

SUPPORTING STATEMENT FOR NEW AND REVISED INFORMATION COLLECTIONS

OMB CONTROL NUMBER 3038-0096

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, in December 2010, the Commission 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. 75 Fed. Reg. 76574 (Dec. 8, 2010). The Commission finalized these proposed regulations in January 2012. 77 Fed. Reg. 2136 (Jan. 13, 2012).

This supporting statement concerns new collections of information found in the final regulations that relate to these Dodd-Frank Act requirements. The Commission filed an information collection request with respect to the proposed regulations on December 8, 2011, and received a notice of action on this request on January 13, 2012. The final regulations will be established in 17 CFR Part 45 on the effective date of the final rulemaking release, March 13, 2012. These regulations 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.

In the information collection request filed with respect to the proposed rule, the following collections of information, which are described more fully in response to question 12, were identified as:

- 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. SEFs and DCMs are required to report certain information (swap creation data) once at the time of swap execution. DCOs, SDs, MSPs, and non-SD/MSP counterparties are required to report certain information (swap creation data) once, as well as other information (swap continuation data) throughout the life of a swap—whenever a reportable event or a reportable change occurs. With respect to reporting by SDs, MSPs, and non-SD/MSP counterparties, only one counterparty to a swap is required to report information concerning that swap, typically an SD or an MSP.
- 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, swap counterparties, including SDs, MSPs, and non-SD/MSP counterparties (an estimated 30,300 entities and persons), would be required to report into a confidential database information concerning their corporate affiliations or company hierarchy relationships (as well as changes to such information). In the final rulemaking, this estimated number of entities and persons was revised downward to 30,125, to account for the Commission’s revised estimate for the number of SDs and MSPs it expects to be required to register. Finally, under proposed Regulation 45.4, each swap subject to the Commission’s jurisdiction would be required to be identified in all recordkeeping and swap data reporting by means of a unique product identifier and product classification system, as determined by the Commission.

In the final rulemaking adopted by the Commission, these collections of information were retained, and additional information concerning them was provided, as also discussed more fully in response to question 12 below:

- Under final Regulation 45.5, SDRs, SEFs, DCMs, SDs, and MSPs will 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 burden hours discussed in response to question 12 below include the estimated burden hours necessary to oversee, maintain, and utilize the electronic functionality of unique swap ID reporting.

- Under final Regulation 45.6, each SD, MSP, and non-SD/MSP counterparty (an estimated 30,125 entities and persons), will be required to report concerning itself both level one reference data (the minimum information needed to identify on a verifiable basis, the legal entity to which a legal entity identifier is assigned, including, without limitation, all of the data elements included in ISO Standard 17442 Legal Entity Identifier). and level two reference data (information concerning the corporate affiliations or company hierarchy relationships of the legal entity to which a legal entity identifier is assigned) to a public level one reference database and a confidential level two reference database, respectively. The report will be made once at the time of the first swap data report to an SDR involving the SD, MSP, or non-SD/MSP counterparty. A similar report will be required whenever an update or correction to the previously reported reference data is required.
- Under final Regulation 45.7, each swap subject to the Commission's jurisdiction will need to be identified in all recordkeeping and swap data reporting by means of a unique product identifier and product classification system, which shall be designated at a later date by the Commission. The Commission expects that this will result in a one-time retrieval burden for each SEF and DCM for each swap product traded on its platform, either at the time the Commission designates the system for currently listed products or at the time a product is listed for trading. SDs, MSPs, and non-SD/MSP reporting counterparties also will be subject to a one-time retrieval burden for each swap product that they are required to report to an SDR or the Commission.

In addition, under final Regulation 45.14, a registered SDR is required to develop protocols regarding the reporting and correction of erroneous information. However, the burden associated with § 45.14 are contained in the real time public reporting rules adopted by the Commission, for which the Commission has prepared an information collection request for review and approval by OMB. To avoid duplication of PRA burdens, those costs are not being accounted for in the information collection request associated with this rulemaking.

The information collection obligations imposed by the final 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 will 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 will be reported electronically, and it is expected that all information that will be required to be retrieved before it is reported will be subject to electronic retrieval. 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.

To the maximum extent possible, the information collection was designed to avoid duplication. In all cases where it was possible to leverage information collections contained in other rulemakings, the Commission elected not to impose collections that would increase burden. Otherwise, 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 From 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 has determined 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 final regulations. The final 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 final 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 final 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 final 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 will be required only when requested by the Commission. Swap data reporting to SDRs will be required both when a swap is created, and during the existence of the swap when necessary to report a change to the primary economic terms or the valuation 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 final 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 final 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;

Final 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 final 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 final 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 final 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 final 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 affirmatively sought comment from the public and from other federal agencies on the information collection requirements of the proposed regulation. A copy of the proposed regulation appeared in the *Federal Register* at 75 FR 7657356 (Dec. 8, 2010), including the explicit solicitation of comment on all aspects of the recordkeeping burden imposed, is attached hereto.

The Commission received numerous comments supporting the overall goals of swap data reporting, including systemic risk protection, market integrity, and transparency goals. Although the Commission did not receive any specific comments regarding the PRA analysis or estimates, the Commission did receive general comments and suggestions regarding the requirements set forth in the proposed rulemaking. The comments concerned, among other things, the type of information that should be collected; the entity or entities that should be responsible for reporting the information; the manner in which the data should be required to be reported (snapshot or lifecycle method of reporting); and the timeframe in which such data should be required to be reported.

In response, the Commission amended the requirements set forth in the proposed rulemaking in a variety of ways in order to address concerns of the commenters and reduce the burden of the information collections on registered entities and counterparties. The Commission amended the requirements in the proposed rulemaking by, among other things, reducing the types of information to be collected (e.g., the final rule does not require reporting of contract intrinsic data, master agreements, certain collateral information, or certain valuation information); streamlining the entity or entities responsible for reporting the information in order to assign reporting responsibilities to the entity or entities with the easiest, fastest, and cheapest access to the data in question (e.g., the final rule does not require non-SD/MSP counterparties to report any additional swap data for swaps that are both executed on a platform and cleared, as the SEF/DCM reports all creation data and the DCO reports all continuation data); providing greater flexibility in the manner in which information is to be reported (the final rule permits either the snapshot or lifecycle method of reporting may be used for any asset class); and modifying the timeframe in which information is to be collected (e.g., the final rule requires non-SD/MSP counterparties to report valuation data for uncleared swaps only on a quarterly basis, and provides phasing to all SDs, MSPs, and non-SD/MSP counterparties with respect to the timeframe in which information must be reported).

The Commission also clarified in the final rule that non-SD/MSP counterparties are permitted to fulfill their part 45 recordkeeping responsibilities by keeping records in paper, rather than electronic, form. The final rule also provides that other counterparties and registered entities are also permitted to keep paper, rather than electronic, records, if such records were originally created and exclusively maintained in paper form. These provisions concerning the recordkeeping information collection provisions were intended to address concerns raised by several commenters about the cost of technology that would be borne if their current method of doing business was not accommodated.

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.

The Commission held three public roundtables at the CFTC headquarters in Washington, DC, on September 14, 2010, January 28, 2011, and June 6, 2011, at which representatives from affected sectors of the swap markets engaged in public dialogue with members of Commission staff responsible for drafting the final 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. Throughout the preparation of the final rule, CFTC staff also met and consulted with swap industry participants as well as other U.S. federal regulators and agencies and with international financial regulators. 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 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 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.

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 final 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:¹

- 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.

The total annual burden-hour cost for the proposed regulations was estimated to be between \$86,319,621 and \$103,954,221. The estimated annual burden hours and annual burden-hour costs in the proposed regulations was estimated to be up to 1,155,924 hours. The total annual burden-hour cost for the final regulations has been estimated to be \$150,394,058. The estimated annual burden hours and annual burden-hour costs in the final regulations was estimated to be up to 1,342,860 hours.

Regulations 45.3 and 45.4. SEFs, DCMs, DCOs, MSPs, and SDs (an estimated 195 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 per SEF, DCO, DCM, MSP, or SD. The Commission estimated 2,080 hours by assuming that a significant number of SEFs, DCMs, DCOs, MSPs, and SDs will dedicate the equivalent of least one full-time employee to ensuring compliance with the reporting obligations of §§ 45.3 and 45.4 (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 or entered into by these entities, the varied nature of the information required to be reported, and the frequency with

¹ For the purposes of § 45.6, the Commission estimated the number of reports to vary between zero and four for all 30,210 entities. Regulation 45.6 estimates the number of reports required to establish legal identifiers and does not reflect Commission estimates regarding the anticipated volume of swap transactions which have to be reported to swap data repositories under § 45.3. Many entities will, after establishing identifiers, not engage in swaps activities at all while others will be very active. Accordingly, for the purposes of its 83-I submission, the Commission is estimating one report for every entity affected by its information collection requirements.

which information may be required to be reported. The Commission notes, however, that these burdens should not be considered additional to the costs of compliance with Part 43, because the basic data reporting technology, processes, and personnel hours and expertise necessary to fulfill the requirements of Part 43 encompass both the data stream necessary for real-time public reporting and the creation data stream necessary for regulatory reporting.

Non-SD/MSP counterparties who will be required to report—which presently includes an estimated 1,000 entities—are anticipated to have lower levels of activity with respect to reporting. Of those 1,000 non-SD/MSPs, the Commission believes that a majority, estimated now at 75%, or 750 entities, will contract with third parties to satisfy their reporting obligations. The identity of such third parties, the composition of the marketplace for third party services, and the costs to third parties to provide reporting services given the economies of scale and scope they may realize in providing those services are all presently unknowable. Therefore, the Commission does not believe it is feasible to quantify the fees charged by third parties to non-SD/MSPs at the present time, but believes that they will likely vary with the volume of reports to be made. For those non-SDs/non-MSPs who are required to report swap transaction and pricing data to an SDR and contract with a third party, the Commission estimates that such non-SD/MSP counterparties will incur a recurring burden for reporting errors and omissions should errors or omissions be noticed by the counterparty or the SDR; however, the Commission has already considered these burdens in Part 43, and thus has not reapplied them to this rule. The costs of reporting to the remaining 250 non-SD/MSP counterparties that do not contract with a third party are addressed below.

The Commission estimates that costs applicable to reporting counterparties will include maintenance of an internal order management system (“OMS”) and the personnel hours needed to maintain a compliance program in support of that system. With respect to all reporting counterparties, including SEFs, DCOs, DCMs, SDs, MSPs, and non-SD/MSP counterparties that do not contract with a third party for reporting, the Commission estimates that the additional implementation of the OMS and the associated compliance and support program for the reporting of swap continuation data would impose an initial non-recurring burden of 350 hours per reporting counterparty at a cost of \$28,745, and a recurring annual burden of 175 hours per reporting counterparty at a cost of \$14,373.

In addition to the burden estimates presented here, reporting counterparties will incur costs associated with establishing and maintaining connectivity to an SDR for the purposes of effecting reporting. Connectivity costs have been accounted for in the information collection prepared by the Commission with respect to its final part 43 rules, in which the information collection costs applicable to SDRs also have been estimated. To avoid creating duplicative PRA estimates, the Commission is not accounting again for those costs with respect to this rulemaking. And in the event that there is a swap asset class for which no SDR accepts swap data, swap data for a swap in that class must be reported to the Commission. With respect to all reporting counterparties, including SEFs, DCOs, DCMs, SDs, MSPs, and non-SD/MSP reporting counterparties that do not contract with a third party for reporting, the Commission estimates that the annual cost to maintain connectivity to the Commission would be approximately \$100,000 for each reporting counterparty or registered entity that transacts in swap asset classes that are not accepted by any registered SDR.

Regulation 45.5. The Commission anticipates that the reporting of the unique swap identifier will be automatically completed by electronic computer systems. The Commission estimates that USI-related costs will be highest for SEFs, DCOs, and DCMs, because they will have to create the greatest number of USIs. The Commission estimates the requirement for SEFs, DCOs, and DCMs to create and transmit USIs to counterparties and other registered entities to present a total marginal non-recurring burden of 1,000 personnel hours at a total cost of \$81,869 per entity, and a recurring annual burden of 470 personnel hours at a total cost of \$37,741 per entity.

For off-facility swaps with an SD or MSP reporting counterparty, the Commission estimates the requirement for SDs and MSPs to create and transmit USIs to counterparties and other registered entities to present a total marginal non-recurring burden of 750 personnel hours at a cost of \$61,402 per entity, and a recurring annual burden of 353 hours of annual personnel hours at a total cost of \$28,386 per entity.

For off-facility swaps between non-SD/MSP counterparties, the Commission estimates the requirement for SDRs to create and transmit USIs to counterparties and other registered entities to present a total marginal non-recurring burden of 500 annual personnel hours at a cost of \$40,935 per entity, and a recurring annual burden of 235 annual personnel hours for a total cost of \$18,871 per entity.

Regulation 45.6. The report required under 45.6 will be made once, prior to the time of the first swap data report to an SDR involving the SD, MSP, or non-SD/MSP counterparty. A similar report will be required whenever an update or correction to the previously reported reference data is required. For any such report, the estimated number of burden hours 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 when the SD, MSP or non-SD/MSP counterparty is required to make either the initial report or a report of an update or correction. Thus, the estimated annual burden per entity varies between zero and eight burden hours. Therefore, there are between 0 and 241,000 estimated aggregate annual burden hours.

Additionally, the Commission anticipates that an LEI meeting the requirement of the final rule will be available before the commencement of swap data reporting. However, the Commission has also considered the potential burden that will be imposed on SDRs for creating, assigning and transmitting substitute identifiers if they should be required. The Commission estimates the cost to SDRs to create, assign and transmit substitute identifiers to counterparties and other registered entities to present a total marginal non-recurring burden of 500 annual personnel hours at a cost of \$40,935 and a recurring annual burden of 235 annual personnel hours for a total cost of \$18,871.

Regulation 45.7. Pursuant to § 45.7, each swap subject to the Commission's jurisdiction will need to be identified in all recordkeeping and swap data reporting by means of a unique product identifier and product classification system, which shall be designated at a later date by the Commission. The Commission expects that this will result in a one-time retrieval burden for

each SEF and DCM for each swap product traded on its platform, either at the time the Commission designates the system for currently listed products or at the time a product is listed for trading. SDs, MSPs, and non-SD/MSP reporting counterparties also will be subject to a one-time retrieval burden for each swap product that they are required to report to an SDR or the Commission. As with unique swap identifiers, the Commission anticipates that the reporting of the unique swap identifier will be automatically completed by electronic computer systems. Until such time as a system is designated, however, the Commission cannot estimate the aggregate annual burden hours associated with the retrieval necessary to populate the records and reports. The Commission therefore will establish a burden estimate associated with the collection of information resulting from § 45.7 on the designation of a system.

Regulation 45.14. Pursuant to § 45.14, a registered SDR is required to develop protocols regarding the reporting and correction of erroneous information. The Commission anticipates that this requirement will result in costs to SDRs associated with the reporting of both creation and continuation data in the form of non-recurring investments in technological systems and personnel during the development of the formatting procedure, and recurring expenses associated with data processing, systems maintenance, and personnel hours to format new data. However, the burden associated with § 45.14 are contained in the real time public reporting rules finalized by the Commission, for which the Commission has prepared an information collection request for review and approval by OMB. To avoid duplication of PRA burdens, those costs are not being accounted for in the information collection request associated with this rulemaking.

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.

As discussed in response to question 12, the estimated annual cost burden to respondents and recordkeepers was estimated in the proposed rulemaking to be approximately \$253 million. The total annual burden-hour cost for the proposed regulations was estimated to be between \$86,319,621 and \$103,954,221. The total annual burden-hour cost for the final regulations has been estimated to be \$150,394,058. Of this total, non-recurring costs have been estimated at \$100,829,220.

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 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 \$120,000.² Therefore, the total annual aggregate cost to the Commission is \$1,800,000.

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.³ [There additionally were connectivity costs estimated to be \$100,000 per year, associated with regulations 45.3 and 45.4 accounted for the final rule].

Therefore, the total cost (new staff plus technology) is between \$5.8 million and \$8.8 million annually.

² 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).

³ This number was obtained in consultation with CFTC's IT staff.

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.

Attachment 1: Estimated annual cost burden
 (Each regulation is described in the response to Question 12)

Entity	Non-Recurring Hour Burden per entity	Non-Recurring Cost per entity	Recurring Hour Burden per entity	Recurring Cost per entity	Aggregate non-recurring hours (all entities)	Aggregate non-recurring cost (all entities)	Aggregate recurring hours (all entities)	Aggregate recurring cost (all entities)
15 SDRs	500	\$40,935	235	\$18,871	7,500	\$614,025	3525	\$283,065
40 SEFs	3,260	\$351,276	1,790	\$166,285	130,400	\$14,051,040	71,600	\$6,651,400
18 DCMs	3,260	\$351,276	1,790	\$166,285	58,680	\$6,322,968	32,220	\$2,993,130
12 DCOs	3,260	\$351,276	3,870	\$397,416	39,120	\$4,215,312	46,440	\$4,768,993
125 SD/MSPs	3,010	\$33,809	1,411	\$156,930	376,250	\$41,351,125	176,375	\$19,616,250
250 Non-SD/MSPs ^[1]	1,140	\$137,099	463	\$61,008	285,000	\$34,274,750	115,750	\$15,252,000

⁴ Of the estimated 1,000 non-SD/MSP counterparties that serve as reporting counterparties, the Commission estimates that the majority, estimated here to be 75% (or 750 counterparties), will contract with a third-party service provider to fulfill their reporting obligations. The Commission cannot readily quantify the fees that may be charged by third-party vendors to provide this service; however, the costs to the estimated 250 non-SD/MSP reporting counterparties that will perform their own reporting are presented in this table.