

SUPPORTING STATEMENT

NOTICES REQUIRED OF GOVERNMENT SECURITIES DEALERS OR BROKERS (INSURED STATE NONMEMBER BANKS)

OMB No. 3064-0093

INTRODUCTION

The FDIC is requesting OMB approval to extend, without change, a currently approved information collection (OMB Control No. 3064-0093). The FDIC wished to continue the information collection requirements contained in the Government Securities Act of 1986 (the Act). The current collection expires on March 31, 2019. The Act requires all financial institutions that function as government securities brokers and government securities dealers to notify their designated federal regulatory agencies of their broker-dealer activities, unless exempted from the notice requirement by Treasury Department regulation (17 CFR 401).

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

The Government Securities Act of 1986 (Pub.L. 99-571) established a federal system of regulation of brokers and dealers, including banks and other financial institutions, who deal in or broker government securities. Under the Act, the Secretary of the Treasury is directed to adopt regulations concerning the financial responsibility of government securities brokers and dealers, protection of customer securities and balances, and recordkeeping and reports of government securities brokers and dealers.

Under the Government Securities Act of 1986, all financial institutions that function as government securities brokers or government securities dealers must notify their designated federal supervisory agencies of their broker/dealer activities, unless exempted from the notice of Treasury Department regulation. The Board of Governors of the Federal Reserve System has the responsibility for establishing the form for this notice, as well as the form of the notice to be filed by financial institutions that are no longer acting as government securities brokers or government securities dealers. The Board adopted Form G-FIN (notification by financial institution of status as government securities broker or dealer) and Form G-FINW (notification by financial institutions of termination of status as government securities broker or dealer). These forms were reviewed and approved by OMB under the Paperwork Reduction Act and assigned OMB control number 7100-0224.

The Department of the Treasury was responsible for establishing Form G-FIN-4 (notification by persons associated with financial institutions that are government securities brokers and dealers) and Form G-FIN-5 (notification of termination of

association with a financial institution that is a government securities broker or dealer). These forms were reviewed and approved by OMB under the Paperwork Reduction Act and assigned OMB control number 1505-0100.

2. Use of the information:

The federal financial regulators have coordinated the review and revision of the forms associated with this information collection so that all agencies use the same forms even though each agency has its own OMB control number to cover their respective information collections.

The Form G-FIN and Form G-FINW are used by insured State nonmember banks that are government securities brokers or dealers to notify the FDIC of their status or that they have ceased to function as a government securities broker or dealer.

The Form G-FIN-4 is used by associated persons of insured State nonmember banks that are government securities brokers or dealers to provide certain information to the bank and to the FDIC concerning employment, residence, and statutory disqualification.

The Form G-FIN-5 is used by insured State nonmember banks that are government securities brokers or dealers to notify the FDIC that an associated person is no longer associated with the government securities broker or dealer function of the bank.

3. Consideration of the use of improved information technology:

Institutions are free to use whatever methods are the least burdensome to them for sending the necessary information to the FDIC.

4. Efforts to identify duplication:

The information collected does not duplicate information available from other government agencies. Each federal bank regulatory agency (Fed, OCC, and FDIC) uses the same forms to collect the information from the banks they regulate. It is up to the bank or associated persons to provide the required notices or personal histories to their primary regulator.

5. Methods used to minimize burden if the collection has a significant impact on a substantial number of small entities:

The information required is the minimum necessary for compliance with the Act. All banks, regardless of size, are required to use identical forms. However, small banks, as a group, will be less burdened with submitting the forms because they are less likely to be government securities brokers or dealers.

6. Consequences to the Federal program if the collection were conducted less frequently:

The collection of information is required only on occasion. If the information was not collected FDIC would not be able to fulfill its supervisory mandate under the Act.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320.5(d)(2):

There are no special circumstances. This information collection is conducted in accordance with the guidelines in 5 CFR 1320.5(d)(2).

8. Efforts to consult with persons outside the agency:

On November 23, 2018, FDIC published a Federal Register notice seeking public comment for a 60-day period (83 FR 59832). No comments were received.

9. Payments or gifts to respondents:

None.

10. Any assurance of confidentiality:

A Privacy Act Notice is printed on Form G-FIN and Form G-FIN-4 advising the respondent of the authority, purpose and use of the information reported. Information will be kept private to the extent allowed by law.

11. Justification for questions of a sensitive nature:

Item 17 on Form G-FIN-4 asks questions of a sensitive nature. These questions deal with an applicant's possible conviction of any felony or misdemeanor within the past 10 years or other acts of misconduct. These questions are necessary to determine the applicant's fitness to be associated with the government securities broker or dealer function of a bank where proper and ethical practices are vital to the protection of the investor. Otherwise, the information collection does not request information of a sensitive nature.

12. Estimate of hour burden including annualized hourly costs:

Summary of Annual Burden						
Information Collection Description	Type of Burden	Obligation to Respond	Estimated Number of Respondents	Estimated Frequency of Responses	Estimated Time per Response	Estimated Annual Burden
Notice by Financial Institutions of Government Securities Broker or Government Securities Dealer Activities (G-FIN)	Reporting	Mandatory	1	On Occasion	1 hour	1 hour
Notice by Financial Institutions of Termination of Activities as a Government Securities Broker or Government Securities Dealer (G-FINW)	Reporting	Mandatory	1	On Occasion	15 minutes	.25 hour
Disclosure Form for Person Associated with a Financial Institution Securities Broker or Dealer (G-FIN-4)	Reporting	Mandatory	1	On Occasion	2 hours	2 hours
Uniform Termination Notice for Persons Associated with a Financial Institution Government Securities Broker or Dealer (G-FIN-5)	Reporting	Mandatory	5	On Occasion	2 hours	10 hours

Total Estimated Annual Burden

**13.25
hours**

Estimated Cost Burden:

FDIC utilized data gathered from the Bureau of Labor Statistics (BLS) as of June 2018 to estimate the total labor costs. The wage estimate is a weighted average of four occupations: Office and Administrative Support, Compliance Officers, Lawyers, and Executives. According to the May 2017 National Industry-Specific Occupational Employment and Wage Estimates for the Depository Credit Intermediation sector the 75th percentile wages for the four aforementioned occupations are as follows¹:

Occupations, Depository Credit Intermediation Sector	Hourly Wage	Weights	Weighted Hourly Wage
Office and Administrative Support Occupations	\$20.41	30%	\$6.12
Financial Managers	\$71.59	60%	\$42.95
Lawyers	\$100.00 ²	5%	\$5.00

1 The 75th percentile wage for Lawyers (231011) was not reported. Thus the 75th percentile wage for Lawyers, Judges, and Related Workers (231000) was used for calculating the wage estimate.

Top Executives	\$87.95	5%	\$4.40
Weighted Average			\$58.47

The wage information reported by the BLS in the Specific Occupational Employment and Wage Estimates does not include health benefits and other non-monetary benefits. According to the June 2018 Employer Cost of Employee Compensation data compensation rates for health and other benefits are 35.7 percent of total compensation. FDIC also inflation-adjusted the wage information according to the BLS data on the Consumer Price Index for Urban Consumers (CPI-U) so that it is contemporaneous with the non-wage compensation statistic. The inflation rate was 2.85 percent between May 2017 and June 2018. Therefore, the adjusted average wage for the above occupations is \$81.01 per hour.

Using the total estimated hourly burden and the total hourly compensation estimate, the total estimated cost burden for the ICR (OMB No. 3064-0117) is **\$1,073.38 per year** (13.25 hours x \$81.01/hr).

13. Estimate of start-up costs to respondents:

None.

14. Estimate of annualized costs to the government:

None.

15. Analysis of change in burden:

There is no change in the method or substance of the collection. The overall reduction in burden hours (from 17 hours to 13.25 hours) is the result of economic fluctuation. In particular, the number of respondents has decreased from 17 to 8 while the hours per response and frequency of responses have remained the same.

16. Information regarding collections whose results are planned to be published for statistical use:

The results of this collection will not be published for statistical use.

17. Display of expiration date

Not applicable.

² The BLS does not report hourly wages greater than \$100. Therefore, \$100 should be considered a low-bound estimate for the lawyer wage.

B. STATISTICAL METHODS

Not Applicable