

**Supporting Statement for the  
Notice Claiming Status as an Exempt Transfer Agent  
(FR 4013; OMB No. 7100-0137)**

**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, with revision, the Notice Claiming Status as an Exempt Transfer Agent (FR 4013; OMB No. 7100-0137).<sup>1</sup> Transfer agents, which are institutions that provide securities transfer, registration, monitoring, and other specified services on behalf of securities issuers,<sup>2</sup> are generally subject to certain Securities and Exchange Commission (SEC) regulations. A transfer agent is Board-regulated if it is a state member bank or a subsidiary thereof, a bank holding company (BHC), or a savings and loan holding company (SLHC). Certain transfer agent subsidiaries of BHCs are also Board-regulated.<sup>3</sup> A Board-regulated transfer agent that transfers and processes a low volume of securities (low-volume transfer agent) may request an exemption from those regulations by filing with the Board a notice (exemption notice) certifying that it qualifies as a low-volume transfer agent.

The Board adopted revisions to the FR 4013 to account for the notice that a Board-regulated transfer agent that has previously filed an exemption notice must file with the Board if it no longer qualifies as a low-volume transfer agent. The current estimated total annual burden for the FR 4013 is 2 hours and would increase to 4 hours.

**Background and Justification**

Pursuant to section 17A(c) of the Securities Exchange Act of 1934, as amended (the Act),<sup>4</sup> a Board-regulated transfer agent may not make use of the mails or any means or instrumentality of interstate commerce to perform the function of a transfer agency with respect to certain securities unless it is registered with the Board. Board-registered transfer agents generally are subject to rules and regulation promulgated by the SEC pursuant to section 17A(c) of the Act.

SEC rule 240.17Ad-4 allows low-volume transfer agents, including those regulated by the Board, to claim an exemption from certain of the SEC's rules applicable to registered transfer agents.<sup>5</sup> Specifically, a transfer agent is a low-volume transfer agent and may claim an exemption if, in the most recent six consecutive months, the transfer agent has received fewer than 500 items<sup>6</sup> for transfer and fewer than 500 securities for processing. Board-registered transfer agents seeking such an exemption must file a notice with the Board.

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<sup>1</sup> There is no formal reporting form (the FR 4013 designation is for internal purposes only).

<sup>2</sup> See 15 U.S.C. § 78c(25) (defining "transfer agent").

<sup>3</sup> A transfer agent subsidiary of a BHC is Board-regulated if the subsidiary is, or is a subsidiary of, a bank, as defined by 15 U.S.C. § 78c(6), that is not a national bank, Federal savings association, a bank insured by the Federal Deposit Insurance Corporation, or a state savings association.

<sup>4</sup> 15 U.S.C. § 78q-1(c).

<sup>5</sup> 17 CFR 240.17Ad-4.

<sup>6</sup> The term "item" is defined in 17 CFR 240.17Ad-1(a)(1).

## **Description of Information Collection**

To claim an exemption from certain SEC regulations, a Board-regulated transfer agent must file with the Board a notice certifying that it qualifies as a low-volume transfer agent. The notice must be filed within ten business days following the close of a six-month period in which the notificant transfer agent meets the low-volume standard. Board-regulated transfer agents seeking an exemption generally file an exemption notice by letter. There is no standard format for notices, but the notice must contain the required certification.

Once claimed, the exemption may continue indefinitely; however, a transfer agent that has claimed an exemption must, each month, recalculate the number of securities that it received during the preceding six months. If that calculation demonstrates that the transfer agent no longer qualifies as a low-volume transfer agent, the transfer agent must, within ten business days after the end of the recalculated six-month period, file with the Board a notice (exemption disqualification notice) stating that the transfer agent no longer qualifies for the exemption.

A transfer agent that has filed an exemption disqualification notice may not file a new exemption notice for six consecutive months following the month in which it filed its exemption disqualification notice.

The Board reviews notices received under SEC Rule 240.17Ad-4 for conformity with SEC requirements. Additionally, the Board conducts separate examinations of registered banks' transfer agent operations, and the notices help staff determine which entities may be eligible for extended examination frequency. This information is not available from any other source. The Board does not publish the information it collects in the notices.

### **Respondent Panel**

The FR 4013 panel comprises Board-regulated transfer agents.

## **Proposed Revisions to FR 4013**

The Board adopted revisions to the FR 4013 to account for exemption disqualification notices filed with the Board pursuant to 17 CFR 240.17Ad-4(c)(2). The FR 4013 currently does not account for this collection of information.

## **Time Schedule for Information Collection**

A Board-registered transfer agent wishing to claim exempt status must file an exemption notice within ten business days following a six-month period in which the transfer agent meets the relevant requirements. As indicated above, the exemption remains in effect as long as the processing and transfer volumes for the each six-month period remain under the exemption threshold.

An exemption disqualification notice must be filed with the Board within ten business days after the end of a six-month period in which a transfer agent that previously claimed an

exemption no longer qualifies as a low-volume transfer agent.

### **Public Availability of Data**

The FR 4013's collection of a Board-registered transfer agent's volume of transactions information is public through the electronic filing and publication of the transfer agent's Form TA-2 in the SEC's Electronic Data Gathering, Analysis, and Retrieval database.

### **Legal Status**

The FR 4013 is authorized pursuant to sections 2, 17(a)(3), 17A(c), and 23(a) of the Act (15 U.S.C. §§ 78b, 78q(a)(3), 78q-1(c), and 78w(a)), which, among other things, authorize the Board to promulgate regulations and establish recordkeeping and reporting requirements with respect to Board-registered transfer agents. Additionally, the Board also has the authority to require reports from bank holding companies (12 U.S.C. § 1844(c)), savings and loan holding companies (12 U.S.C. §§ 1467a(b) and (g)), and state member banks (12 U.S.C. §§ 248(a) and 324). The exemption notice is mandatory for Board-registered transfer agents seeking the low-volume exemption. The obligation to respond with an exemption notice, therefore, is required to obtain a benefit. The exemption disqualification notice is likewise mandatory for a transfer agent that no longer qualifies for the exemption.

The information collected in the FR 4013 regarding a Board-registered transfer agent's volume of transactions is public information through the filing and publication of the transfer agents' Form TA-2 with the SEC. Therefore, individual respondent data collected by the FR 4013 are not confidential.

### **Consultation Outside the Agency**

There has been no consultation outside the Federal Reserve System.

### **Public Comments**

On April 30, 2019, the Board published an initial notice in the *Federal Register* (84 FR 18285) requesting public comment for 60 days on the extension, with revision, of the FR 4013. The comment period for this notice expired on July 1, 2019. The Board did not receive any comments. The Board will adopt the extension, with revision, of the FR 4013 as originally proposed. On August 12, 2019, the Board published a final notice in the *Federal Register* (84 FR 39844).

### **Estimate of Respondent Burden**

As shown in the table below, the estimated total annual burden for the FR 4013 is 2 hours, and would increase to 4 hours with the adopted revisions. The increase in estimated burden is due to the identification of the existing additional regulatory requirement to file an exemption disqualification notice. Because this information collection is event-generated, it is not possible to predict exactly how many notices will be filed in a particular year. In recent

years, the Federal Reserve has received an average of one exemption notice and one exemption disqualification notice per year. These reporting requirements represent less than 1 percent of the Board’s total paperwork burden.

<b>FR 4013</b>	<i>Estimated number of respondents<sup>7</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<b>Current</b>				
Exemption notice	1	1	2	2
<b>Proposed</b>				
Exemption notice	1	1	2	2
Exemption disqualification notice	1	1	2	<u>2</u>
	<i>Total</i>			4
	<i>Change</i>			2

The current estimated total annual cost to the public for this collection of information is \$115 and with the adopted revision would increase to \$230.<sup>8</sup>

### 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 for collecting and processing this information collection is negligible.

<sup>7</sup> Of these respondents, all 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.

<sup>8</sup> 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 Standard Occupational Classification System, <https://www.bls.gov/soc/>.