

**Supporting Statement for the
Written Security Program for State Member Banks
(FR 4004; OMB No. 7100-0112)**

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), has extended for three years, without revision, the Written Security Program for State Member Banks (FR 4004; OMB No. 7100-0112). This information collection arises from a recordkeeping requirement contained in section 208.61 of the Board's Regulation H - Membership of State Banking Institutions in the Federal Reserve System (12 CFR 208), which requires each state member bank to develop and maintain a written security program for the bank's main office and branches within 180 days of becoming a member of the Federal Reserve System.

The estimated total annual burden for the FR 4004 is 26 hours. There is no formal reporting form for this collection of information (the FR 4004 designation is for internal purposes only), and the information is not submitted to the Federal Reserve System.

Background and Justification

Section 3 of the Bank Protection Act of 1968, as amended,¹ requires the Board to promulgate rules establishing minimum standards for state member banks regarding the installation, maintenance, and operation of security devices and the maintenance of procedures to discourage robberies, burglaries, and larcenies and to assist in the identification and apprehension of persons who commit such acts. Section 208.61 of the Board's Regulation H implements this statutory provision and requires state member banks to adopt a written security program, designate a security officer who administers the security program, and maintain certain security devices. The requirements of section 208.61 of Regulation H, including the required contents of the written security program discussed below, were developed following extensive consultation with the banking community, law enforcement officials, insurance representatives, security equipment specialists, and the other federal banking regulatory agencies regarding the minimum standards needed to deter crimes against financial institutions and assist in the apprehension of perpetrators of such crimes.

Description of Information Collection

Each state member bank must keep a written security program. The program must be developed by a security officer designated by the bank's board of directors. This program must establish procedures for opening and closing for business and for the safekeeping of all currency, negotiable securities, and similar valuables; establish procedures that will assist in identifying persons committing crimes against the institution and that will preserve evidence that may aid in their identification and prosecution; provide for initial and periodic security training of officers and employees in their responsibilities under the security program and in proper employee conduct during and after a burglary, robbery, or larceny; and provide for selecting, testing,

¹ 12 U.S.C. § 1882.

operating, and maintaining appropriate security devices.

Time Schedule for Information Collection

A state member bank must implement a written security program within 180 days of becoming a member of the Federal Reserve System. The written security program is a recordkeeping requirement, and copies of the program are not collected by the Federal Reserve System or published. Bank examiners verify compliance with this recordkeeping requirement during examinations of state member banks.

Legal Status

The FR 4004 recordkeeping requirement is authorized by section 3 of the Bank Protection Act of 1968, which requires federal banking agencies to issue rules establishing minimum standards for banks with respect to the installation, maintenance, and operation of security devices and procedures to discourage robberies, burglaries, and larcenies and to assist in the identification and apprehension of persons who commit such acts (12 U.S.C. § 1882(a)). The FR 4004 is mandatory.

Because there is no reporting requirement associated with this recordkeeping requirement, the issue of confidentiality does not normally arise. If a bank's written security program were retained during the course of an examination, it would be exempt from disclosure under exemption 8 of the Freedom of Information Act (FOIA), which protects bank examination material (5 U.S.C. § 552(b)(8)). In addition, the records may also be exempt from disclosure under exemption 4 of the FOIA, which protects from disclosure "trade secrets and commercial or financial information obtained from a person and privileged or confidential" (5 U.S.C. § 552(b)(4).)

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On April 19, 2019, the Board published an initial notice in the *Federal Register* (84 FR 16492) requesting public comment for 60 days on the extension, without revision, of the FR 4004. The comment period for this notice expired on June 18, 2019. The Board did not receive any comments. On August 13, 2019, the Board published a final notice in the *Federal Register* (84 FR 40054).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 4004 is 26 hours. The estimated number of respondents is based on the average number of state member bank applications approved annually during the calendar years 2015 through 2017.

The Board believes that it is usual and customary for a state member bank to maintain a written security program. Therefore, it has excluded the time and financial resources necessary to create such a program from its estimated average burden for the FR 4004.² The Board estimates that, because of the specific requirements of section 208.61 of Regulation H, a new state member bank will, on average, require 1 hour to revise a written security program that is compliant with the particular requirements of that section than would be usual and customary in the creation of a written security program. The Board estimates that an existing state member bank would not incur any additional ongoing recordkeeping burden to keep the records required by section 208.61 of Regulation H beyond what is usual and customary to maintain a written security program. These recordkeeping requirements represent less than 1 percent of the Board’s total paperwork burden.

FR 4004	<i>Estimated number of respondents³</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Section 208.61	26	1	1	26

The estimated total annual cost to the public for this information collection is \$1,498.⁴

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System is minimal because there are no reporting forms, and the information is not submitted to the Federal Reserve.

² 5 CFR 1320.3(b)(2).

³ Of these respondents, an average of 18 (based on the past three calendar years) are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets), <https://www.sba.gov/document/support--table-size-standards>. There are no special accommodations given to mitigate the burden on small institutions.

⁴ Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$19, 45% Financial Managers at \$71, 15% Lawyers at \$69, and 10% Chief Executives at \$96). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2018*, published March 29, 2019, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Occupational Classification System, <https://www.bls.gov/soc/>.