

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

Annual Report of the Chief Compliance Officer

OMB CONTROL NUMBER 3038-0080¹

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 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 4s(k) (7 U.S.C. 6s(k)) which: (a) requires each swap dealer and major swap participant to designate an individual to serve as the entity's chief compliance officer; (b) imposes certain duties upon the chief compliance officer, including reviewing the compliance of the swap dealer or major swap participant with the CEA and relevant Commission regulations and establishing procedures for the handling, management, remediation, retesting and closing of noncompliance issues; and (c) requires the chief compliance officer to: (i) annually prepare and sign a report that contains a description of the swap dealer's or major swap participant's policies and procedures and its compliance with the CEA and Commission regulations; (ii) certify that the compliance report is accurate and complete; and (iii) file the

¹ The new information collection requirements discussed in this Supporting Statement were proposed in the notice of proposed rulemaking (NPRM) entitled "Designation of a Chief Compliance Officer; Required Compliance Policies; and Annual Report of a Futures Commission Merchant, Swap Dealer or Major Swap Participant" that was published in the *Federal Register* on November 19, 2010. See 75 FR 70881 (CCO NPRM). 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 71391 (Nov. 23, 2010) (Implementation of Conflicts of Interest Policies and Procedures by Swap Dealers and Major Swap Participants); 75 FR 71397 (Nov. 23, 2010) (Regulations Establishing the Duties of 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 CCO 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; "Conflicts of Interest Policies and Procedures by Swap Dealers and Major Swap Participants," OMB control number 3038-0079; "Regulations Establishing and Governing the Duties of Swap Dealers and Major Swap Participants," OMB control number 3038-0084; "Reporting, Recordkeeping, and Daily Trading Records Requirements for Swap Dealers and Major Swap Participants," OMB control number 3038-0087; and "Annual Report of the Chief Compliance Officer of Registrants," OMB control number 3038-0080. 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.

compliance report with the Commission. Section 731 also directs the Commission to prescribe rules related to the annual report. Similarly, Section 732 of the Dodd-Frank Act amends section 4d of the CEA (7 U.S.C. 6d) to require a futures commission merchant to appoint a chief compliance officer and to authorize the Commission to promulgate regulations setting forth the duties and responsibilities of the chief compliance officer. The Commission has determined that it is appropriate and consistent with the intent of the Dodd-Frank Act to treat swap dealers, major swap participants, and futures commission merchants consistently with respect to their chief compliance officer obligations.

Accordingly, the Commission has adopted regulations that would require each swap dealer, major swap participant, and futures commission merchant to designate (by filing a form 8-R) a chief compliance officer who is responsible for developing and administering policies and procedures that fulfill certain duties of the swap dealer, major swap participant, or futures commission merchant and that are reasonably designed to ensure the registrant's compliance with the CEA and Commission regulations; establishing procedures for the remediation of noncompliance issues identified by the chief compliance officer; establishing procedures for the handling, management response, remediation, retesting and closing of noncompliance issues; preparing, signing, certifying and filing with the Commission an annual compliance report that contains the information specified in the regulations; amending the annual report if material errors or omissions are identified; and maintaining records of the registrant's compliance policies and procedures and records related to the annual report.

The information that would be collected pursuant to the regulations is essential to ensuring that swap dealers, major swap participants, and futures commission merchants maintain comprehensive policies and procedures that promote compliance with the CEA and Commission regulations.

- 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 required information will be used by Commission staff when conducting examination and oversight of swap dealers, major swap participants, and futures commission merchants for compliance with the CEA and Commission regulations.

- 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 information will be filed electronically.

- 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 Commission has attempted to eliminate duplication by: (a) permitting swap dealers, major swap participants, and futures commission merchants to incorporate by reference sections of an annual report that has been furnished to the Commission within the current or immediately preceding reporting period, and (b) by permitting registrants that are dually registered with the Commission and would be required to submit multiple annual reports, to incorporate by reference in the annual report filed in one registration capacity, sections of the annual report furnished within the current or immediately preceding reporting period that was filed in the other registration capacity.

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.

The collection of the required information does not involve any 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.

The CEA, as amended by the Dodd-Frank Act, expressly requires the chief compliance officers of swap dealers and major swap participants to prepare, sign, certify and file a compliance report on an annual basis in accordance with regulations promulgated by the Commission. It also requires the Commission to promulgate regulations setting forth the duties and responsibilities of the chief compliance officer of futures commission merchants, which the Commission believes should be consistent with similar obligations imposed upon swap dealers and major swap participants. Accordingly, a less frequent collection would not comport with the Commission's obligations under its authorizing statute. Moreover, an annual report is necessary to ensure that the Commission receives, on a timely basis, the information needed to ensure that swap dealers, major swap participants, and futures commission merchants are in compliance with the CEA and relevant Commission regulations.

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. The regulations involve obligations that are imposed on an annual basis (*e.g.*, the preparation and filing of the compliance report) or less than annually (*e.g.*, a Form 8-R need only be filed when the chief compliance officer is designated). More frequent reporting is required only where the affected registrant subsequently identifies material errors or omissions in a previously filed report.

- **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.

- **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 filing of multiple copies of documents.

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

Commission regulation 1.31 expressly requires that:

All books and records required to be kept by the [CEA] or by [Commission] 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 five-year period. All such books and records shall be open to inspection by any representative of the Commission or the United States 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 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 of these regulations. *See* 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”). 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 CCO 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 recordkeeping requirements contained therein. Since the publication of the CCO 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. There are 159 futures commission merchants currently registered with the Commission. Thus, the total number of respondents is now expected to be 284. The Commission has adjusted its information collection burden estimates accordingly.

In the CCO NPRM (and the other NPRMs captured in the combined final regulations of which this regulation is a part), the Commission estimated the cost burden of the regulation 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 \$38.77.² 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.³

With respect to the annual compliance report requirement, the National Society of Compliance Professionals (NSCP) commented that the level of detail required by the annual report would impose unnecessary burdens on the chief compliance officer with little offsetting benefits. NSCP argued that a better approach would be to require a review of the adequacy of policies and the effectiveness of their implementation. Edison Electric Institute (EEI) commented that the annual report requirements would be so lengthy and detailed that the usefulness of the annual report would be greatly diminished. The Working Group recommended that the Commission provide a standardized form for the annual report because such would mutually benefit the Commission and registrants. The Working Group also expressed the view that the annual report, as proposed, would be unnecessarily exhaustive, and without a materiality limitation, the report would be of limited use to the Commission and costly for firms to produce. The Working Group also objected to the requirement that firms preserve all materials relating to the preparation of an annual report because such would not promote any compliance policy other than facilitating regulatory enforcement actions. The Working Group believes that the scope of provisions means that a firm will spend considerable resources to meet its obligations under the compliance report, and preparation of the report will be quite expensive because the scope of policies and procedures will be very broad. The Working Group estimated that the burden of preparing a report is, at a minimum, 160 hours, 4 times the Commission’s estimate.

FIA and SIFMA provided the following revised hour cost burden assessment: Form 8-R and related matters would be 10 hours (not 1 hour); preparing, updating and maintaining policies and procedures would be 1,000 hours (not 80 hours); preparing the annual report would be 500 hours (not 40 hours); annually amending the annual report would be 50 hours (not 5 hours); and recordkeeping would be closer to 500 hours (not 10 hours). FIA and SIFMA estimated that the total cost per registrant would be closer to \$800,000 and that the total cost to the industry would be \$350 million. Despite the fact that FIA and SIFMA did not provide an explanation for any of

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

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

their revised hour burden estimates, the Commission accepted their arguments, in part, and amended its hour burden estimate to reflect some of their comments.

The Commission did not modify the amount of time required to prepare and file a Form 8-R designating the chief compliance officer. This form requests only the information about the individual designated as chief compliance officer that is necessary for the Commission to appropriately exercise its statutory registration and compliance oversight functions. This information generally includes name, addresses, location of records, regulatory and disciplinary histories, and other similarly straightforward matters – all of which should be in the possession of the applicant and readily available for the applicant to provide. Most notably, the Paperwork Reduction Act estimates provided for the Form 8-Rs are averages that do not necessarily reflect the actual time expended by each and every individual to complete the forms.

The Commission has modified its estimate of the amount of time it will take to annually draft and update compliance policies from 80 hours to 900 hours, which reflects half of a full-time employee's time. Additionally, the Commission doubled the hour burden estimate associated with preparing and furnishing to the Commission an annual report that describes the registrant's compliance policies and resources and the registrant's compliance with the CEA and Commission regulations to 80 hours per year, which is in line with estimates made in connection with the derivatives clearing organization final rulemaking. The Commission maintained, however, its original estimate of the time required to amend a previously furnished annual report when material errors or omissions are identified at 5 hours annually.

With respect to the recordkeeping requirements, the Commission doubled the time estimated to maintain records related to the registrant's compliance policies and annual reports from 10 hours to 20 hours. With regard to recordkeeping required under the chief compliance officer regulations, the Commission notes that much of the burden associated with this requirement has been included in the overall recordkeeping estimates for swap dealers and major swap participants and in existing regulations for futures commission merchants, all of which require general business records to be kept.

Based upon the comments received and the changes to the regulations discussed above, the Commission has revised its estimate of the burden associated with the regulations to be 1,006 hours, at a cost of \$100,600 annually for each respondent. Based upon the above, the aggregate cost for all respondents is 285,704 burden hours [1,006 hours x 284 respondents] and \$28,570,400 [285,704 burden hours x \$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.⁴ 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 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.

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

This question does not apply. The regulations do not request nor 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.**

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 1,006 hours, at a cost of \$100,600 annually. This burden would result from the requirements that the respondent: (1) prepare and file a Form 8-R designating its chief compliance officer; (2) draft and maintain various policies and procedures; (3) prepare and furnish to the Commission an annual report that contains a description of the respondent's written policies and procedures; identifies those that are reasonably designed to ensure compliance with the requirements of the CEA and relevant Commission regulations and sections 619 and 716 of the Dodd-Frank Act as well material changes made to the policies and procedures during the coverage period; provides an assessment as to their effectiveness, makes recommendations for improvements; describes the respondent's compliance resources, and describes identified material noncompliance issues and the related actions taken; (4) amend a previously furnished annual report when material errors or omissions are identified; and (5) maintain records related to respondent's compliance policies and annual reports.

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 these regulations. There are 159 futures commission merchants currently registered with the

Commission. Thus, the total number of respondents (combined swap dealers, major swap participants and futures commission merchants) is expected to be 284 and the aggregate hour burdens set forth below are based upon that expectation. The burden hours are not anticipated to vary widely among respondents.

In its proposal, the Commission determined the annualized costs per respondent and in the aggregate 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 this is an appropriate salary estimate for purposes of these regulations.

Preparation and Filing of Form 8-R. It is estimated that each respondent would spend 1 hour preparing and filing a Form 8-R designating its chief compliance officer as a principal of the firm. This generally would be a one-time burden that need be repeated only when a new chief compliance officer is named.

Number of respondents: 284 [total number of affected registrants]
Estimated number of responses: 284 [1 per affected registrant]
Estimated total burden on respondents: 1 hour per affected registrant
Frequency of collection: One initial collection and on occasion thereafter
Aggregate reporting burden: 284 respondents x 1.0 hours = 284 burden hours

Drafting and Updating Compliance Policies and Procedures. It is estimated that each respondent would spend 900 hours annually in connection with the requirement that its chief compliance officer establish various compliance policies and procedures. This estimate includes the time needed to review applicable laws and regulations; develop compliance policies and procedures; and consult with respondent's board of directors or senior officer on compliance policies.

Number of respondents: 284 [total number of affected registrants]
Estimated number of responses: 284 [1 per year per affected registrant]
Estimated annual hour burden on respondents: 900 hours per affected registrant
Frequency of collection: Annually
Aggregate reporting burden: 284 respondents x 900 hours = 255,600 burden hours

Preparation and Furnishing Annual Report. It is estimated that each respondent will spend an additional 80 hours drafting and submitting its annual compliance report. This estimate includes the time needed to collect and analyze the information that underlies the contents of the annual report, to formulate recommendations to existing compliance policies, and to draft the report.

Number of respondents: 284 [total number of affected registrants]
Estimated number of responses: 284 [1 per year per affected registrant]
Estimated annual hour burden on respondents: 80 hours per affected registrant
Frequency of collection: Annually
Aggregate reporting burden: 284 respondents x 80 hours = 22,720 burden hours

Preparation and Furnishing Amended Annual Report. The Commission estimates that a respondent may spend an average of 5 hours annually amending and re-filing an annual report if material errors or omissions are found.

Number of respondents: 284 [total number of affected registrants]
Estimated number of responses: 284 [1 or less per year per affected registrant]
Estimated annual hour burden on respondents: 5 hours [annual average]
Frequency of collection: As needed [estimates based upon average annual collection burden]
Aggregate reporting burden: 284 respondents x 5 hours = 1,420 burden hours

Recordkeeping Related to Compliance Policies and Annual Report. Each respondent is expected to spend 20 hours annually satisfying the record retention requirements of the rule. This would include the time to be expended maintaining records of the firm's compliance policies; compiling and indexing records relevant to the annual report; and maintaining reports and other materials furnished to the respondent's board of directors or senior officer in connection with the review of the report.

Number of respondents: 284 [total number of registrants]
Estimated number of responses: 284 [1 per affected registrants]
Estimated annual hour burden on respondents: 20 hours per affected registrant
Frequency of collection: Annually
Aggregate reporting burden: 284 respondents x 20 hours = 5,680 hours

Based upon the above, the aggregate cost for all respondents is 285,704 burden hours [1006 hours x 284 respondents] and \$28,570,400 [285,704 burden hours 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 will not involve any capital or start-up capital or operations or maintenance costs as the Commission anticipates that swap dealers, major swap participants, and futures commission merchants already maintain sufficient compliance personnel and systems for the regulatory reporting and recordkeeping that would be required.

- 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 8 hours per year per respondent reviewing the Form 8-R, annual compliance report and amendments to the annual report. Based upon an average salary of \$58 per hour and the revised estimate of 284 respondents, the annualized cost to the Federal Government is now estimated to be \$131,776 [\$58 hourly salary X 8 hours per year X 284 reports].

- 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 3 – Annual Report for Chief Compliance Officer of Registrants

OMB Collection File 3038-0080

Number of Respondents	284
Estimated Average Burden Hours Per Respondent	1006
Estimated Annual Cost Per Respondent	\$100,600
Estimated Aggregate Burden Hours	285,704
Estimated Aggregate Cost	\$28,570,400
% of Responses Collected Electronically	100

Frequency of Reporting Annually or on occasion

Requirement	Estimated # of Respondents Per Year	Estimated # of Responses Per Respondent	Total #Annual Responses	Estimated Average # of Hours Per Response	Estimated Total # of Hours of Annual Burden in Fiscal Year	Estimated Annual Cost Per Respondent
Form 8-R	284	1	284	1	284	\$100
Drafting Policies and Procedures	284	1	284	900	255,600	\$90,000
Annual Report	284	1	284	80	22,720	\$8,000
Amended Report	284	1	284	5	1,420	\$500
Recordkeeping	284	1	284	20	5,680	\$2,000
Total				1,006	285,704	\$100,600