SUPPORTING STATEMENT
Prohibitions/Restrictions on Proprietary Trading
OMB No. 3064-0184 (Assigned But Not Activated)

INTRODUCTION

On November 7, 2011, the FDIC requested approval from the OMB to establish a new information collection comprised of reporting, recordkeeping and disclosure requirements contained in a proposed rule entitled *Prohibitions and Restrictions on Proprietary Trading and Certain Interests In, and Relationships With, Hedge Funds and Private Equity Funds*, jointly issued by the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (FRB), and the Securities and Exchange Commission (SEC) (collectively, "the Agencies"), to implement section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), Pub. L. No. 111-203, 124 Stat 1376 (2010). (The Commodity Futures Trading Commission separately issued a proposal for the same common rule to implement section 619 with respect to those entities for which it is the primary financial regulatory agency.)[1] In response to the FDIC's information collection request, OMB filed a comment, requesting that the FDIC examine public comment on the proposed rule and submit its request at the final rule stage, including in the Supporting Statement a description of the FDIC's response to any comments on the information collection request, especially any comments on maximizing the practical utility of the collection and minimizing the burden. Therefore, in connection with issuance of the final rule, the FDIC is hereby resubmitting its request.

JUSTIFICATION

1. Circumstances and Need

Section 619 of the Dodd-Frank Act added a new section 13 to the Bank Holding Company ("BHC") Act (to be codified at 12 U.S.C. § 1851) that generally prohibits any banking entity from engaging in proprietary trading or from investing in, sponsoring, or having certain relationships with a hedge fund or private equity fund ("covered fund"), subject to certain exemptions. New section 13 of the BHC Act also provides for certain nonbank financial companies that engage in such activities or have such investments or relationships to be subject to additional capital requirements, quantitative limits, or other restrictions.

Section 619 of Dodd-Frank also required the Financial Stability Oversight Council to conduct a study and make recommendations on the implementation of section 13 of the BHC Act. The Council study was issued on January 18, 2011, and included a detailed discussion of key issues related to implementation of section 13 and recommended that the Agencies consider taking a number of specified actions in issuing regulations. The Council study also recommended that the Agencies adopt a four-part implementation and supervisory framework for identifying and preventing prohibited proprietary trading, which included: (1) a programmatic compliance regime requirement for banking entities, (2) analysis and reporting of

[1] See 77 FR 8332 (Feb 14, 2012).

quantitative metrics by banking entities, (3) supervisory review and oversight by the Agencies, and (4) enforcement procedures for violations. The Agencies fully considered the Council study in the development of the rule.

2. Use of the Information

The respondent/recordkeepers are for-profit financial institutions, including small businesses. A covered entity must retain these records for a period that is no less than 5 years in a form that allows it to promptly produce such records to the FDIC on request.

The final rule contains requirements subject to the PRA. The reporting requirements are found in §§ 351.12(e) and 351.20(d); the recordkeeping requirements are found in §§ 351.3(d)(3), 351.4(b)(3)(i)(A), 351.5(c), 351.11(a)(2), and 351.20(b)-(f); and the disclosure requirements are found in § 351.11(a)(8)(i). The recordkeeping burden for §§ 351.4(a)(2)(iii), 351.4(b)(2)(iii), 351.5(b)(1), 351.5(b)(2)(i), 351.5(b)(2)(iv), 351.13(a)(2)(i), and 351.13(a)(2)(ii)(A) is accounted for in § 351.20(b); the recordkeeping burden for Appendix B is accounted for in § 351.20(c); the reporting and recordkeeping burden for Appendix A is accounted for in § 351.20(d); and the recordkeeping burden for §§ 351.10(c)(12)(i) and 351.10(c)(12)(iii) is accounted for in § 351.20(e). Each of these information collection requirements is described more fully below.

Reporting Requirements

Section 351.12(e) states that, upon application by a banking entity, the Board may extend the period of time to meet the requirements on ownership limitations in this section for up to 2 additional years, if the Board finds that an extension would be consistent with safety and soundness and not detrimental to the public interest. An application for extension must (1) be submitted to the Board at least 90 days prior to expiration, (2) provide the reasons for application including information that addresses the factors in paragraph (e)(2) of § 351.12, and (3) explain the banking entity's plan for reducing the permitted investment in a covered fund through redemption, sale, dilution or other methods.

Section 351.20(d) provides that a banking entity engaged in proprietary trading activity must comply with the reporting requirements described in Appendix A, if (1) the banking entity has, together with its affiliates and subsidiaries, trading assets and liabilities the average gross sum of which over the previous consecutive four quarters, as measured as of the last day of each of the four prior calendar quarters, equals or exceeds the established threshold; (2) in the case of a foreign banking entity, the average gross sum of the trading assets and liabilities of the combined U.S. operations of the foreign banking entity (including all subsidiaries, affiliates, branches and agencies of the foreign banking entity operating, located or organized in the United States and excluding trading assets and liabilities involving obligations of or guaranteed by the United States or any agency of the United States) over the previous consecutive four quarters, as measured as of the last day of each of the four prior calendar quarters, equals or exceeds the established threshold; or (3) the appropriate agency notifies the banking entity in writing that it must satisfy the reporting requirements contained in Appendix A of this part. The threshold for

reporting is $50 billion beginning on June 30, 2014; $25 billion beginning on April 30, 2016; and $10 billion beginning on December 31, 2016. Unless the appropriate agency notifies the banking entity in writing that it must report on a different basis, a banking entity with $50 billion or more in trading assets and liabilities shall report the information required by Appendix A for each calendar month within 30 days of the end of the relevant calendar month; beginning with information for the month of January 2015, such information shall be reported within 10 days of the end of that calendar month. Any other banking entity subject to Appendix A shall report the information required by Appendix A for each calendar quarter within 30 days of the end of that calendar quarter unless the appropriate agency notifies the banking entity in writing that it must report on a different basis. Appendix A requires banking entities to furnish the following quantitative measurements for each trading desk of the banking entity: (1) risk and position limits and usage; (2) risk factor sensitivities; (3) Value-at-Risk and stress VaR; (4) comprehensive profit and loss attribution; (5) inventory turnover; (6) inventory aging; and (7) customer facing trade ratio.

Recordkeeping Requirements

Section 351.3(d)(3) specifies that proprietary trading does not include any purchase or sale of a security by a banking entity for the purpose of liquidity management in accordance with a documented liquidity management plan of the banking entity that (1) specifically contemplates and authorizes the particular securities to be used for liquidity management purposes, the amount, types, and risks of these securities that are consistent with liquidity management, and the liquidity circumstances in which the particular securities may or must be used; (2) requires that any purchase or sale of securities contemplated and authorized by the plan be principally for the purpose of managing the liquidity of the banking entity, and not for the purpose of short-term resale, benefitting from actual or expected short-term price movements, realizing short-term arbitrage profits, or hedging a position taken for such short-term purposes; (3) requires that any securities purchased or sold for liquidity management purposes be highly liquid and limited to securities the market, credit and other risks of which the banking entity does not reasonably expect to give rise to appreciable profits or losses as a result of short-term price movements; (4) limits any securities purchased or sold for liquidity management purposes, together with any other instruments purchased or sold for such purposes, to an amount that is consistent with the banking entity's near-term funding needs, including deviations from normal operations of the banking entity or any affiliate thereof, as estimated and documented pursuant to methods specified in the plan; (5) includes written policies and procedures, internal controls, analysis and independent testing to ensure that the purchase and sale of securities that are not permitted under § 351.6(a) or (b) of this part are for the purpose of liquidity management and in accordance with the liquidity management plan described in this paragraph; and (6) is consistent with the appropriate agency's supervisory requirements, guidance and expectations regarding liquidity management.

Section 351.4(b)(3)(i)(A) provides that a trading desk or other organizational unit of another entity with more than $50 billion in trading assets and liabilities is not a client, customer, or counterparty unless the trading desk documents how and why a particular trading desk or other organizational unit of the entity should be treated as a client, customer, or counterparty of

the trading desk for purposes of § 351.4(b). This modification responds to comments received on the proposal regarding the definition of client, customer, or counterparty for purposes of the market making exemption.

Section 351.5(c) requires documentation for any purchase or sale of a financial instrument for risk-mitigating hedging purposes that is: (1) not established by the specific trading desk establishing the underlying positions, contracts, or other holdings the risks of which the hedging activity is designed to reduce; (2) established by the specific trading desk establishing or responsible for the underlying positions, contracts, or other holdings but that is not specifically identified in the trading desk's written policies and procedures; or (3) established to hedge aggregated positions across two or more trading desks. In connection with any purchase or sale that meets these specified circumstances, a banking entity must, at a minimum and contemporaneously with the purchase or sale, document (1) the specific, identifiable risk(s) of the identified positions, contracts, or other holdings of the banking entity that the purchase or sale is designed to reduce; (2) the specific risk-mitigating strategy that the purchase or sale is designed to fulfill; and (3) the trading desks or other business unit that is establishing and responsible for the hedge. The banking entity must also create and retain records sufficient to demonstrate compliance with this section for at least 5 years in a form that allows the banking entity to promptly produce such records to the appropriate agency on request, or such longer period as required under other law or this part.

Section 351.11(a)(2) requires that covered funds generally must be organized and offered only in connection with the provision of bona fide trust, fiduciary, investment advisory, or commodity trading advisory services and only to persons that are customers of such services of the banking entity, pursuant to a written plan or similar documentation outlining how the banking entity intends to provide advisory or other similar services to its customers through organizing and offering the covered fund.

Section 351.20(b) specifies the contents of the compliance program for a banking entity with total consolidated assets of $10 billion or more. It includes: (1) written policies and procedures reasonably designed to document, describe, monitor and limit trading activities, including setting and monitoring required limits set out in § 351.4 and § 351.5 and activities and investments with respect to a covered fund (including those permitted under §§ 351.3 through 351.6 or §§ 351.11 through 351.14) to ensure that all activities and investments conducted by the banking entity that are subject to section 13 of the BHC Act and this part comply with section 13 of the BHC Act and applicable regulations; (2) a system of internal controls reasonably designed to monitor compliance with section 13 of the BHC Act and this part and to prevent the occurrence of activities or investments that are prohibited by section 13 of the BHC Act and applicable regulations; (3) a management framework that clearly delineates responsibility and accountability for compliance with section 13 of the BHC Act and this part and includes appropriate management review of trading limits, strategies, hedging activities, investments, incentive compensation and other matters identified in this part or by management as requiring attention; (4) independent testing and audit of the effectiveness of the compliance program conducted periodically by qualified personnel of the banking entity or by a qualified outside party; (5) training for trading personnel and managers, as well as other appropriate personnel, to

effectively implement and enforce the compliance program; and (6) records sufficient to demonstrate compliance with section 13 of the BHC Act and applicable regulations, which a banking entity must promptly provide to the [Agency] upon request and retain for a period of no less than 5 years or such longer period as required by [Agency].

Section 351.20(c) specifies that the compliance program of a banking entity must satisfy the requirements and other standards contained in Appendix B, if (1) the banking entity engages in proprietary trading permitted under subpart B and is required to comply with the reporting requirements of § 351.20(d); (2) the banking entity has reported total consolidated assets as of the previous calendar year end of $50 billion or more or, in the case of a foreign banking entity, has total U.S. assets as of the previous calendar year end of $50 billion or more (including all subsidiaries, affiliates, branches and agencies of the foreign banking entity operating, located or organized in the United States); or (3) the [Agency] notifies the banking entity in writing that it must satisfy the requirements and other standards contained in Appendix B. Appendix B provides enhanced minimum standards for compliance programs for banking entities that meet the thresholds in § 351.20(c) as described above. These include the establishment, maintenance, and enforcement of the enhanced compliance program and meeting the minimum written policies and procedures, internal controls, management framework, independent testing, training, and recordkeeping. The program must: (1) be reasonably designed to identify, document, monitor and report the permitted trading and covered fund activities and investments; identify, monitor and promptly address the risk of these covered activities and investments and potential areas of noncompliance; and prevent activities or investments prohibited by, or that do not comply with, section 13 of the BHC Act and this part; (2) establish and enforce appropriate limits on covered activities and investments, including limits on size, scope, complexity, and risks of individual activities or investments consistent with the requirements of section 13 of the BHC Act and this part; (3) subject the effectiveness of the compliance program to periodic independent review and testing, and ensure that internal audit, corporate compliance and internal control functions involved in review and testing are effective and independent; (4) make senior management and others accountable for effective implementation of compliance program and ensure that board of directors and chief executive officer (or equivalent) of the banking entity review effectiveness of the compliance program; and (5) facilitate supervision and examination by Agencies of permitted trading and covered fund activities and investments.

Section 351.20(d) provides that certain banking entities engaged in certain proprietary trading activities must comply with the reporting requirements described in Appendix A. A banking entity must also, for any quantitative measurement furnished to the appropriate agency pursuant to § 351.20(d) and Appendix A, create and maintain records documenting the preparation and content of these reports, as well as such information as is necessary to permit the appropriate agency to verify the accuracy of such reports, for a period of 5 years from the end of the calendar year for which the measurement was taken.

Section 351.20(e) specifies additional documentation required for covered funds. Any banking entity that has more than $10 billion in total consolidated assets as reported on December 31 of the previous two calendar years shall maintain records that include: (1) documentation of the exclusions or exemptions other than sections 3(c)(1) and 3(c)(7) of the

Investment Company Act of 1940 relied on by each fund sponsored by the banking entity (including all subsidiaries and affiliates) in determining that such fund is not a covered fund; (2) for each fund sponsored by the banking entity (including all subsidiaries and affiliates) for which the banking entity relies on one or more of the exclusions from the definition of covered fund provided by §§ 351.10(c)(1), 351.10(c)(5), 351.10(c)(8), 351.10(c)(9), or 351.10(c)(10) of subpart C, documentation supporting the banking entity's determination that the fund is not a covered fund pursuant to one or more of those exclusions; (3) for each seeding vehicle described in §§ 351.10(c)(12)(i) or 351.10(c)(12)(iii) of subpart C that will become a registered investment company or SEC-regulated business development company, a written plan documenting the banking entity's determination that the seeding vehicle will become a registered investment company or SEC-regulated business development company; the period of time during which the vehicle will operate as a seeding vehicle; and the banking entity's plan to market the vehicle to third-party investors and convert it into a registered investment company or SEC-regulated business development company within the time period specified in § 351.12(a)(2)(i)(B) of subpart C; and (4) for any banking entity that is, or is controlled directly or indirectly by a banking entity that is, located in or organized under the laws of the United States or of any State, if the aggregate amount of ownership interests in foreign public funds that are described in §351.10(c)(1) of subpart C owned by such banking entity (including ownership interests owned by any affiliate that is controlled directly or indirectly by a banking entity that is located in or organized under the laws of the United States or of any State) exceeds $50 million at the end of two or more consecutive calendar quarters, beginning with the next succeeding calendar quarter, documentation of the value of the ownership interests owned by the banking entity (and such affiliates) in each foreign public fund and each jurisdiction in which any such foreign public fund is organized, calculated as of the end of each calendar quarter, which documentation must continue until the banking entity's aggregate amount of ownership interests in foreign public funds is below $50 million for two consecutive calendar quarters.

Section 351.20(f)(1) applies to banking entities with no covered activities. A banking entity that does not engage in activities or investments pursuant to subpart B or subpart C (other than trading activities permitted pursuant to §351.6(a) of subpart B) may satisfy the requirements of this section by establishing the required compliance program prior to becoming engaged in such activities or making such investments (other than trading activities permitted pursuant to §351.6(a) of subpart B).

Section 351.20(f)(2) applies to banking entities with modest activities. A banking entity with total consolidated assets of $10 billion or less as reported on December 31 of the previous two calendar years that engages in activities or investments pursuant to subpart B or subpart C of this part (other than trading activities permitted under section 351.6(a)) may satisfy the requirements of this section by including in its existing compliance policies and procedures appropriate references to the requirements of section 13 and this part and adjustments as appropriate given the activities, size, scope and complexity of the banking entity.

Disclosure Requirements

Section 351.11(a)(8)(i) requires that a banking entity must clearly and conspicuously

disclose, in writing, to any prospective and actual investor in the covered fund (such as through disclosure in the covered fund's offering documents) (1) that "any losses in [such covered fund] will be borne solely by investors in [the covered fund] and not by [the banking entity]; therefore, [the banking entity's] losses in [such covered fund] will be limited to losses attributable to the ownership interests in the covered fund held by [the banking entity] in its capacity as investor in the [covered fund] or as beneficiary of a restricted profit interest held by [the banking entity]"; (2) that such investor should read the fund offering documents before investing in the covered fund; (3) that the "ownership interests in the covered fund are not insured by the FDIC, and are not deposits, obligations of, or endorsed or guaranteed in any way, by any banking entity" (unless that happens to be the case); and (4) the role of the banking entity and its affiliates and employees in sponsoring or providing any services to the covered fund.

3. Use of Technology to Reduce Burden

Banks may use technology to the extent feasible, desirable or appropriates to make the required reports and to maintain the required records.

4. Efforts to Identify Duplication

The reporting, recordkeeping, and disclosure requirements in the rule are new and are not otherwise duplicated.

5. Minimizing the Burden on Small Banks

To minimize burden on small banking entities, section 351.20(f)(1) of the final rule provides that a banking entity that does not engage in covered trading activities (other than trading in U.S. government or agency obligations, obligations of specified government sponsored entities, and state and municipal obligations) or covered fund activities and investments need only establish a compliance program prior to becoming engaged in such activities or making such investments. In addition, to minimize the burden on small banking entities, a banking entity with total consolidated assets of $10 billion or less that engages in covered trading activities and/or covered fund activities may satisfy the requirements of the final rule by including in its existing compliance policies and procedures appropriate references to the requirements of section 13 and the final rule and adjustments as appropriate given the activities, size, scope and complexity of the banking entity. Only those banking entities with total assets of greater than $10 billion will need to adopt more detailed or enhanced compliance requirements under the final rule. (For purposes of the enhanced compliance program in Appendix B of the final rule, the threshold for banking entities is total consolidated assets of $50 billion or more.)

In addition, the final rule raises the threshold for metrics reporting from the proposed rule to capture only firms that engage in significant trading activities. Specifically, the metrics reporting requirements under §351.20 and Appendix A of the final rule apply only to banking entities with average trading assets and liabilities on a consolidated, worldwide basis for the preceding year equal to or greater than $10 billion. Accordingly, the metrics reporting requirements under the final rule do not impact small banking entities.

Finally, the Agencies revised the definition of covered fund in the final rule to address many of the concerns raised by commenters regarding the unintended consequences of the proposed definition. The definition of covered fund under the final rule contains a number of exclusions for entities that may rely on exclusions from the Investment Company Act of 1940 contained in section 3(c)(1) or 3(c)(7) of that Act but that are not engaged in investment activities of the type contemplated by section 13 of the BHC Act. These include, for example, exclusions for wholly owned subsidiaries, joint ventures, acquisition vehicles, insurance company separate accounts, registered investments companies, and public welfare investment funds. The Agencies believe that these changes will further minimize the burden for small banking entities such as those that may use wholly owned subsidiaries for organizational convenience or make public welfare investments to achieve their financial and Community Reinvestment Act goals.

6. Consequences of Less Frequent Collection

The disclosure requirements are imposed on a per occurrence/transaction basis. Less frequent disclosures would impair the ability of investors to adequately evaluate the investment potential of each transaction. The recordkeeping requirements to develop liquidity management plans and policies and procedures to monitor compliance with regulatory requirements are one-time burdens, although the agencies expect that covered banking entities will review their policies and procedures to reflect any changed conditions no less frequently than annually. Reporting requirements for quantitative metrics on covered trading activities is to be done on a monthly basis by the largest banking entities with $50 billion or greater in trading assets and liabilities. The Agencies believe that, given the complexity of the trading activities involved, reporting on less than a monthly basis would significantly impair the ability of regulators to effectively monitor on a timely basis prohibited activity and/or exposure of covered banking entities to high-risk assets and high-risk trading strategies.

7. Special Circumstances

As indicated above, monthly reports of quantitative metrics on covered trading activities is deemed necessary to effectively monitor exposure to high-risk assets and high-risk trading strategies and compliance with section 13 of the BHC Act.

8. Consultation With Members of the Public

The agencies published a notice of proposed rulemaking in the *Federal Register* for comment on November 7, 2011 (76 FR 68846). No comments were received regarding the PRA, including: whether the collections of information are necessary for the proper performance of the OCC's functions, including whether the information has practical utility; the accuracy of the OCC's estimates of the burden of the information collections, including the validity of the methodology and assumptions used, ways to enhance the quality, utility, and clarity of the information to be collected; and ways to minimize the burden of information collections on respondents, including through the use of automated collection techniques or other forms of information technology.

9. Payment or Gift to Respondents

No payments or gifts will be provided to respondents.

10. Confidentiality

Respondent data will be treated as confidential to the extent permitted under the Freedom of Information Act (5 U.S.C. § 552) and Part 309 of the FDIC's regulations (12 C.F.R. Part 309) or the Right to Financial Privacy Act (12 U.S.C. §§ 3401 et seq.) and part 332 of the FDIC's regulations (12 C.F.R. Part 332). The information may be afforded confidential treatment pursuant to sections (b)(4), (b)(6), and (b)(8) of the Freedom of Information Act (5 U.S.C. §§ 552(b)(4), (b)(6), and (b)(8); and section 1103 of the Right to Financial Privacy Act (12 U.S.C. § 3403; and any other applicable law or regulation.

11. Information of a Sensitive Nature

None of the information required to be reported, disclosed or maintained is of a sensitive nature.

12. Estimated Burden

In determining the method for estimating the paperwork burden the Agencies made the assumption that affiliated entities under a holding company would act in concert with one another to take advantage of efficiencies that may exist. The paperwork burden for such entities has been taken by the FRB at the holding company level. Therefore, the FDIC burden estimates are only for FDIC-supervised institutions that are not under a holding company. As indicated below, the total estimated burden, for initial set-up and ongoing compliance, is 28,234 hours. These recordkeeping and disclosure requirements represent less than one percent of the FDIC's paperwork burden.

(Section 619 of the Dodd-Frank Act)
FDIC Burden

	Number of respondents	*Annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
Initial Set-up				
Reporting burden				
Section .12(e)	23	1	50	1,150
Section .20d (50 billion)	0	12	6	0
Section .20d ($10-50 billion)	0	4	6	0
Total Reporting Burden				1,150
Recordkeeping burden				
Section .3d3	23	1	3	69
Section .4b3iA	23	4	2	184
Section .5c	0	1	50	0
Section .11a2	23	1	10	230
Section .20b	4	1	795	3,180
Section .20c	0	1	3,600	0
Section 20d ($50 billion)	0	1	440	0
Section .20d ($10-50 billion)	0	1	350	0
Section .20e	4	1	200	800
Section .20f1	774	1	8	6,192
Section .20f2	23	1	100	2,300
Total Recordkeeping Burden				12,955
Disclosure burden				
Section .11a8i	23	26	0.1	60
Total Disclosure Burden				60
Total Initial Set-Up				14,165
Ongoing				
Reporting burden				
Section .12e	23	10	20	4,600
Section .20d ($50 billion)	0	12	2	0
Section .20d ($10-50 billion)	0	4	2	0
Total Reporting Burden				4,600

Recordkeeping burden				
Section .3d3	23	1	1	23
Section .4b3iA	23	4	2	184
Section .5c	0	1	100	0
Section .11a2	23	1	10	230
Section .20b	4	1	265	1,060
Section .20c	0	1	1,200	0
Section .20d ($50 billion)	0	1	440	0
Section .20d ($10-50 billion)	0	1	350	0
Section .20e	4	1	200	800
Section .20f1	774	1	8	6,192
Section .20f2	23	1	40	920
Total Recordkeeping Burden				9,409
Disclosure burden				
Section .11a8i	23	26	0.1	60
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Total Disclosure Burden				60
Total Ongoing				14,069
Total Initial & Ongoing				**28,234**

Estimated Ongoing Cost to Respondents:[2]

Office & Administrative Support – 30% x 14,069 x $18 = $75,973
Financial Managers – 45% x 14,069 x $59 = $373,532
Legal Counsel – 15% x 14,069 x $63 = $132,952
Chief Executives – 10% x 14,069 x $85 = $119,587

Total Estimated Ongoing Annual Cost = $702,043

(Estimated initial start-up costs are provided in #13 below.)

[2]To estimate annual cost to respondents, we used the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Office & Administrative Support at $18, 45% Financial Managers at $59, 15% Lawyers at $63, and 10% Chief Executives at $85). The hourly rate for each occupational group is the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), Occupational Employment and Wages 2012, www.bls.gov/news.release/ocwage.nr0.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.

13. Estimate of Cost Burden

Under the rule's new compliance regime, covered entities will be required to establish a compliance program for the preparation of reports, maintenance of records, and making disclosures with respect to certain activities.

Estimated one-time start-up costs are as follows:[3]

Office & Administrative Support – 30% x 14,165 x $18 = $76,491
Financial Managers – 45% x 14,165 x $59 = $376,081
Legal Counsel – 15% x 14,165 x $63 = $133,859
Chief Executives – 10% x 14,165 x $85 = $120,403

Total Estimated Start-up Cost = $706,834

14. Estimate of Total Annual Cost to the Federal Government

The majority of the records required by the proposed rule will generally be maintained at the financial institutions. Therefore, the cost to the FDIC will be negligible. For those periodic reports required to be filed with the FDIC, cost to the FDIC will be minimal since evaluation of the information will be performed by existing staff.

15. Reason for Change in Burden

This is a new information collection. The burden of 28,234 hours arises from reporting, recordkeeping and disclosure requirements contained in a new regulation implementing section 619 of the Dodd-Frank Act.

16. Publication

The information collected will not be published by the FDIC.

17. Display of Expiration Date

Not applicable.

18. Exceptions to Certification

This is not a statistical information collection.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.

[3]See footnote 3 above.