

**SUPPORTING STATEMENT FOR NEW AND  
REVISED INFORMATION COLLECTIONS**

**Regulations Establishing and Governing the Duties of  
Swap Dealers and Major Swap Participants**

**OMB CONTROL NUMBER 3038-0084<sup>1</sup>**

**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 731 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010)) amends the Commodity Exchange Act (CEA) to add section 4s(j) which imposes certain duties upon swap dealers and major swap participants as part of the overall business conduct regime to which they are subject. Among the obligations imposed by section 4s(j) are the requirements that swap dealers and major swap participants: (1) establish risk management procedures adequate for managing their day-to-day business; (2) monitor their trading to prevent violations of applicable position limits; and (3) establish internal systems and procedures to obtain the information needed to perform their duties and to provide such information to the Commission.

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<sup>1</sup> The new information collection requirements discussed in this Supporting Statement were proposed in the notice of proposed rulemaking (NPRM) entitled “Regulations Establishing the Duties of Swap Dealers and Major Swap Participants” that was published in the *Federal Register* on November 23, 2010 (Duties NPRM). See 75 FR 71397. They are included within the final regulations to be published in the *Federal Register* under the title “Swap Dealer and Major Swap Participant Recordkeeping and Reporting, Duties, and Conflicts of Interest Policies and Procedures; Futures Commission Merchant and Introducing Broker Conflicts of Interest Policies and Procedures; Swap Dealer, Major Swap Participant, and Futures Commission Merchant Chief Compliance Officer.” This set of final regulations combines the obligations proposed in five separate NPRMs. See 75 FR 70152 (Nov. 17, 2010) (Implementation of Conflicts of Interest Policies and Procedures by Futures Commission Merchants and Introducing Brokers); 75 FR 70881 (Nov. 19, 2010) (Designation of A Chief Compliance Officer; Required Compliance Policies; and Annual Report of a Futures Commission Merchant, Swap Dealer or Major Swap Participant); 75 FR 71391 (Nov. 23, 2010) (Implementation of Conflicts of Interest Policies and Procedures by Swap Dealers and Major Swap Participants); 75 FR 76666 (Dec. 9, 2010) (Reporting and Recordkeeping and Daily Trading Records Requirements for Swap Dealers and Major Swap Participants); and the Duties NPRM. The information collection requirements of each of the five NPRMs were addressed in separate Supporting Statements that have been assigned distinct control numbers by the Office of Management and Budget (OMB). See “Conflicts of Interest Policies and Procedures by Futures Commission Merchants and Introducing Brokers,” OMB control number 3038-0078; “Annual Report of the Chief Compliance Officer of Registrants,” OMB control number 3038-0080; “Conflicts of Interest Policies and Procedures by Swap Dealers and Major Swap Participants,” OMB control number 3038-0079; “Reporting, Recordkeeping, and Daily Trading Records Requirements for Swap Dealers and Major Swap Participants,” OMB control number 3038-0087; and “Regulations Establishing and Governing the Duties of Swap Dealers and Major Swap Participants, OMB control number 3038-0084. The information collection burdens contained in different portions of the final set of regulations will be addressed in separate final Supporting Statements labeled with the OMB number assigned to them at the proposal stage.

Accordingly, the Commission has adopted regulations that would require swap dealers and major swap participants to develop a risk management program (including a plan for business continuity and disaster recovery and policies and procedures designed to ensure compliance with applicable position limits). The reporting and recordkeeping obligations imposed by these regulations include: (1) drafting, filing, distributing, and updating written policies and procedures designed to monitor and manage the risks associated with the swap activities of the swap dealer or major swap participant (including, but not limited to, policies and procedures: regarding the swap dealer or major swap participant's risk tolerance limits, to identify and account for the risks of new products, to monitor and manage specifically delineated types of risk, regarding the swap dealer or major swap participant's use of central counterparties, to monitor for and prevent violations of applicable position limits, for business continuity and disaster recovery, and to distribute and to detect violations of the swap dealer or major swap participant's risk management program); (2) on a quarterly basis, drafting and filing reports describing the market, credit, liquidity, foreign currency, legal, operational, settlement and other applicable risk exposures of the swap dealer or major swap participant and related information; (3) on an annual basis, documenting the results of the required testing of the firm's risk management program; (4) on an annual basis, documenting the required position limit training and position limit compliance audit; (5) on a quarterly basis, documenting position limit testing and compliance; (6) as applicable, documenting position limit violations and reporting such violations to the Commission; (7) documenting the required testing and audit of the business continuity and disaster recovery plan and the provision of emergency contact information to the Commission; and (8) as applicable, documenting the required risk assessment of new products.

The information collection is necessary to implement the CEA, as amended by the Dodd-Frank Act. Specifically, it is essential to ensuring that swap dealers and major swap participants maintain adequate and effective risk management programs and policies and procedures to ensure compliance with position limits.

**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.**

Commission staff will use the information collected when conducting the Commission's examination and oversight program to evaluate the completeness and effectiveness of the risk management, business continuity and disaster recovery and position limit compliance procedures that swap dealers and major swap participants are required to implement.

**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.**

Information that is required to be provided to the Commission may be submitted electronically. The regulations require that recordkeeping be performed in accordance with Commission regulation 1.31, which permits the use of electronic storage.

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.

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.**

This collection of information does not involve small businesses or 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 procedures, reports, and other records required by the regulations would adversely affect the Commission's ability to evaluate the completeness and effectiveness of the risk management, business continuity and disaster recovery, and position limit procedures that swap dealers and major swap participants are required to implement and to timely identify and react to position limit violations and inordinate risk exposure levels maintained by Commission registrants.

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;**

This question does not apply as the reporting to the Commission contemplated by the regulations generally would not be performed more frequently than quarterly. While the regulations do require notification to the Commission in the event that applicable position limits are violated and such violations may occur more often, the Commission believes that it is necessary and appropriate for the safety and soundness of the applicable markets for the Commission to be alerted promptly to position limit violations.

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

In addition to the regular reporting and recordkeeping requirements set forth above, Commission regulation §23.606 requires swap dealers and major swap participants to make information related to their swaps; swaps trading operations, mechanisms and practices; and financial integrity and risk management protections as well as other information related to their trading in swaps available promptly to the Commission, upon request. This regulation is mandated by the Dodd-Frank Act and is necessary for the Commission to effectively carry out its oversight and examination responsibilities.

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

This question does not apply. The regulations do not require the submission of multiple copies of required documents.

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

Commission rule 1.31 requires that:

All books and records required to be kept by the [Commodity Exchange] Act or by these regulations shall be kept for a period of five years from the date thereof and shall be readily accessible during the first 2 years of the 5-year period. All such books and records shall be open to inspection by any representative of the Commission or the U.S. Department of Justice.

- **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 regulations do not require nor involve the use of 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 regulations do 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 regulations do 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 has promulgated regulations to protect the confidentiality of the information collected from the affected registrants. They are set forth in 17 CFR Part 145.

- 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 CFR 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 affirmatively sought comment from the public and federal agencies on the information collection requirements contained in these regulations. *See* 75 FR 71397, 71403 (Nov. 23, 2010) (Regulations Establishing the Duties of Swap Dealers and Major Swap Participants). A copy of the proposed regulations as they appeared in the *Federal Register*, including the explicit solicitation of comment on all aspects of the reporting and recordkeeping burdens imposed, is attached hereto.

In the Duties NPRM, the Commission took a conservative approach to calculating the information collection burden hours by estimating that as many as 300 persons would come within the swap dealer or major swap participant definition and thus, would be subject to the information collection requirements contained therein. Since the publication of the Duties NPRM in November 2010, the Commission has met with industry participants and trade groups, discussed extensively the universe of potential swap dealers and major swap participants with the National Futures Association (NFA), and reviewed public information about potential swap dealers active in the market and in certain trade groups. Over time, and as the Commission has gathered more information on the swap market and its participants, the estimate of the number of swap dealers and major swap participants has decreased. After recently receiving additional specific information from NFA on the regulatory program it is developing for swap dealers and major swap participants, the Commission now believes that approximately 125 persons will come within the swap dealer or major swap participant definition and, thus, will be subject to requirements of these regulations. The Commission has adjusted its information collection burden estimates accordingly.

In the Duties NPRM (and the other NPRMs captured in the combined final regulations of which these regulations are a part), the Commission estimated the cost burden of the regulations based upon an average salary of \$100 per hour. In response to this estimate, the Working Group of Commercial Energy Firms (Working Group) commented that, inclusive of benefit costs and allocated overhead, the per hour average salary estimate for compliance and risk management personnel should be significantly higher than \$120. The Futures Industry Association (FIA) and the Securities Industry and Financial Management Association (SIFMA) stated that some of the compliance policies required by the proposed regulations would be drafted by both in-house lawyers and outside counsel, so the blended hourly rate should be roughly \$400.

Having considered the comments received and having reviewed the available data, the Commission determined in the final regulations that \$100 per hour remains a reasonable salary estimate for purposes of these regulations. In support of this determination, the Commission notes that the salary estimate of \$100 per hour used in the NPRMs was based upon recent Bureau of Labor Statistics findings, including the mean hourly wage of an employee under occupation code 23-1011, "Lawyers," that is employed by the "Securities and Commodity Contracts Intermediation and Brokerage Industry," which is \$82.22; the mean hourly wage of an employee under occupation code 11-3031, "Financial Managers," (which includes operations managers) in the same industry, which is \$74.41; and the mean hourly wage of an employee under occupation code-13-0141, "Compliance Officers, Except Agriculture, Construction, Health and Safety, and

Transportation” in the same industry, which is \$38.77.<sup>2</sup> The Commission also notes that, in its proposals, the Commission took the foregoing data and then increased its hourly wage estimate in recognition of the fact that some registrants may be large financial institutions whose employees’ salaries may exceed the mean wage. The Commission also observes that SIFMA’s “Report on Management & Professional Earnings in the Securities Industry – 2010” estimates the average wage of a compliance attorney and a compliance staffer in the U.S. at only \$46.31 per hour. The Commission recognizes that some registrants may hire outside counsel with expertise in the various regulatory areas covered by the combined final regulations and that outside counsel may be able to leverage its expertise to substantially reduce the number of hours needed to fulfill a requested assignment. While the Commission is uncertain about the billing rates that registrants may pay for outside counsel, the Commission believes that such counsel may bill at a rate of several hundred dollars per hour. Any determination to use outside counsel, however, is at the discretion of the registrant. Finally, the Commission notes that its determination is consistent with the Commission’s estimate for the hourly wage for chief compliance officers under the recently adopted final rules for derivatives clearing organizations.<sup>3</sup>

With respect to the specific cost estimates contained in the Duties NPRM, the Working Group commented that the Commission’s average personnel cost estimate of \$20,450 per entity significantly understated the cost of compliance with the rules for commercial firms that are deemed swap dealers or major swap participants. Specifically, the Working Group stated that a commercial energy firm would require at least five new fulltime employees at 1,800 hours per year, not the 204.5 hours per year estimated by the Commission; and the Commission’s analysis does not consider any necessary information technology expenditures or third-party costs. Neither the Working Group nor any other commenter provided any estimates of information technology expenditures or third-party costs.

The Working Group also commented that quarterly documentation of risk management testing should be 200 personnel-hours per quarter at a cost of \$96,000 per year for each registrant, rather than 1 personnel-hour per quarter at a cost of \$400 per year as estimated by the Commission. With respect to the reporting requirements proposed in the Duties NPRM, the Working Group argued that risk exposure reports should be provided to the firm’s senior management and governing body annually (not quarterly) because quarterly reporting would be too costly and burdensome.

With respect to the documentation of testing requirements proposed in the Duties NPRM, the Working Group recommended that both the frequency and the scope of audits of the risk management program be left to the discretion of registrants in order to lessen the cost and administrative burden imposed by the proposed rules. Cargill, Incorporated (Cargill) recommended that testing of the risk management program be required annually rather than quarterly. Cargill stated that a quarterly requirement is excessive and unduly expensive. MetLife, Inc. stated that monthly testing of position limit monitoring procedures and quarterly testing of the risk management program may be excessive, costly, and overly burdensome for

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<sup>2</sup> See <http://www.bls.gov/oes/2099/mayowe23.1011.htm> and <http://www.bls.gov/oes/current/oes113031.htm>.

<sup>3</sup> See 76 FR 69334, 69428 (Nov. 8, 2011) (Derivatives Clearing Organization General Provisions and Core Principles).

some major swap participants and that the frequency of testing should be determined by the major swap participants based on the extent of their swap activities.

The Commission has accepted the Working Group's contention that it will take more than 160 hours annually to draft, file, and update the risk management program materials required by the regulations (including the registrant's position limit procedures and its business continuity and disaster recovery plan). While the Commission does not agree that the new regulations will require at least five new fulltime employees at 1,800 hours per year, the Commission accepts that, on average, it will take 900 hours to comply with the information collection required by these provisions. Based upon comments received, the Commission also has altered the required frequency with which a registrant's risk management program must be tested from quarterly to annually. In addition, the Commission has accepted the Working Group's estimate of 200 hours for the documentation of such risk management program testing and has increased the estimated hourly burden from the original estimate of 4 hours. Finally, the Commission increased its estimate of the burden hours associated with quarterly documentation of position limit compliance from 2 hours to 10 hours to account for the documentation of the required testing.

Reducing the frequency of risk exposure analysis and reporting could hinder both a firm's and the Commission's ability to identify, evaluate and address, on a timely basis, significant risk exposures that might adversely impact the markets in which a firm operates. Accordingly, the Commission continues to believe that quarterly risk exposure reporting is necessary and appropriate and has refrained from amending the risk exposure reporting obligation.

Based upon the above, the Commission has revised its overall burden estimate to be 1,148.5 hours per year per registrant, at an annual cost of \$114,850. The aggregate cost for all registrants (with the revised estimate of 125 swap dealers and major swap participants) is 143,562.5 burden hours and \$14,356,250 [ $143,562.5 \times \$100$  per hour].

**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.**

As set forth above, the Commission affirmatively sought comment from the public and federal agencies on the information collection requirements of these regulations. In addition, the Chairman and the Commissioners, as well as Commission staff, participated in numerous meetings with representatives of potential swap dealers and major swap participants, trade associations, public interest groups, traders, and other interested parties. The Commission also consulted with other U.S. financial regulators including: (1) the Securities and Exchange Commission (SEC); (2) the Board of Governors of the Federal Reserve System; (3) the Office of the Comptroller of the Currency; and (4) the Federal Deposit Insurance Corporation. Staff from each of these agencies had the opportunity to provide oral and/or written comments to the adopting release describing the combined final regulations, and the final regulations incorporate elements of the comments provided. The Commission also reviewed the SEC's proposed rule concerning business

conduct standards for security-based swap dealers and major swap participants.<sup>4</sup> In addition, the Commission is mindful of the benefits of harmonizing its regulatory framework with that of its counterparts in foreign countries. The Commission, therefore, monitored global advisory, legislative, and regulatory proposals, and consulted with foreign regulators in developing the set of combined final regulations.

**Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 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. No such decision was made.

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

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. These regulations are 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 regulations do not request nor require the giving 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**

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<sup>4</sup> See 76 FR 42396 (July 18, 2011) (Business Conduct Standards for Security Based Swap Dealers and Major Security Based Swap Participants).



**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.**

See Attachment A and the response to question 8.

As delineated below, the hour burden, per respondent, associated with the regulations, is estimated to be 1,148.5 hours, at a cost of \$114,850 annually. As set forth above, this burden would result from: (1) drafting, filing, distributing, and updating written policies and procedures designed to monitor and manage the risks associated with the swap activities of the swap dealer or major swap participant (including, but not limited to, policies and procedures: regarding the swap dealer or major swap participant's risk tolerance limits, to identify and account for the risks of new products, to monitor and manage specifically delineated types of risk, regarding the swap dealer or major swap participant's use of central counterparties, to monitor for and prevent violations of applicable position limits, for business continuity and disaster recovery, and to distribute and to detect violations of the swap dealer or major swap participant's risk management program); (2) on a quarterly basis, drafting and filing reports describing the market, credit, liquidity, foreign currency, legal, operational, settlement and other applicable risk exposures of the swap dealer or major swap participant and related information; (3) on an annual basis, documenting the results of the required testing of the firm's risk management program; (4) on an annual basis, documenting the required position limit training and position limit compliance audit; (5) on a quarterly basis, documenting position limit testing and compliance; (6) as applicable, documenting position limit violations and reporting such violations to the Commission; (7) documenting the required testing and audit of the business continuity and disaster recovery plan and the provision of emergency contact information to the Commission; and (8) as applicable, documenting the required risk assessment of new products.

In its proposal, the Commission anticipated that approximately 250 swap dealers and 50 major swap participants would register with the Commission. As explained in greater detail above, the Commission now believes that approximately 125 persons will come within the swap dealer or major swap participant definition and, thus, will be subject to the requirements of this regulation. The Commission has adjusted its information collection burden estimates accordingly.

The annualized costs per respondent and in the aggregate were determined using an average

salary of \$100.00 per year. As explained above, this amount was determined using data from the Bureau of Labor Statistics and the Commission continues to believe that this is an appropriate salary estimate for purposes of this regulation.

The estimated burden is:

Drafting, Filing, Updating and Distributing Risk Management Program (including Position Limit Procedures and Business Continuity and Disaster Recovery Plan)

Number of registrants: 125

Estimated number of responses: 125

Estimated total annual burden per registrant: 900 hours

Frequency of collection: one-time filing with the Commission, annual distribution, updating as needed

Total annual burden: 112,500 burden hours [125 registrants x 900 hours]

Quarterly Risk Exposure Reports

Number of registrants: 125

Estimated number of responses: 500 [125 registrants x 4 reports]

Estimated total annual burden per registrant: 32 hours

Frequency of collection: quarterly

Total annual burden: 4,000 burden hours [125 registrants x 32 hours]

Annual Documentation of Risk Management Testing

Number of registrants: 125

Estimated number of responses: 125 [125 registrants x 1 test]

Estimated total annual burden per registrant: 200 hours

Frequency of collection: annual

Total annual burden: 25,000 hours [125 registrants x 200 hours]

Documentation of Annual Position Limit Compliance Training and Audit

Number of registrants: 125

Estimated number of responses: 125

Estimated total annual burden per registrant: 2 hours

Frequency of collection: annually

Total annual burden: 250 hours [125 registrants x 2 hours]

Quarterly Documentation of Position Limit Compliance

Number of registrants: 125

Estimated number of responses: 500 [125 registrants x 4 reports]

Estimated total annual burden per registrant: 10 hours

Frequency of collection: quarterly

Total annual burden: 1,250 hours [125 registrants x 10 hours]

Documentation of Position Limit Violations

Number of registrants: 125

Estimated number of responses: 250 [125 registrants x 2 documents]

Estimated total annual burden per registrant: .5  
Frequency of collection: as needed  
Total annual burden: 62.5 hours [125 registrants x .5 hours]

Filing Emergency Contact Information and Annual Documentation of Business Continuity Testing

Number of registrants: 125  
Estimated number of responses: 125  
Estimated total annual burden per registrant: 1 hour  
Frequency of collection: annual  
Total annual burden: 125 hours

Documentation of Risk Assessment of New Products

Number of registrants: 125  
Estimated number of responses: 625 [125 registrants x 5 documents]  
Estimated total annual burden per registrant: 3 hours  
Frequency of collection: as needed  
Total annual burden: 375 hours [125 registrants x 3 hours]

Based upon the above, the aggregate cost for all registrants is 143,562.5 burden hours and \$ 14,356,250 [143,562.5 x \$100 per hour].

**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, 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 information collection required by the regulations does not involve any start-up capital, operations or maintenance costs as the Commission believes that swap dealers and major swap participants already maintain mechanisms to develop the required reports and to preserve records related to their compliance with regulatory requirements as part of their customary or usual business practices.

- 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 estimates that its staff will expend 5,625 hours per year reviewing documents required to be submitted to the Commission pursuant to the regulations (*e.g.*, the written risk management policies and procedures and updates thereto, the quarterly risk exposure reports, position limit violation notifications, emergency contact notifications, etc.) Based upon an average salary of \$58 per hour, the annualized cost to the Federal Government will be \$326,250.

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

The program changes or adjustments are required by the Dodd-Frank Act, which established a new regulatory scheme.

- 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.**

This question does not apply.

- 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.

**Attachment A**

**Part 23 – Regulations Establishing and Governing the Duties of Swap Dealers and Major Swap Participants**

**OMB Collection File 3038-0084**

Number of Respondents	125
Estimated Average Burden Hours Per Respondent	1,148.5
Estimated Annual Cost Per Respondent	\$114,850
Estimated Aggregate Burden Hours	143,562.5
Estimated Aggregate Cost	\$14,356,250
% of Responses Collected Electronically	100

**Frequency of Reporting Annually, quarterly or on occasion**

Requirement	Estimated # of Respondents Per Year	Estimated # of Responses Per Respondent	Total #Annual Responses	Estimated Total Annual Burden Per Registrant	Estimated Total # of Hours of Annual Burden in Fiscal Year	Estimated Annual Cost Per Respondent
<b>Recordkeeping and Reporting</b> Risk Mgt. Program	125	1	125	900	112,500	90,000
<b>Recordkeeping and Reporting</b> Quarterly Risk Exposure Reports	125	4	500	32	4,000	3,200
<b>Recordkeeping</b> Annual Risk Mgt. Testing	125	1	125	200	25,000	20,000
<b>Recordkeeping</b> Annual Position Limit Training	125	1	125	2	250	200
<b>Recordkeeping</b> Quarterly Documentation of Position Limit Compliance	125	4	500	10	1,250	1,000
<b>Recordkeeping and Reporting</b> Documentation	125	2	250	.5	62.5	50

and Reporting of Position Limit Violations						
<b>Recordkeeping and Reporting</b> Documentation of Emergency Contact Info and Business Continuity Testing and Audit	125	1	125	1	125	100
<b>Recordkeeping</b> New Product Assessment New Products	125	5	625	3	375	300
Total				1,148.5	143,562.5	\$114,850