

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.

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) went into effect.¹ Title VII of the Dodd-Frank Act amended the Commodity Exchange Act (“CEA”) to establish a comprehensive new regulatory framework for swaps. Section 727 of the Dodd-Frank Act specifically required that each swap subject to the Commodity Futures Trading Commission’s (“CFTC” or “Commission”) jurisdiction be reported to a newly-created registered entity, the swap data repository (“SDR”). Section 728 of the Dodd-Frank Act specifically required the Commission to establish standards for swap data recordkeeping and reporting, including the data elements to be collected and maintained by SDRs for each swap. Section 729 of the Dodd-Frank Act required that at least one counterparty to each swap have an obligation to report data concerning the swap and provided for data reporting to the Commission for swaps not accepted by an SDR. On December 20, 2011, the Commission adopted 17 CFR 45 (“Part 45”) to establish swap data recordkeeping and reporting requirements mandated by the Dodd-Frank Act. The information collection is necessary to fulfill the Commission’s regulatory mandates, including systemic risk mitigation, market monitoring, and market abuse prevention.

This supporting statement concerns the amendment of existing collections of information required by Part 45. Part 45 imposes 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:

- Section 45.2 requires SEFs, DCMs, DCOs, SDs, MSPs, and non-SD/MSP counterparties to keep records of activities relating to swaps. Specifically, SEFs, DCMs, DCOs, SDs, and MSPs are required to keep complete records of all activities relating to their business with respect to swaps. Non-SD/MSP counterparties are required to keep complete records with respect to each swap to which they are counterparty.
- Sections 45.3 and 45.4 require SEFs, DCMs, DCOs, SDs, MSPs, and non-SD/MSP counterparties 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

¹ Dodd-Frank Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010).

continuation data) throughout the life of a swap. Section 45.4 also requires swap counterparties, including SDs, MSPs, and non-SD/MSP counterparties, to report information concerning their corporate affiliations or company hierarchy relationships.

- Section 45.5 requires that an SDR, SEF, DCM, DCO, SD, or MSP counterparty to a swap report a unique swap identifier (“USI”) for each swap to the other registered entities and swap counterparties involved in that swap.
- Section 45.6 requires each SDR, SEF, DCM, DCO, SD, MSP, or non-SD/MSP counterparties, to report level one and level two reference data.² The report is made once at the time of the first swap data report involving the counterparty. A similar report is required whenever an update or correction to the previously reported reference data is required.
- Section 45.7 requires that each swap subject to the Commission’s jurisdiction be identified in all recordkeeping and swap data reporting by means of a unique product identifier and product classification system (“UPI”), 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, and a one-time retrieval burden for DCOs, SDs, MSPs, and non-SD/MSP reporting counterparties for each swap product that they are required to report.
- Section 45.14 requires that SDRs develop protocols regarding the reporting and correction of erroneous information.

This amendment to existing collection 3038-0096 is intended to account for certain changes to reporting obligations under Commission Regulations Part 45 adopted by the Commission on June 27, 2016 in the Amendments to Swap Data Recordkeeping and Reporting Requirements for Cleared Swaps Final Rule (“Cleared Swap Reporting Release”), 81 FR 41736 (June 27, 2016).

This amendment is intended to account for all changes necessary to a reporting entity’s swaps reporting systems as a result in changes to the required data to be reported pursuant to § 45.3 and § 45.4. Such changes are in addition to annual burdens to maintain reporting systems and to have compliance systems in place. This amendment also clarifies that DCOs are subject to the same burdens as other reporting entities under §§ 45.4, 45.6, and 45.7.

This amendment also is intended to account for the requirement of DCOs to connect to potentially all SDRs, so as to comply with amended § 45.4, which requires DCOs to submit terminations of all swaps accepted for clearing. Such termination messages must be transmitted to the SDR to which the original swaps was reported. Because swaps accepted for clearing could be reported to any registered SDR, DCOs may be required to connect to all SDRs to comply with this requirement. This amendment accounts for DCOs’ connectivity to SDRs, to

²Level one reference data is the minimum information needed to identify, on a verifiable basis, the legal entity to which a legal entity identifier is assigned. Level two reference data is information concerning the corporate affiliations or company hierarchy relationships of the legal entity to which a legal entity identifier is assigned.

the extent that such burden is not explicitly included in existing PRA collections 3038-0096 or 3038-0070 (concerning real-time reporting under Commission Regulations Part 43).

Finally, this amendment reduces the number of SDRs assumed when calculating burden hours, from 15 to 4. Currently, there are four SDRs acting under provisional registration with the Commission; no other entities have applied for SDR registration.

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 Commission uses the data required to be reported by Part 45 to fulfill its regulatory mandates, including systemic risk mitigation, market monitoring, and market abuse prevention.

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 swap data required to be reported by Part 45 is required to be reported electronically.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

Prior to enactment of the Dodd-Frank Act, the Commission did not have authority to require swap data recordkeeping and reporting. The information required to be reported by respondents pursuant to Part 45 is not otherwise available to the Commission from any other source. There is no similar information collection by the Commission or other agencies.³ The information collection is not otherwise available from any other source. 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.

5. If the collection of information involves small business or other small entities, 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 (“RFA”). In its previous determinations, the Commission has concluded that SDRs, SEFs, DCMs, DCOs, SDs, and MSPs are not small entities for the purposes of the RFA. Although there are an estimated 30,000 non-SD/MSP swap counterparties, very few non-SD/MSP counterparties are required to report swap data pursuant to the final

³ The U.S. Securities and Exchange Commission is implementing regulations requiring the reporting of securities-based swaps. However, the SEC swaps reporting would not capture the reporting of CFTC jurisdictional swaps, except in the limited circumstance of mixed swaps under concurrent jurisdiction of the CFTC and SEC.

regulations. However, any non-SD/MSP counterparties must be Eligible Contract Participants (“ECPs”) as defined by the Commission’s regulations, and ECPs have previously been determined by the Commission to not be “small entities” for RFA purposes.⁴ The Commission analyzed a significant volume of swap data across all SDRs and all asset classes and found, for the sample data set analyzed, that only 0.08% of swaps involved a counterparty that potentially could be considered a “small entity” for RFA purposes. As a result, the Commission does not believe that its swaps reporting requirements would have an impact on a substantial number of small entities.

Further, by requiring the most sophisticated party, such as SEFs, DCM, DCOs, SDs and MSPs, to report a swap, the Commission has reduced the reporting burden on small business and other small entities. In analyzing the interest rates, credit, and non-financial commodity asset classes, the Commission found that registered SDs or MSPs were counterparties to, and therefore reporting entities for, between 89 and 99% of swaps in these asset classes.

6. Describe the consequence to the Federal Program or policy activities if the collection were conducted less frequently as well as any technical or legal obstacles to reducing burden.

The failure of a reporting entity to report a swap, including lifecycle events of that swap, for regulatory oversight purposes under part 45 would hinder the Commission’s ability to oversee the swaps market, including the identification of the concentration of risks in the market. Specifically, the failure to report the termination of an original swap soon after it is accepted for clearing would inhibit the Commission’s ability to calculate the risk positions of market participants. The Commission would be unable to determine what bilateral swaps are open and which ones have been centrally cleared.

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:

Part 45 requires reporting directly to the Commission only in the exceptional case of a swap in an asset class for which no SDR accepts swap data. Such reporting will be required only when requested by the Commission and has not occurred since the Commission adopted Part 45 on December 20, 2011.

- 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. Part 45 does not require written responses to a collection of information in fewer than 30 days after receipt.

⁴ Section 2(e) of the Act, 7 U.S.C. § 2(e). Non-ECPs may only engage in swaps activity when executed on or pursuant to the rules of a designated contract market (“DCM”). The DCM would report all creation data for such swaps. Moreover, swaps executed on a DCM would be cleared by a DCO; pursuant to the Cleared Swap Reporting Release, the DCO would report any continuation data on the cleared swaps resulting from the clearing process of a DCM-executed swap. Therefore, a DCM-executed swap would not result in any reporting requirements by a small entity, unless a continuation event (novation, termination, amendment) occurred between execution and clearing.

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

This question does not apply. Part 45 does not require the submission of any original documents or copies of documents. Part 45 requires electronic reporting.

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

Section 45.2(c) requires that records related to each swap be kept throughout the life of the swap and for a period of at least five years following the final termination of the swap. 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. Part 45 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. Part 45 does not require nor involve 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. Part 45 does not require nor involve any 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 regulations 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. The Commission has procedures to protect the confidentiality of an applicant's or registrant's data. These are set forth in the Commission's regulations at parts 145 and 147 of title 17 of the Code of Federal Regulations.

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. 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 or Commission staff received public comments relevant to this proposed PRA amendment in response to various requests since 2014. First, Commission staff received one comment directly relevant to the issue of DCO connectivity to SDRs in response to the staff review of Swap Data Recordkeeping and Reporting Requirements Request for Comment (“Staff RFC”), 79 FR 16689 (March 26, 2014). The Staff RFC included questions relating to several items ultimately adopted in the Cleared Swap Reporting Release, including the requirement that DCOs terminate original swaps and therefore connect to original swap SDRs.

Second, the Commission affirmatively sought comment from the public concerning the Amendments to Swap Data Recordkeeping and Reporting Requirements for Cleared Swaps Notice of Proposed Rulemaking (“Cleared Swaps NPRM”), 80 FR 52544 (Aug. 31, 2015).

Third, the Commission also sought public comment on this proposed amendment to existing PRA collection 3038-0096 (the “PRA Notice”), 81 FR 47362 (July 21, 2016). The PRA Notice included estimated burdens for the establishment and maintenance of DCO to SDR connections, and estimated burdens for changes to reporting systems necessitated by amended and additional PET fields and future changes due to regulatory changes or developments in the swaps market.

Below are summaries of comments relating to the PRA aspects of the Cleared Swap Reporting Release received through the various requests for comment described above:

- In response to the Staff RFC, OTC Clearing Hong Kong (“OTC Clear”) commented that requiring DCOs to terminate alpha swaps (which are termed “original swaps” under the Cleared Swap Reporting Release) would require DCOs to connect to all SDRs. OTC Clear commented that setup, application development and testing to interface with a single SDR would require at least 150 man-days. (OTC Clear May 27, 2014 Letter, 2).
- In response to the Cleared Swaps NPRM, Eurex commented that the Cleared Swaps NPRM would require DCOs to connect to all SDRs, which would “cost DCOs extensive time and effort.” The requirement that DCOs terminate original swaps would also require DCOs to obtain certain information from executing venues or swap counterparties on a timely basis. (Eurex Oct. 30, 2015 Letter, 5, 9).
- In response to the Cleared Swaps NPRM, LedgerX commented that linking DCOs to each SDR “will require massive technical changes for each DCO. Each integration between one SDR and a DCO would be a multi-month and potentially costly project.” LedgerX noted that each SDR and each reporting counterparty have different reporting

technology and reporting fields that the DCOs will have to navigate. (LedgerX Oct. 30, 2015 Letter, 2).

- In response to the Cleared Swaps NPRM, LCH commented that it would be costly for DCOs to report continuation data for original swaps. LCH commented that, if DCOs are required to terminate original swaps, SDRs should have a universal termination message to reduce the costs to DCOs. (LCH Oct. 30, 2015 Letter, 4).
- In response to the Cleared Swaps NPRM, ISDA commented on the additional and revised data elements that must be reported for swaps. In particular, ISDA commented that the “clearing exception or exemption type” field would be challenging and costly while providing no new information to the Commission, as swap counterparties must submit notices to SDRs under part 50 of the Commission regulations to elect a clearing exception or exemption. ISDA also commented that it would be more cost effective for the Commission to wait for any technical specifications and reporting fields coming out of the CPMI IOSCO process. (ISDA Oct. 30, 2015 Letter, 9-10).
- In response to the PRA Notice, CME Group commented that the Commission’s assumptions relating to economies of scale for connections to more than one SDR were erroneous. CME Group also commented that the Commission’s assumption that DCOs would not need to connect to every SDR because not every SDR accepted every asset class of swaps was erroneous, because only the equities asset class was accepted by fewer than four SDRs. While not providing a specific number of burden hours associated with the Cleared Swap Reporting Release, CME Group estimated that the build to comply with the rule would be “almost 50% above the Commission’s estimate[.]” CME Group also commented that the Commission’s estimate of annual costs was low because the incorrect assumptions on economies of scale and limited numbers of SDR connections applied to costs as well as burden hours. (CME Group Sept. 19, 2016 Letter, at 2-5).⁵

The Commission noted comments from OTC Clear LedgerX that DCOs potentially would be required to connect to every SDR. The Commission incorporated OTC Clear’s estimated burden for such connections in the PRA Notice, and has adjusted that burden in this Supporting Statement based on CME Group’s comments.

The Commission also noted ISDA comments on the burden associated with changes to reporting systems, and estimated such burden for the PRA Notice. The Commission received no comments on the burden associated with changes to reporting systems.

The additional PRA burdens associated with DCO to SDR connection and changes to reporting systems are incorporated into this Supporting Statement as additional burdens beyond those currently covered in collection 3038-0096.

⁵ The Commission received a comment from Robert Rutkowski on Sept. 15, 2016 under this comment file. However, this comment letter related to the de minimis report, not the Cleared Swap Reporting Release or PRA Notice.

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.

The Commission staff has continued to meet with affected parties throughout the life of the regulations.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

This question does not apply. This information collection does not involve the provision of any payment or gift to respondents.

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. The Commission fully complies with section 8(a)(1) of the Commodity Exchange Act, which strictly prohibits the Commission, unless specifically authorized by the Commodity Exchange Act, 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.” The Commission has procedures to protect the confidentiality of an applicant’s or registrant’s data. These are set forth in the Commission’s regulations at parts 145 and 147 of title 17 of the Code of Federal Regulations.

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. Part 45 does not require or request 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.

The Commission is revising the existing collection 3038-0096 to account for amendments to Commission Regulations Part 45 adopted in the Cleared Swap Reporting Release. All other burdens and costs covered by existing collection 3038-0096 as submitted to OMB on October 22, 2015 remain as stated in the Supporting Statement for that submission.

The Commission is increasing the total annual hours burden and annual costs for this collection to account for (a) changes to reporting systems caused by additional and amended PET fields; (b) a one-time burden for DCOs to connect to SDRs so that DCOs may terminate original swaps, to be annualized over a 20 year period; and (c) annual costs for DCOs to maintain SDR connections. The hours burden for purposes of Question 12 is affected by the first two categories of burdens, while the total costs for purposes of Question 13 are affected by all three categories.

Below are tables indicating the increase in burden hours and costs above those in the current collection 3038-0096:

Additional and amended PET fields:

Affected entities	SDRs, SEFs, DCMs, DCOs, SD/MSPs, non-SD/MSP reporting entities		
Burden Type	Burden per Respondent	Number of Respondents	Total Burden
Annual hours burden	200 hours	449	89,800 hours
Annual costs (not associated with hours burden)	\$0	449	\$0
Total annual costs (including hours burden)	\$15,196	449	\$6,823,004

Termination of original swaps:

Affected entities	DCOs		
Burden Type	Burden per Respondent	Number of Respondents	Total Burden
One-time hours burden	4,500 hours	12	54,000 hours
Annualized hours burden over 20 years	225 hours	12	2,700 hours
Annualized cost of hours burden over 20	\$17,095	12	\$205,146

years			
Annual costs (not associated with hours burden)	\$375,000	12	\$4,500,000
Total annual costs (including hours burden)	\$392,095	12	\$4,705,146

Increases in hours burdens and new total hours burden

This revision will increase the total hours burden in two ways: (a) annual hours burdens will increase by 200 hours per entity for the estimated 449 total SDRs, SEFs, DCMs, DCO, SD/MSPs, and non-SD/MSP reporting entities for increases associated with new or additional PET fields; (b) annual hours burdens will increase by 225 hours per entity for the 12 DCOs, as an annualized burden associated with establishing SDR connections. These two additional hours burdens would increase the annual total hours burden for the collection by 89,800 hours and 2,700 hours respectively. The new annual total hours burden for collection 3038-0096 (including the existing collection burden) would be 562,945 hours.

The Commission is revising this collection to account for changes to reporting systems for SDRs and reporting entities to bring such systems into compliance with the amended and additional PET data fields adopted in the Cleared Swap Reporting Release. This revision will also cover on an ongoing basis periodic changes to reporting systems to account for future changes to reporting obligations under Part 45 and changes to reporting brought about by the evolution of products offered in the swaps market. Therefore, the Commission is treating this burden as an annual burden, rather than one-time or start-up cost.

The PRA Notice estimated that all reporting entities and SDRs would incur annual burdens of 200 hours to change reporting systems to account for future changes to reporting obligations under Part 45 and changes to reporting brought about by the evolution of products offered in the swaps market. The Commission received no comments on this estimate, and therefore includes an increase of 200 hours on an ongoing basis for SDRs and all categories of reporting entities.

Finally, while not connected to the Cleared Swap Reporting Release, the Commission also proposes to reduce the number of SDRs in collection 3038-0096 from 15 to 4. When submitting the original OMB information collection for part 45 reporting, the Commission had assumed that up to 15 entities would register as SDRs. Currently, there are four SDRs provisionally registered with the Commission. Three other entities had submitted SDR applications. Two withdrew applications in 2012 and 2014. One (GTR) withdrew its application and resubmitted under the corporate entity DTCC Data Repository (US) LLC, which currently operates as a provisionally registered SDR. As the Commission has not received any SDR applications since 2012, the Commission believes that four is a reasonable number of SDRs for calculating PRA burdens. The Commission is revising the total burden hours and total costs for SDRs to comport with this reduced number of SDRs.

The total revised burden hours and annual costs for this PRA collection are included in Attachment 1 to this Supporting Statement. The additional hours burdens associated with PET fields and SDR connections would increase the annual total hours burden for the collection by

89,800 hours and 2,700 hours respectively. The new annual total hours burden for collection 3038-0096 (including the existing collection burden) would be 562,945 hours.

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

- The cost estimate should be split into two components; (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major costs factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software, monitoring, sampling, drilling and testing equipment, and record storage facilities.
- If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate, agencies may consult with a sample of respondents (fewer than ten), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.
- Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government or (4) as part of customary and usual business or private practices.

The Commission has calculated the additional burden hours and costs associated with this collection. These additional costs include (a) annual costs for all reporting entities and SDRs associated with burden hours for changes to reporting systems to comply with additional or amended PET fields; (b) annualized costs for DCOs associated with establishing SDR connections; and (c) annual maintenance costs for DCOs to maintain connections to SDRs.

In calculating the cost figures contained in Attachment 1, the Commission estimated the appropriate wage rate based on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association (“SIFMA”). Commission staff arrived at an hourly rate of \$75.98 using figures from a weighted average of salaries and bonuses across different professions from the SIFMA Report on Management & Professional Earnings in the Securities Industry 2013, modified to account for an 1800-hour work-year and multiplied by 1.3 to account for overhead and other benefits. The Commission estimated appropriate wage rate is a weighted national average of salary and bonuses for professionals with the following titles (and their relative weight): “programmer (senior)” (30% weight); “programmer” (30%);

“compliance advisor (intermediate)” (20%); “systems analyst” (10%), and “assistant/associate general counsel” (10%).

Amended and Additional PET Fields (Operation and Maintenance Costs)

The Commission estimates that all reporting entities and SDRs will incur annual burdens of 200 hours to change reporting systems to maintain compliance. Based on the estimated cost per hour of \$75.98 described above, the annual cost to all reporting entities and SDRs would be \$15,196 per entity. With 449 such entities, the aggregate annual cost for this component of the collection would be **\$6,823,004**.

Establishing DCO to SDR Connections (Annualized Start-Up Costs)

The revisions to this collection will result in DCOs incurring a one-time hours burden of 4,500 each to establish SDR connection. In response to CME Group’s comment letter, this estimate is 50 percent higher than the Commission’s estimate in the PRA Notice. Based on the estimated cost per hour of \$75.98 described above, the one-time hours burden will result in a start-up cost of \$341,910 per DCO. The Commission estimates that DCOs will maintain such connections for 20 years; therefore, the annualized cost of such start-up costs would be \$17,095 per DCO.

Based on the burden impacting 12 DCOs, the revisions to this collection will result in an aggregate annualized start-up cost of **\$205,146** per year.

Maintenance of DCO to SDR Connections (Operation and Maintenance Costs)

The Commission estimates that DCOs will each incur costs of \$375,000 per year to maintain SDR connections. With 12 DCOs, the aggregate annual cost for this component of the collection would be **\$4,500,000**.

Total Increase in Aggregate Costs

The increase in total aggregate annual costs due to this revision therefore would be **\$11,528,150**. Adding these two figures to the current annual cost under collection 3038-0096, the new total aggregate annual cost would now be **\$99,462,062**.

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 perform this function. However, Commission staff estimates that potentially 15 employees may eventually be dedicated full-time to analysis of the information/data being collected. The estimated annual cost to the Commission per new hire is \$120,829.⁶ Therefore, the total annual aggregate staff cost to the Commission is \$1,812,435.

With respect to the technology necessary for the Commission to receive and process the information collected, Commission staff believes the cost of this technology to be between \$4 million and \$7 million annually.⁷

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

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

The present submission includes adjustments to burden hours to account for new obligations on DCOs to connect to potentially all registered SDRs. The Cleared Swap Reporting Release, adopted on June 27, 2016, requires a DCO to terminate original swaps that it clears. As a result, DCOs will need to establish connections to all SDRs to which those original swaps were reported. The Commission is revising this collection to account for the conservative situation, whereby all 12 DCOs must connect to all four SDRs.

Additionally, the Commission amended certain data fields in its list of reportable PET data, and added some additional fields. The Commission is revising this collection to account for changes to reporting systems required to report the new and amended PET fields, as well as to account for future changes to reporting fields as the Commission's regulations change and the reportable terms of swaps evolve with the market.

Finally, the estimated total burden on SDRs decreased as the Commission reduced its estimated number of SDRs from six to four. As discussed above, the number of SDRs has remained at four for three years, and the Commission does not anticipate new entrants into the market at this time.

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.

⁶ 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 2015 Washington Pay Chart (with adjusted locality pay). This figure does not include employee benefits.

⁷ This number was obtained in consultation with CFTC's IT staff.

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.