

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

**OMB CONTROL NUMBERS 3038-0068, 3038-0083, and 3038-0088**

**Confirmation, Portfolio Reconciliation, Portfolio Compression, and Swap Trading  
Relationship Documentation Requirements for Swap Dealers and Major Swap Participants,  
77 FR 55904 (Sept. 11, 2012).**

**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) by adding sections 4s(f), 4s(g), and 4s(i), among others.

Section 4s(f) authorizes the Commission to promulgate requirements relating to books and records and reporting for swap dealers and major swap participants, and expressly obligates swap dealers and major swap participants to maintain records of all activities related to their swaps businesses and to make reports regarding their transactions, positions and financial condition, as required by such regulations.

Section 4s(g) requires swap dealers and major swap participants to maintain daily trading records of their swaps that contain any information prescribed by Commission regulations; all related records (including records of related cash and forward transactions); all recorded communications (including electronic mail, instant messages, and recordings of telephone calls); and a complete audit trail for conducting comprehensive and accurate trade reconstruction. Section 4s(g) also requires that the daily trading records for each swap transaction be identifiable by transaction and by counterparty.

Section 4s(i) requires the Commission to prescribe standards for swap dealers and major swap participants related to the timely and accurate confirmation, processing, netting, documentation, and valuation of swaps.

Pursuant to this authority, the Commission is promulgating regulations 23.500-23.505, which obligate swap dealers and major swap participants to develop and retain written swap trading relationship documentation. The final regulations also establish requirements for swap dealers and major swap participants regarding swap confirmation, portfolio reconciliation, and portfolio compression. Confirmation, portfolio reconciliation, and portfolio compression are important, post-trade processing mechanisms for reducing risk and improving operational efficiency.

Under the regulations, swap dealers and major swap participants are obligated to maintain records of the policies and procedures required by the rules. Swap dealers and major swap

participants also are required to maintain records of their swap trading relationship documentation; acknowledgements and confirmations for swap transactions; portfolio reconciliations; and portfolio compression exercises. The final regulations are essential to ensuring that swap dealers and major swap participants document their swaps, reconcile their swap portfolios to resolve discrepancies and disputes, and wholly or partially terminate some or all of their outstanding swaps through regular portfolio compression exercises.

With respect to swap trading relationship documentation, regulation 23.504 obligates swap dealers and major swap participants to develop and retain written swap trading relationship documentation, including: (1) the terms of their trading relationships with each of their counterparties; (2) credit support arrangements; (3) the parties' agreement on the methods for determining the value of their swaps; and (4) certain information regarding cleared swaps. Swap dealers and major swap participants are required to maintain written policies and procedures for executing the necessary swap trading documentation and to make and maintain records of their annual audits for compliance with the documentation requirements. Swap dealers and major swap participants also must report to the Commission certain swap valuation disputes that have not been resolved between the parties within designated time frames. In addition, Regulation 23.505 requires swap dealers and major swap participants to collect documentation relating to a counterparty's reliance on the exception from the mandatory clearing requirements, where applicable.

The information collection obligations imposed by the final regulations are necessary to implement the above-referenced provisions of the CEA, including ensuring that each swap dealer and major swap participant maintains the required records of their business activities and an audit trail sufficient to conduct comprehensive and accurate trade reconstruction. The recordkeeping requirements contained in regulation 23.504 are essential to ensuring that swap dealers and major swap participants memorialize, in writing, all of the terms of their swap trading relationships. The Commission believes that documenting the parties' understanding with respect to the terms prescribed in the final regulation will decrease the likelihood of significant counterparty disputes; promote transaction standardization; enhance the parties' abilities to engage in risk-reducing exercises such as bilateral offset, portfolio reconciliation, and portfolio compression; and enhance the stability of the market place as a whole. The final regulations also will ensure that certain important information regarding cleared swaps will be preserved. The reporting requirement established by regulation 23.504 will ensure that the Commission is provided with timely notification of swap valuation disputes that relevant market participants have been unable to resolve promptly. Regulation 23.505 is needed to ensure compliance with the mandatory clearing requirements of 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.**

Commission staff will use the information required to be preserved when conducting the Commission's examination and oversight program with respect to the affected registrants.

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 regulations require that recordkeeping generally be performed in accordance with Commission regulation 1.31, which permits the use of electronic storage media.

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.**

Swap dealers and major swap participants are new categories of registrants under the Dodd-Frank Act. Accordingly, the required information is not already collected by the Commission for any other purpose. It also is not 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.**

Failure to maintain the records required by the regulations would adversely affect the Commission's ability to ensure the affected registrants' compliance with their obligations under the CEA and Commission regulations to document their swaps, reconcile their swap portfolios to resolve discrepancies and disputes, and wholly or partially terminate some or all of their outstanding swaps through regular portfolio compression exercises. Failure to comply with the reporting requirements established by the regulation would prohibit the Commission from receiving timely notification of unresolved swap valuation disputes.

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. Certain of the reporting requirements (e.g., reporting of certain valuation disputes) are event-based. Further, certain of the reporting obligations contained in these regulations (the requirements to report swap transactions to swap data repositories and to engage in real time public reporting of swap transaction and pricing data) will not result in any additional cost to swap dealers and major swap participants beyond any costs already described and accounted for in the Commission's part 45 regulations for swap data recordkeeping and

reporting, and in the Commission's part 43 regulations governing real-time public reporting of swap transaction data.

- **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 impose any requirements that would obligate a respondent to submit more than an original and two copies of any document.

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

The recordkeeping requirements set forth in the final regulations mandate that records be maintained in accordance with Commission regulation 23.203 (and, by extension, Commission regulation 1.31), which expressly requires that:

All records required to be kept by the Act and by Commission regulations shall be kept for a period of five years from the date the record was made and shall be readily accessible during the first two (2) years of the five-year period. All such records shall be open to inspection by any representative of the Commission, the United States Department of Justice, or any applicable prudential regulator.

- **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.**

This question does not apply. In any event, the Commission has promulgated regulations to protect the confidentiality of any information collected from respondents. Such regulations are set forth in 17 CFR Part 145. The protection of such information also is governed by section 8 of the Commodity Exchange Act, by the Trade Secrets Act, and by the Privacy Act of 1974.

**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 sought comment from the public and Federal agencies on the information collections. The final regulations were proposed in 3 separate notices of proposed rulemaking:

- 75 FR 81519 (Dec. 28, 2010) (Confirmation, Portfolio Reconciliation, and Portfolio Compression Requirements for Swap Dealers and Major Swap Participants);
- 76 FR 6715 (Feb. 8, 2011) (Swap Trading Relationship Documentation Requirements for Swap Dealers and Major Swap Participants); and
- 76 FR 6708 (Feb. 8, 2011) (Orderly Liquidation Termination Provision in Swap Trading Relationship Documentation for Swap Dealers and Major Swap Participants).

Copies 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, accompany this submission.

After publishing the proposed rules in the *Federal Register*, the Commission received information concerning the estimated number of swap dealers and major swap participants that are expected to register with the Commission. As a result of that information, the Commission has revised the estimated number from approximately 300 registrants (as proposed) to approximately 125 registrants. The burden hours have been adjusted accordingly.

The Commission also received comments concerning the hourly wages of employees who would be tasked with the collections of information. For most of the provisions set forth in the NPRMs, the Commission estimated the cost burden of the proposed regulations based upon an average salary for Financial Managers of \$100 per hour. In addition, for certain provisions in the Documentation NPRM, the Commission estimated the cost burden of the proposed regulations based upon an average salary for Lawyers of \$125 per hour. In response to these estimates, one commenter 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. Another comment stated that some of the compliance policies required by the proposed regulations will be drafted by both in-house lawyers and outside counsel, so the blended hourly rate should be roughly \$400.

The Commission based its wage estimates on recent Bureau of Labor Statistics findings. Taking that data, the Commission then increased its hourly wage estimates in recognition of the fact that

some registrants may be large financial institutions whose employees' salaries may exceed the mean wage. The Commission observed that a report published by the Securities Industry and Financial Markets Association – titled the “Report on Management & Professional Earnings in the Securities Industry – 2010” – estimated 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 regulations discussed herein. 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. Outside counsel may be able to leverage its expertise to reduce substantially the number of hours needed to fulfill a requested assignment, but a registrant that uses outside counsel may incur higher costs than a registrant that does not use outside counsel. Any determination to use outside counsel is at the discretion of the registrant. Having considered the comments received and having reviewed the available data, the Commission has determined that \$100 per hour for Financial Managers, and \$125 for Lawyers, remain reasonable estimates of the per-hour average salary for purposes of its PRA analysis. The Commission also notes that this determination is consistent with the Commission's estimate for the hourly wage for chief compliance officers under the recently adopted final rules establishing certain internal business conduct standards for swap dealers and major swap participants.<sup>1</sup>

The Commission received other comments related to the PRA in response to its notices of proposed rulemaking. Notably, none of these commenters suggested specific revised calculations with regard to the Commission's burden estimate.

One commenter commented that if all confirmations must be in writing, the additional employee time cost for each market participant would be substantial and is not included in the annual cost analysis. That commenter also commented that the estimate of 10 hours per counterparty to negotiate new documentation is too low. Because the rule requires transaction-by-transaction valuation methodologies that will need to be newly negotiated for many transactions, the commenter believed that the Commission should calculate an aggregate amount based on the number of transactions. Also, the time needed must include not only negotiation, but also time for determining pricing points and inputs, executive decision-maker time, and also senior management and board time for reviewing forms and material modifications. Time will also be needed to reevaluate documentation.

Another commenter requested that the Commission evaluate the proposed rules in light of its various recordkeeping and reporting proposals, as such may cause firms to incur tremendous administrative obligations to record changes to its swap portfolio, its accounting records, treasury arrangements and capital allocations (including loss of cash flow hedging treatment under hedge accounting rules), as well as incurring reporting obligations to swap data repositories on a swap-by-swap basis.

---

<sup>1</sup> See 77 FR 20128 (Apr. 3, 2012) (Swap Dealer and Major Swap Participant Recordkeeping, Reporting, and Duties Rules; Futures Commission Merchant and Introducing Broker Conflicts of Interest Rules; and Chief Compliance Officer Rules for Swap Dealers, Major Swap Participants, and Futures Commission Merchants).

The Commission considered the comments received concerning the PRA-related burden estimates set forth in the notices of proposed rulemaking. However, because none of the commenters suggested specific revised calculations on the estimates, the only change that the Commission is making to its estimation of annual burdens associated with the rules is the change to reflect the new estimate of the number of SDs and MSPs.

**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 affirmatively sought comment from the public and from other Federal agencies on the information collection requirements of the proposed regulations, both generally and specifically regarding the variables used in the hourly burden calculations. In addition to the requests set forth in the *Federal Register*, the Commission engaged persons outside of the agency repeatedly – through meetings, roundtables, and other forums – to gain additional information.

**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 decision to provide any payment or gift to respondents has been made.

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

The Commission does not provide respondents with an assurance of confidentiality, only to the extent permitted by law. The Commission fully complies with section 8(a)(1) of the Commodity Exchange Act (CEA), which strictly prohibits the Commission, unless specifically authorized by the CEA, from making public “data and information that would separately disclose the business transactions or market positions of any person and trade secrets or names of customers.” Additionally, the Commission has prescribed procedures whereby persons may request confidential treatment of information submitted to the agency. Those procedures are set forth in Commission regulation 145.9.

**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 or require the provision of sensitive information, as that term is used in question 11.

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

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

See Attachment A.

As noted above in response to Question 8, the final regulations were proposed in 3 separate notices of proposed rulemaking. Those 3 notices are identified herein as the Documentation NPRM,<sup>2</sup> the Confirmation NPRM,<sup>3</sup> and the Orderly Liquidation NPRM.<sup>4</sup>

As delineated below, with respect to the rules proposed in the Documentation NPRM, the Commission now estimates the initial burden hours to be 6,168 hours per year, at an initial annual burden hour cost of \$684,300, for each SD and MSP, and the initial aggregate burden cost for all registrants is \$85,537,500. With respect to the rules proposed in the Confirmation NPRM, the Commission now estimates the burden to be 1,282.5 hours, at an annual cost of \$128,250 for each SD and MSP,<sup>5</sup> and the aggregate burden cost for all registrants is 160,312.5 burden hours and \$16,031,250. With respect to the rules set forth in the Orderly Liquidation

---

<sup>2</sup> 76 FR 6715 (Feb. 8, 2011).

<sup>3</sup> 75 FR 81519 (Dec. 28, 2010).

<sup>4</sup> 76 FR 6708 (Feb. 8, 2011).

<sup>5</sup> In the Confirmation NPRM, the Commission stated that the annual cost for each SD and MSP would be \$1,282,250. This was a scrivener's error. See 75 FR at 81527.



NPRM, the Commission now estimates the initial burden to be 270 hours per year, at an initial annual cost of \$27,000 for each SD and MSP, and the initial aggregate burden cost for all registrants is 33,750 burden hours and \$3,375,000.

In total, the Commission estimates that the rules set forth in this Adopting Release will impose a burden of 7,720.5 hours per year, at an initial annual cost of \$839,550, for each SD and MSP, and the aggregate burden cost for all registrants is \$104,943,750. The estimate may change, based on the number of SDs and MSPs that register with the Commission. Moreover, the Commission anticipates that the costs will reduce significantly in future years, due to the initial development costs imposed by the documentation, policies and procedures, systems, and other requirements in the Final Rule.

In addition to the burden hours discussed above, the Commission anticipates that SDs and MSPs may incur certain start-up costs in connection with the recordkeeping obligations. Such costs would include the expenditures related to developing and installing new technology and systems, or reprogramming or updating existing recordkeeping technology and systems, to enable the SD or MSP to collect, capture, process, maintain, and re-produce any newly required records. The Commission received no comments with respect to the estimated number of burden hours for these start-up costs, or with respect to the programming wage estimate of \$60 per hour. Accordingly, the Commission estimates that the start-up costs would require 40 burden hours for the rules proposed in the Documentation NPRM and 40 hours for the rules proposed in the Confirmation NPRM. Thus, the estimated start-up burden associated with the required technological improvements would be \$4,800 [ $\$60 \times 80$  hours per affected registrant] or \$600,000 in the aggregate.<sup>6</sup>

#### Documentation NPRM:

*Drafting and Updating Policies and Procedures.* This hour burden arises from the time necessary to develop and periodically update the policies and procedures required by the regulations.

Number of registrants: 125.

Frequency of collection: Initial drafting, updating as needed.

Estimated number of annual responses per registrant: 1.

Estimated aggregate number of annual responses: 125.

Estimated annual hour burden per registrant: 16 hours.

Estimated aggregate annual hour burden: 2,000 burden hours [125 registrants  $\times$  16 hours per registrant].

---

<sup>6</sup> The total startup costs have been reduced as a result of the lower combined number of SDs and MSPs that the Commission expects to register. In the NPRMs, the Commission estimated that approximately 300 SDs and MSPs would register; however, as discussed more fully in the response to Question 8, the Commission now believes that approximately 125 SDs and MSPs will register and, thus, be subject to new information collection requirements under these rules.

*Swap Trading Relationship Documentation (excluding cleared swaps records).* This hour burden arises from the obligation that swap dealers and major swap participants execute and maintain swap trading relationship documentation.

Number of registrants: 125.

Frequency of collection: At least once per counterparty.

Estimated number of annual responses per registrant: 540<sup>7</sup> [one set of agreements per counterparty].

Estimated aggregate number of annual responses: 67,500 [125 registrants × 540 counterparties].

Estimated annual hour burden per registrant: 5,400 [540 counterparties × 10 hours per counterparty].

Estimated aggregate annual hour burden: 675,000 [125 registrants × 5,400 hours per registrant].

*Cleared Swap Recordkeeping.* This hourly burden arises from the requirement that swap dealers and major swap participants make and maintain records of specified information related to each swap accepted for clearing by a derivatives clearing organization.

Number of registrants: 125.

Frequency of collection: Daily.

Estimated number of annual responses per registrant: 252 [252 trading days per year].

Estimated aggregate number of annual responses: 31,500 [125 registrants × 252 trading days].

Estimated annual hour burden per registrant: 504 [252 trading days × 2 hours per trading day].

Estimated aggregate hour burden: 63,000 [125 registrants × 504 hours].

*Audit Recordkeeping.* This hourly burden arises from the requirement that swap dealers and major swap participants make and maintain records of the results of their annual internal or external audits to examine for compliance with the requirements of the regulations.

Number of registrants: 125.

Frequency of collection: Annually.

Estimated number of annual responses per registrant: 1.

Estimated aggregate number of annual responses: 125 [125 registrants × 1].

Estimated annual hour burden per registrant: 4.

Estimated aggregate annual hour burden: 500 [125 registrants × 4 hours].

*Valuation Dispute Reporting.* This hourly burden arises from the requirement that swap dealers and major swap participants submit reports of certain unresolved valuation disputes.

---

<sup>7</sup> For the reasons discussed in response to Question 8, the Commission has reduced the estimated number of SDs and MSPs that are expected to register, from 300 to 125. However, based on information currently available to the Commission, the Commission continues to believe that each such registrant, on average, will have 540 counterparties. Due to the absence of prior experience in regulating SDs and MSPs, the actual, average number of counterparties that a SD or MSP is likely to have—and the average size of its portfolio with particular counterparties—is uncertain.

Number of registrants: 125.  
Frequency of collection: As applicable.  
Estimated number of annual responses per registrant: 240.  
Estimated aggregate number of annual responses: 30,000 [125 registrants × 240 responses].  
Estimated annual hour burden per registrant: 24.  
Estimated aggregate annual hour burden: 3,000 [125 registrants × 24 hours].

*End user Exception Documentation Recordkeeping.* This hourly burden arises from the requirement that swap dealers and major swap participants make and maintain records of its end user exception documentation.

Number of registrants: 125.  
Frequency of collection: Once per applicable counterparty.  
Estimated number of annual responses per registrant: 220.  
Estimated aggregate number of annual responses: 27,500 [125 registrants × 220 responses].  
Estimated annual hour burden per registrant: 220 [220 responses × 1 hour per response].  
Estimated aggregate annual hour burden: 27,500 [125 registrants × 220 responses].

Confirmation NPRM:

*Drafting and Updating Policies and Procedures.* This hourly burden arises from the time necessary to develop and periodically update the policies and procedures required by the regulations.

Number of registrants: 125.  
Frequency of collection: initial implementation, updating as needed.  
Estimated number of annual responses per registrant: 1.  
Estimated aggregate number of annual responses: 125.  
Estimated annual hour burden per registrant: 40 hours.  
Estimated aggregate annual hour burden: 5,000 burden hours [125 registrants x 40 hours per registrant].

*Acknowledgment and Confirmation Recordkeeping.* This hourly burden arises from the requirement that swap dealers and major swap participants make and maintain records of the date and time of transmission to, or receipt from, a counterparty of an acknowledgment or confirmation; the length of time between the acknowledgment and confirmation of each swap; and the length of time between the execution and confirmation of each swap.

Number of registrants: 125.  
Frequency of collection: daily.  
Estimated number of annual responses per registrant: 252 [252 trading days].  
Estimated aggregate number of annual responses: 31,500 [125 registrants x 252 trading days].  
Estimated annual hour burden per registrant: 252 [252 trading days x 1 hour per day].  
Estimated aggregate annual hour burden: 31,500 burden hours [125 registrants x 252 hours].

*Portfolio Reconciliation Recordkeeping.* This hourly burden arises from the requirement that swap dealers and major swap participants make and maintain records of the portfolio reconciliation exercises in which they engage.

Number of registrants: 125.

Frequency of collection: daily, weekly, quarterly, or annually.

Estimated number of annual responses per registrant: 8,120.<sup>8</sup>

Estimated aggregate number of annual responses: 1,015,000 [125 registrants x 8,120 responses].

Estimated annual hour burden per registrant: 812 hours [8,120 x .10 hours per response].

Estimated aggregate annual hour burden: 101,500 burden hours [125 registrants x 812 hours per registrant].

*Portfolio Compression Recordkeeping.* This hourly burden results from the requirement that swap dealers and major swap participants make and maintain records of the bilateral offsets and portfolio compression exercises in which they participate.

Number of registrants: 125.

Frequency of collection: as needed.

Estimated number of annual responses per registrant: 1,029 [24 multilateral compression records] + [465 bilateral compression exercise records] + [540 bilateral offset records].<sup>9</sup>

Estimated aggregate number of annual responses: 128,625 [125 registrants x 1,029 responses per year].

Estimated annual hour burden per registrant: 178.5 hours [24 multilateral compression records x .5 hours per records] + [465 bilateral compression exercise records x .3 hours per records] + [540 bilateral offset records x .05 hours per record].

Estimated aggregate annual hour burden: 22,312.5 burden hours [125 registrants x 178.5 hours per registrant].

#### Orderly Liquidation NPRM:

*Orderly Liquidation Termination Notice Provision.*

Number of registrants: 125.

Frequency of collection: At least once per counterparty.

Estimated number of annual responses per registrant: 540 [one per counterparty].<sup>10</sup>

Estimated aggregate number of annual responses: 67,500 [125 registrants x 540 counterparties].

---

<sup>8</sup> For the reasons discussed in response to Question 8, the Commission has reduced the estimated number of SDs and MSPs that are expected to register, from 300 to 125. However, based on information currently available to the Commission, the Commission continues to believe that each such registrant, on average, will have 540 counterparties. Due to the absence of prior experience in regulating SDs and MSPs, the actual, average number of counterparties that a SD or MSP is likely to have—and the average size of its portfolio with particular counterparties—is uncertain.

<sup>9</sup> See *id.*

<sup>10</sup> See *Id.*

Estimated annual hour burden per registrant: 270 [540 counterparties × .5 hours per counterparty].<sup>11</sup>

Estimated aggregate annual hour burden: 33,750 [125 registrants × 270 hours per registrant].

**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.**

In addition to the burden hours discussed above, the Commission anticipates that SDs and MSPs may incur certain start-up costs in connection with the recordkeeping obligations. Such costs would include the expenditures related to developing and installing new technology and systems, or reprogramming or updating existing recordkeeping technology and systems, to enable the SD or MSP to collect, capture, process, maintain, and re-produce any newly required records. The Commission estimates that the start-up costs will require 40 burden hours for the rules proposed in the Documentation NPRM and 40 hours for the rules proposed in the Confirmation NPRM.<sup>12</sup>

---

<sup>11</sup> See *Id.*

<sup>12</sup> As noted in the Orderly Liquidation NPRM, the Commission does not anticipate that swap dealers and major swap participants would incur any startup costs in connection with the recordkeeping obligations in that portion of the final rules, other than those previously noted and accounted for in the Documentation NPRM.

Thus, the estimated start-up burden associated with the required technological improvements is \$4,800 [ $\$60 \times 80$  hours per affected registrant] or \$600,000 in the aggregate.

- 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.**

It is not anticipated that the regulations will impose any additional costs to the Federal Government.

- 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 – Confirmation, Portfolio Reconciliation, Portfolio Compression, and Swap Trading Relationship Documentation Requirements for Swap Dealers and Major Swap Participants**

#### **OMB CONTROL NUMBERS 3038-0068, 3038-0083, and 3038-0088**

Number of Registrants: 125

Frequency of Recordkeeping: Daily, weekly, quarterly, annually, or as needed (see chart below)

Start-up Cost Per Registrant: \$4,800

Aggregate Start-Up Cost: \$600,000

Estimated Average Burden Hours Per Registrant: 7,720.5

Estimated Aggregate Burden Hours: 965,062.5

Estimated Annual Cost Per Registrant: \$839,550

Estimated Aggregate Annual Cost: \$104,943,750

See methods of calculation listed in response to question 12 of this Supporting Statement

**Documentation NPRM:**

Requirement	Estimated Number of Registrants Per Year	Frequency of Response	Number of Responses Per Registrant Annually	Aggregate Number of Responses Annually	Estimated Average Number of Hours Per Response	Estimated Annual Hour Burden Per Registrant	Estimated Aggregate Hour Burden	Estimated Annual Cost Per Registrant <sup>13</sup>	Estimated Aggregate Annual Cost <sup>14</sup>
<b>Recordkeeping : Drafting and Updating Policies and Procedures</b>	125	Initial drafting, updating as needed	1	125	16	16 hours	2,000 hours	\$1,600 [16 hours x \$100]	\$200,000 [125 x \$1,600]
<b>Recordkeeping : Swap Trading Relationship Documentation (excluding cleared swap records)</b>	125	At least once per counterparty	540	67,500	10	5,400 hours	675,000 hours	\$607,500 [(2,700 hours x \$100) + (2,700 hours x \$125)]	\$75,937,500 [125 x \$607,500]
<b>Recordkeeping : Cleared Swaps</b>	125	Daily	252	31,500	2	504 hours	63,000 hours	\$50,400 [504 hours x \$100]	\$6,300,000 [125 x \$50,400]
<b>Recordkeeping : Audit</b>	125	Annually	1	125	4	4 hours	500 hours	\$400 [4 hours x \$100]	\$50,000 [125 x \$400]
<b>Recordkeeping : End User Exception</b>	125	Once per applicable counterparty	220	27,500	1	220 hours	27,500 hours	\$22,000 [220 hours x \$100]	\$2,750,000 [125 x \$22,000]
<b>Reporting: Valuation</b>	125	As applicable	240	30,000	.10	24 hours	3,000 hours	\$2,400 [24 hours x	\$300,000 [125 x

<sup>13</sup> With the exception of the category titled “Recordkeeping: Swap Trading Relationship Documentation (excluding cleared swap records),” an hourly wage rate of \$100 was used for purposes of these cost estimates. Thus, with the exception of that category, the figures in this column reflect the “Estimated Annual Hour Burden Per Registrant” multiplied by \$100. For purposes of “Recordkeeping: Swap Trading Relationship Documentation (excluding cleared swap records),” the Commission has used an hourly wage rate of \$100 for one half of the burden hours in that category and an hourly wage rate of \$125 for one half of the burden hours. The reasoning for this treatment was explained in the Documentation NPRM. See 76 FR at 6723 (“To account for the possibility that the services of outside counsel may be required to satisfy the requirements associated with negotiating, drafting, and maintaining the required trading relationship documentation (except the cleared swap records), the Commission has used an average salary of \$125 per hour to calculate this burden for one half of the necessary hours.”).

<sup>14</sup> The figures in this column reflect the “Estimated Number of Registrants Per Year” multiplied by the “Estimated Annual Cost Per Registrant.”



<b>Disputes</b>								\$100]	\$2,400]
-----------------	--	--	--	--	--	--	--	--------	----------

**Confirmation NPRM:**

Requirement	Estimated Number of Registrants Per Year	Frequency of Response	Number of Responses Per Registrant Annually	Aggregate Number of Responses Annually	Estimated Average Number of Hours Per Response	Estimated Annual Hour Burden Per Registrant	Estimated Aggregate Hour Burden	Estimated Annual Cost Per Registrant <sup>15</sup>	Estimated Aggregate Annual Cost <sup>16</sup>
<b>Recordkeeping: Drafting &amp; Updating Policies and Procedures</b>	125	Initial implementation, updating as needed	1	125	40 hours	40 hours	5,000 hours	\$4,000 [40 hours x \$100]	\$500,000 [125 x \$4,000]
<b>Recordkeeping: Acknowledgement and Confirmation</b>	125	Daily	252	31,500	1 hour	252 hours	31,500 hours	\$25,200 [252 hours x \$100]	\$3,150,000 [125 x \$25,200]
<b>Recordkeeping: Portfolio Reconciliation</b>	125	Daily, weekly, quarterly, or annually	8,120	1,015,000	.10 hours	812 hours	101,500 hours	\$81,200 [812 hours x \$100]	\$10,150,000 [125 x \$81,200]
<b>Recordkeeping: Portfolio Compression</b>	125	As needed	1,029	128,625	.17 hours	178.5 hours	22,312.5 hours	\$17,850 [178.5 hours x \$100]	\$2,231,250 [125 x \$17,850]

**Orderly Liquidation NPRM:**

Requirement	Estimated Number of Registrants Per Year	Frequency of Response	Number of Responses Per Registrant Annually	Aggregate Number of Responses Annually	Estimated Average Number of Hours Per Response	Estimated Annual Hour Burden Per Registrant	Estimated Aggregate Hour Burden	Estimated Annual Cost Per Registrant <sup>17</sup>	Estimated Aggregate Annual Cost <sup>18</sup>
<b>Recordkeeping: Orderly Liquidation Termination</b>	125	At least once per counterparty	540	67,500	.50 hours	270 hours	33,750 hours	\$27,000 [270 hours x \$100]	\$3,375,000 [125 x \$27,000]

<sup>15</sup> For purposes of these cost estimates, an hourly wage rate of \$100 was used. Thus, the figures in this column reflect the “Estimated Annual Hour Burden Per Registrant” multiplied by \$100.

<sup>16</sup> The figures in this column reflect the “Estimated Number of Registrants Per Year” multiplied by the “Estimated Annual Cost Per Registrant.”

<sup>17</sup> For purposes of these cost estimates, an hourly wage rate of \$100 was used. Thus, the figures in this column reflect the “Estimated Annual Hour Burden Per Registrant” multiplied by \$100.

<sup>18</sup> The figures in this column reflect the “Estimated Number of Registrants Per Year” multiplied by the “Estimated Annual Cost Per Registrant.”

<b>Notice Provision</b>									
-----------------------------	--	--	--	--	--	--	--	--	--