have previously been determined by the Commission not to be “small entities” for RFA purposes. In addition, most end users and other non-SD/MSP counterparties who are regulated by the Employee Retirement Income Security Act of 1974 (“ERISA”), such as pensions funds, which are among the most active participants in the swap market, are prohibited from transacting directly with other ERISA-regulated participants. Therefore, the Commission has certified pursuant to 5 U.S.C. 605(b) that the proposed rules will not have a significant impact on a substantial number of small entities.

6. Describe the consequence to the Federal Program or policy activities if the collection were conducted less frequently as well as any technical or legal obstacles to reducing burden.

Failure to maintain the records or to report the swap data required by the proposed regulations would adversely affect the Commission’s ability to ensure that complete data concerning all swaps is maintained in swap data repositories and available to the Commission and other regulators, as required by the Dodd-Frank Act. The information collection cannot be conducted less frequently without compromising the accuracy and timeliness of the data.

7. Explain any special circumstances that require the collection to be conducted in a manner:
 - requiring respondents to report information to the agency more often than quarterly;

The proposed regulations require reporting to the Commission only in the exceptional case of a swap in an asset class for which no swap data repository currently accepts swap data. Such reporting would be required only when requested by the Commission. Swap data reporting to SDRs would be required both when a swap is created, and on a daily basis during the existence of the swap. Information collection at this rate is necessary to fulfill the requirements of the CEA as amended by the Dodd-Frank Act, and to provide regulators with accurate and timely information.

- requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;

This question does not apply. The proposed regulations call for reporting swap data electronically.

- requiring respondents to submit more than an original and two copies of any document;

This question does not apply. The proposed regulations call for reporting swap data electronically.

- requiring respondents to retain records other than health, medical, government contract, grant-in-aid, or tax records, for more than three years;

Proposed regulation 45.2(c), which is based on existing Commission regulation 1.31, expressly requires that:

All records required to be kept by DCOs, DCMs, SEFs, SDs, MSPs, and non-SD/MSP counterparties pursuant to this Section shall be kept with respect to each swap from the date of the creation of the swap through the life of the swap and for a period of at least five years from the final termination of the swap, in a form and manner acceptable to the Commission.

This retention period is required because swap transactions can continue to exist over substantial periods of time, during which their key economic terms can change. Accordingly, swaps must be monitored by the Commission and other financial regulators throughout their existence, pursuant to the Dodd-Frank Act.

- in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;

This question does not apply. The proposed regulation does not require nor involve any statistical surveys.

- requiring the use of a statistical data classification that has not been reviewed and approved by OMB;

This question does not apply. The proposed regulation does not require nor involve the use of any statistical data classification.

- that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or

This question does not apply. The proposed regulation does not require a pledge of confidentiality.

- requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

The Commission's proposed regulations for swap data repositories require SDRs to maintain safeguards against the misappropriation or misuse of swap data. The Commission is prohibited (save for limited exceptions) from disclosing swap data pursuant to Section 8 of the CEA where it would separately disclose the business transactions or market positions of any person and trade secrets or names of customers.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice required by 5 C.F.R. 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

The Commission is affirmatively seeking comment from the public and from other federal agencies on the information collection requirements of the proposed regulation. A copy of the proposed regulation as it will appear in the *Federal Register*, including the explicit solicitation of comment on all aspects of the recordkeeping burden imposed, is attached hereto.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping disclosure, or reporting format (if any, and on the data elements to be recorded, disclosed, or reported.

A public roundtable was held on September 14, 2010 at the CFTC headquarters in Washington, DC. At the roundtable, representatives from affected sectors of the swap markets engaged in public dialogue with members of Commission staff who are responsible for drafting the proposed Regulations. The roundtable discussion addressed issues relating to the reporting of data to SDRs, e.g., who would report the data, how frequently the data would be reported, and what data should be reported. The public transcript of the roundtable discussion is available on the Commission's Internet web site at www.cftc.gov.

Throughout the drafting process, CFTC staff also met and consulted with swap industry participants as well as other U.S. federal regulators and agencies. The purpose of these meetings was to obtain information on current practices within the swap market and to obtain input on the practices to be set forth in the proposed regulations. The meetings focused on issues similar to the questions discussed at the roundtable.

The Commission is affirmatively seeking comment from the public and from other federal agencies on the information collection requirements of the proposed regulation.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every three years—even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

No such circumstances are anticipated.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

This question does not apply.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulations, or agency policy.

If the proposed regulations are adopted, the Commission will protect proprietary information according to the Freedom of Information Act and the regulations that the Commission has promulgated to protect the confidentiality of collected information contained in 17 CFR 145, “Commission Records and Information.” In addition, section 8(a) of the CEA provides for the confidentiality of data and information except under the limited circumstances delineated therein. The Commission also is required to protect certain information pursuant to the Privacy Act of 1974.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

This question does not apply. The proposed regulations do not request or require the provision of sensitive information, as that term is used in question 11.

12. Provide estimates of the hour burden of the collection of information. The Statement should:

- Indicate the number of respondents, frequency of response, annual hour burden and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than ten) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.
- If the request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.
- Provide estimates of annualized cost to respondents for the hours burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 13.

As described in response to Question 1 and more fully below, information collections are required by proposed Regulations 45.2, 45.3, and 45.4. The estimated total annual burden-hour cost for those proposed Regulations is between \$86,319,621 and \$103,954,221. The estimated annual burden hours and annual burden-hour costs are laid out below individually for each proposed Regulation.

Proposed Regulation 45.2. Under proposed Regulation 45.2, SDRs, SEFs, DCMs, DCOs, SDs, MSPs, and non-SD/MSP counterparties—which presently would include an estimated 30,384 entities or persons¹—would be required to keep records of all activities relating to swaps. Specifically, proposed Regulation 45.2 would require SDRs, SEFs, DCMs, DCOs, SDs, and MSPs to keep complete records of all activities relating to their business with respect to swaps. The proposed regulation would require non-SD/MSP counterparties to keep complete records with respect to each swap in which they are a counterparty. With respect to SDs and MSPs, the Commission has determined that proposed Regulation 45.2 will not impose any new recordkeeping or information collection requirements, or other collections of information that require approval of the Office of Management and Budget under the Paperwork Reduction Act. Requirements for maintaining and recording swaps transaction data by SDs and MSPs will be addressed by related rulemakings associated with business conduct standards for SDs and MSPs

¹ Because SDRs, MSPs, SDs, DCOs, and SEFs are new entities, estimates were made by the Commission: 15 SDRs, 50 MSPs, 250 SDs, 12 DCOs, and 40 SEFs. The number of DCMs was estimated to be 17 DCMs based on the current (as of October 18, 2010) number of designated DCMs (<http://services.cftc.gov/SIRT/SIRT.aspx?Topic=TradingOrganizations&implicit=true&type=DCM&CustomColumnDisplay=TTTTTTTT>). Additionally, for purposes of the Paperwork Reduction Act, the Commission estimates that there would be 30,000 non-SD/MSP counterparties who would annually be subject to the recordkeeping requirements of proposed Regulation 45.1. Because the Commission has not regulated the swap market, it has not collected data relevant to this estimate. Therefore, the Commission has requested public comment on this estimate.

as part of the Commission's overall rulemaking initiative implementing the Dodd-Frank Act.² With respect to SDRs, SEFs, DCMs, DCOs (an estimated 84 entities or persons), which will have higher levels of swap recording activity³ than non-SD/MSP counterparties, the Commission estimates that there may be approximately 40 annual burden hours per entity, excluding customary and usual business practices. With respect to non-SD/MSP counterparties (an estimated 30,000 entities or persons), who will have lower levels of swap recording activity, the Commission estimates that there may be approximately 10 annual burden hours per entity, excluding customary and usual business practices. Therefore, there are 303,360 estimated aggregate annual burden hours. With an estimated wage rate of \$72.75 per hour,⁴ the estimated annualized cost to respondents is \$22,069,440.00.

Proposed Regulation 45.3. Under proposed Regulation 45.3, SEFs, DCMs, DCOs, MSPs, SDs, and non-SD/MSP counterparties would be required to provide reports to SDRs regarding swap transactions. SEFs and DCMs are required to report certain information once at the time of swap execution. DCOs, MSPs, SDs, and non-SD/MSP counterparties are required to report certain information once, as well as other information on a daily basis. With respect to reporting by SDs, MSPs, and non-SD/MSP counterparties, only one counterparty to a swap is required to report, typically an SD or an MSP as determined by proposed Regulation 45.4. The Commission anticipates that the reporting will to a significant extent be automatically completed by electronic computer systems; the following burden hours are calculated based on the annual burden hours necessary to oversee and maintain the reporting functionality.⁵ SEFs, DCMs, DCOs, MSPs, and SDs (an estimated 369 entities or persons) are anticipated to have high levels of reporting activity; the Commission estimates that their average annual burden may be approximately 2,080 hours.⁶ Non-SD/MSP counterparties who would be required to report—which presently would include an estimated 1,500 entities⁷—are anticipated to have lower levels

² The Commission has requested public comment on the accuracy of its estimate that no additional recordkeeping or information collection requirements related to SDs and MSP would result from the proposed regulations.

³ For purposes of this Paperwork Reduction Act analysis, the Commission estimates that “high activity” entities or persons are those who process or enter into hundreds or thousands of swaps per week that are subject to the jurisdiction of the Commission. Low activity users would be those who process or enter into substantially fewer than the high activity users. The Commission has requested public comment on its estimate.

⁴ In arriving at a wage rate for the hourly costs imposed, Commission staff used the Management & Professional Earnings in the Securities Industry Report, published in 2010 by the Securities Industry and Financial Markets Associations (2010 Report). The wage rate used is a composite (blended) wage rate by averaging the mean annual salaries of an Assistant/Associate General Counsel, an Assistant Compliance Director, and a Programmer (Senior) as published in the 2010 report and dividing that figure by 2000 annual working hours to arrive at the hourly rate of \$72.75.

⁵ Estimated burden hours were obtained in consultation with the Commission's information technology staff. The Commission has requested public comment on these estimates.

⁶ The Commission estimated 2,080 hours by assuming that a significant number of SEFs, DCMs, DCOs, MSP, and SDs will dedicate the equivalent of least one full-time employee to ensuring compliance with the reporting obligations of Regulation 45.3 (2,080 hours = 52 weeks × 5 days × 8 hours). The Commission believes that this is a reasonable assumption due to the volume of swap transactions that will be processed by these entities, the varied nature of the information required to be reported by Regulation 45.3, and the frequency (daily) with which some reports must be made. The Commission has requested public comment on its estimate.

⁷ This is the estimated number of non-SD/MSP counterparties who would be required to report in a given year. Only one counterparty to a swap is required to report, typically an SD or a MSP as determined by proposed Regulation

of activity with respect to reporting; the Commission estimates that their annual burden may be approximately 75 hours. Therefore, there are 880,020 estimated aggregate annual burden hours. With an estimated wage rate of \$72.75 per hour, the estimated annualized cost to respondents is \$64,021,455.00.

Proposed Regulation 45.4. Under proposed Regulation 45.4, SDRs, SEFs, DCMs, SDs, and MSPs would be required to report a unique swap identifier to other registered entities and swap participants. SEFs and DCMs are anticipated to have higher levels of activity than SDRs, SDs, and MSPs with respect to unique swap identifier reporting. The Commission anticipates that the reporting of the unique swap identifier will be automatically completed by electronic computer systems. The following burden hours are based on the estimated burden hours necessary to oversee and maintain the electronic functionality of unique swap ID reporting.⁸ The Commission estimates that SEFs and DCMs (an estimated 57 entities or persons) may have approximately 22 annual burden hours per entity. The Commission estimates that SDRs, SDs, and MSPs (an estimated 315 entities or persons) may have approximately 6 annual burden hours per entity. Therefore, there are 3,144 estimated aggregated annual burden hours.

Additionally under Proposed Regulation 45.4, SDs, MSPs, and non-SD/MSP counterparties (an estimated 30,300 entities and persons), would be required to report into a confidential database the ownership and affiliation information of the counterparties to the swap (as well as changes to such information). The report would be made once the first time that a swap is reported, and would be made anytime thereafter that the entity's legal affiliations change. The estimated number of burden hours per report is approximately two hours per entity, excluding customary and usual business practices. The number of reports required to be made per year is estimated to vary between zero and four, depending on the number of changes an entity has in its legal affiliations in that year. Thus, the estimated annual burden per entity varies between zero and eight burden hours. Therefore, there are between 0 and 242,400 estimated aggregate annual burden hours.

With an estimated wage rate of \$72.75 per hour, the estimated annualized cost to respondents is between \$228,726 and \$17,863,326.

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

- The cost estimate should be split into two components; (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major costs factors including system and technology acquisition,

45.4. The Commission has requested public comment on this estimate.

⁸ Estimated burden hours were obtained in consultation with the Commission's information technology staff. The Commission has requested public comment on these estimates.

expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software, monitoring, sampling, drilling and testing equipment, and record storage facilities.

- If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate, agencies may consult with a sample of respondents (fewer than ten), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.
- Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

The estimated annual cost burden to respondents and recordkeepers is approximately \$253 million. Please see the table in Attachment 1.

14. Provide estimates of the annualized costs to the Federal Government. Also provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing and support staff), and any other expense that would not have been incurred without this collection of information. Agencies may also aggregate cost estimates from Items 12, 13, and 14 in a single table.

The Commission will have the following costs relating to the information collections required by proposed Part 45 of the Commission's regulations: (1) costs relating to the need of Commission staff to review and analyze the collected documents and information; (2) costs relating to the technology that must be set up and maintained by the Commission to receive and process the information collected.

With respect to Commission staff analyzing and reviewing the collected data/information, existing staff may be used to some extent to perform this function. However, Commission staff estimates that at least 15 new employees will need to be hired and be dedicated full-time to analysis of the information/data being collected. The estimated annual cost to the Commission per new hire is \$120,000.⁹ Therefore, the total annual aggregate cost to the Commission is \$1,800,000.

⁹ This figure is a composite of the salaries for economists (Grade 11-13) and attorneys (Grade 11-14) in the Commission's Division of Market Oversight. In obtaining the composite, Commission staff used the CFTC 2010 Washington Pay Chart (with adjusted locality pay).

With respect to the technology necessary for the Commission to receive and process the information collected, Commission staff estimates the cost of this technology to be between \$4 million and \$7 million annually.¹⁰

Therefore, the total cost (new staff plus technology) is between \$5.8 million and \$8.8 million annually, for an average estimate of \$7.3 million annually.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

This question does not apply.

16. For collection of information whose results are planned to be published for statistical use, outline plans for tabulation, statistical analysis, and publication. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

As required in Dodd-Frank Act Section 727, the Commission will aggregate the data provided to SDRs and provide a written report to the public on a semiannual basis. There is no end date for these reports issued by the Commission. As required by the Dodd-Frank Act, the reports will contain information relating to trading and clearing in the major swap categories as well as market participants and developments in new products. In preparing the reports, the Commission is required to consult with the Office of the Comptroller of the Currency, the Bank for International Settlements, and other regulatory bodies as necessary.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

This question does not apply.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

This question does not apply.

¹⁰ This number was obtained in consultation with CFTC's IT staff.

Attachment 1: Estimated annual cost burden

(Each proposed regulation is described in the response to Question 12)

Proposed Regulation	Respondents	Capital and Start up Cost Per Entity¹¹	Useful Life (years)	Capital Start-up Cost Annualized over Useful Life Per Entity	Operation and Maintenance Component Per Entity¹²	Total Annual Cost Per Entity	Total aggregate annual cost
45.2	<u>High Activity Respondents:</u> SDRs, SEFs, DCMs, DCOs (84 entities or persons) ¹³	\$50,000 ¹⁴	6	\$8,333	\$25,000	\$33,333	\$2,799,972
	<u>Low Activity Respondents:</u> Non-SD/MSP counterparties (an estimated 30,000 entities or persons)	5,000 ¹⁵	6	\$833	\$2,500	\$3,333	\$100 million
Proposed Regulation	Respondents	Capital and Start up Cost Per Entity	Useful Life (years)	Capital Start-up Cost Annualized over Useful Life Per Entity	Operation and Maintenance Component Per Entity	Total Annual Cost Per Entity	Total aggregate annual cost

¹¹ The capital and start up cost relates only to the capital and start up cost required to set up the specific information collection capabilities required by the particular regulation.

¹² The annual operation and maintenance component is estimated to be 50% of the capital and start up cost.

¹³ With respect to SDs and MSPs, the Commission has determined that the proposed Regulation 45.1 will not impose any new recordkeeping or information collection requirements, or other collections of information that require approval of the Office of Management and Budget under the Paperwork Reduction Act. Requirements for maintaining and recording swaps transaction data by SDs and MSPs will be addressed by related rulemakings associated with business conduct standards for SDs and MSPs as part of the Commission’s overall rulemaking initiative implementing the Dodd-Frank Act.

¹⁴ Proposed regulation 45.2 imposes burdens related to recordkeeping of swaps. Commission staff believes that a significant component of the recordkeeping burdens imposed by the proposed regulation is performed by the affected entities as part of their customary and usual business practices. Commission staff has estimated the cost of those recordkeeping burdens that are not part of the customary and usual business practices.

¹⁵ See footnote 14. Commission staff has estimated the cost of those recordkeeping burdens that are not part of the customary and usual business practices.

Proposed Regulation	Respondents	Capital and Start up Cost Per Entity	Useful Life (years)	Capital Start-up Cost Annualized over Useful Life Per Entity	Operation and Maintenance Component Per Entity	Total Annual Cost Per Entity	Total aggregate annual cost
45.3	<u>High Activity Respondents:</u> SEFs, DCMs, DCOs, MSPs, and swap dealers (an estimated 369 entities or persons)	\$300,000 ¹⁶	6	\$50,000	\$150,000	\$200,000	\$73.8 million
	<u>Low Activity Respondents:</u> Non-SD/MSP counterparties (an estimated 30,000 entities)	(n/a) ¹⁷	(n/a)	(n/a)	\$2,400 ¹⁸	\$2,400	\$72 million
45.4 (unique swap ID report)	<u>High Activity Respondents:</u> SEFs and DCMs (an estimated 57 entities or persons)	\$30,000 ¹⁹	6	\$5,000	\$15,000	\$20,000	\$1.14 million
	<u>Low Activity Respondents:</u> SDRs, SDs, and MSPs (an estimated 315 entities or persons)	\$15,000 ²⁰	6	\$2,500	\$7,500	\$10,000	\$3.15 million

¹⁶ The capital and start up cost for proposed Regulation 45.3 for high activity respondents was estimated as 5% of the entities' estimated average total capital and start up cost, \$6 million.

¹⁷ Commission staff believes that non-SD/MSP counterparties will be likely to outsource to third party vendors their reporting obligations that are imposed by Regulation 45.3. Therefore, Commission staff estimates that, for non-SD/MSP counterparties, there would be no capital and start up cost related to these reporting obligations.

¹⁸ Commission staff believes that non-SD/MSP counterparties will be likely to outsource their reporting obligations to third-party vendors, at an estimated annual cost (per entity) of \$2,400.

¹⁹ The capital and start up cost for proposed Regulation 45.4 (unique swap ID report) for high activity respondents was estimated as 0.5% of the entities' estimated average total capital and start up cost, \$6 million.

²⁰ The capital and start up cost for proposed Regulation 45.4 (unique swap ID report) for low activity respondents was estimated as 0.5% of the entities' estimated average total capital and start up cost, \$3 million.

Proposed Regulation	Respondents	Capital and Start up Cost Per Entity	Useful Life (years)	Capital Start-up Cost Annualized over Useful Life Per Entity	Operation and Maintenance Component Per Entity	Total Annual Cost Per Entity	Total aggregate annual cost
45.4 (ownership and affiliations report)	SDs, MSPs, and non-SD/MSP counterparties (an estimated 30,300 entities and persons)	(n/a) ²¹	(n/a)	(n/a)	(n/a)	(n/a)	\$0
						Total:	≈\$253 million

²¹ Commission staff anticipates that the report of ownership and affiliations will not require use of any technology that is not already available to the market participants as part of customary and usual business practices. For that reason, the affiliations report has no annual cost (other than the burden-hour cost described in response to Question 12).