

Supporting Statement
Recordkeeping Requirements for Securities Transactions
OMB Control No. 1557-0142

A. Justification.

1. Circumstances that make the collection necessary:

The information collection requirements in 12 CFR parts 12 and 151 are required to ensure that national banks and Federal savings associations comply with securities laws and to improve the protections afforded to persons who purchase and sell securities through these financial institutions. Parts 12 and 151 contain recordkeeping and confirmation requirements applicable to certain securities transactions effected by national banks or Federal savings associations for customers.

2. Use of the information:

The transaction confirmation information required by these regulations ensures that customers receive a record of each securities transaction and that financial institutions and the OCC have the records necessary to monitor compliance with securities laws and regulations. The OCC uses the required information in the course of its examinations to evaluate, among other things, an institution's compliance with the antifraud provisions of the Federal securities laws.

The information collection requirements contained in 12 CFR parts 12 and 151 are as follows:

- 12 CFR 12.3 requires a national bank effecting securities transactions for customers to maintain certain records for at least three years. 12 CFR 12.3(b) provides that the records required by this section must clearly and accurately reflect the information required and provide an adequate basis for the audit of the information.
- 12 CFR 151.50 requires a Federal savings association effecting securities transactions for customers to maintain certain records for at least three years. 12 CFR 151.60 provides that the records required by 12 CFR 151.50 must clearly and accurately reflect the information required and provide an adequate basis for audit of the information. Section 151.60(b) allows the use of a third-party service provider for records storage and maintenance.
- 12 CFR 12.4 requires a national bank to give or send to the customer a written notification of the transaction at or before completion of the securities transaction or, if using a confirmation from a registered broker/dealer, to send a copy of that confirmation within one business day from the bank's receipt of the confirmation from the broker dealer. Section 12.4 also establishes the required minimum disclosures for a customer's securities transactions.

- 12 CFR 151.70 requires a Federal savings association that effects a securities transaction for a customer to give or send that customer a written notice of the transaction or give or send the customer the registered broker-dealer confirmation. 12 CFR 151.80 establishes when a Federal savings association must provide notice if it elects to comply with § 151.70 by using a broker-dealer confirmation and also requires the Federal savings association to provide a statement of the source and amount of any remuneration it has received or will receive in connection with the transaction, unless it has determined remuneration in a written agreement with the customer. 12 CFR 151.90 establishes when a Federal savings association must provide notice if it elects to comply with § 151.70 by providing the customer with a written notice and establishes the minimum disclosures that must be included in that notice. 12 CFR 151.90 requires a Federal savings association to give or send the written notice to the customer at or before the completion of the securities transaction.
- 12 CFR 12.5 sets forth notification procedures that a national bank may elect to use, as an alternative to complying with § 12.4, to notify customers of securities transactions for accounts in which the bank does not exercise investment discretion, trust transactions, agency transactions, and certain periodic plan transactions.
- 12 CFR 151.100 describes notification procedures that a Federal savings association may use, as an alternative to complying with 12 CFR 151.70, if the Federal savings association effects a securities transaction for or with customer accounts in which the savings association does not exercise investment discretion, certain accounts for which it exercises investment discretion in other than an agency capacity, trust transactions, agency transactions, certain periodic plan transactions, collective investment fund transactions, and money market funds.
- 12 CFR 12.7(a) requires national banks to maintain and adhere to policies and procedures that assign responsibility for supervision of employees who perform certain securities trading functions; provide for the fair and equitable allocation of securities and prices to accounts for certain types of orders; provide for crossing of buy and sell orders on a fair and equitable basis to the parties to the transaction, where permissible under applicable law; and require certain officers and employees to report to the bank all personal transactions in securities made by them or on their behalf in which they have a beneficial interest.
- 12 CFR 151.140 requires Federal savings associations that effect securities transactions for customers to maintain and follow policies and procedures and sets forth minimum requirements for such policies and procedures. These policies and procedures must assign responsibility for the supervision of employees who perform certain securities trading functions; provide for the fair and equitable allocation of securities and prices to accounts for certain types of orders; provide for crossing of buy and sell orders on a fair and equitable basis to the parties to the transaction, where permissible under applicable law; and require officers and employees to file personal securities trading reports as required by 12 CFR 151.150.

- 12 CFR 12.7(a)(4) requires certain national bank officers and employees involved in the securities trading process to report to the bank all personal transactions in securities made by them or on their behalf in which they have a beneficial interest.
- 12 CFR 151.150 requires certain Federal savings association officers and employees to report to the savings association personal transactions in securities made by them or made on their behalf in which they have a beneficial interest. 12 CFR 151.150(a) sets forth the information to be included in the report and requires the report to be filed no later than 30 days after the end of each calendar quarter.
- 12 CFR 12.8 requires a national bank seeking a waiver of one or more of the requirements of 12 CFR 12.2 through 12.7 to file a written request for waiver with the OCC.

3. *Consideration of the use of improved information technology:*

An institution may use any software or hardware to facilitate compliance with the regulations.

4. *Efforts to identify duplication:*

This recordkeeping requirement is not duplicative of any other requirement imposed on institutions.

5. *If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden:*

There are no alternatives that would result in further lowering the burden on small institutions, while still accomplishing the purpose of the rule.

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

Less frequent collection would not comply with applicable statutes, would be inadequate for OCC supervisory purposes, and could impair the OCC's supervisory program.

7. *Special circumstances that would cause an information collection to be conducted in a manner inconsistent with 5 CFR part 1320:*

Not applicable.

8. *Efforts to consult with persons outside the agency:*

On January 22, 2020, the OCC published a notice for 60 days of comment concerning this collection, 85 FR 3760. No comments were received.

9. Payment or gift to respondents:

None.

10. Any assurance of confidentiality:

The information is kept private to the extent permitted by law.

11. Justification for questions of a sensitive nature:

Not applicable.

12. Burden estimate:

Section	Burden Type	Number of Respondents	Average Hours Per Response	Estimated Burden Hours
12 CFR 12.3, 151.50 and 151.60	Recordkeeping	355	.5 hour	177.5 hours
12 CFR 12.4, 12.5, 151.70, 151.80, 151.90, and 151.100	Disclosure	355	.5 hour	177.5 hours
12 CFR 12.7 and 151.140	Recordkeeping	355	2 hours	710 hours
12 CFR 12.7 and 151.150	Reporting	355	1.5 hours	532.5 hours
12 CFR 12.8	Reporting	3	40 hours	120 hours
Total		355 respondents		1,717.5 Hours

Cost of Hour Burden to Respondents:

1,718 hours x \$114 = \$ 195,852

To estimate wages the OCC reviewed May 2018 data for wages (by industry and occupation) from the U.S. Bureau of Labor Statistics (BLS) for credit intermediation and related activities excluding nondepository credit intermediaries (NAICS 5220A1). To estimate compensation costs associated with the rule, the OCC uses \$114 per hour, which is based on the average of the 90th percentile for nine occupations adjusted for inflation (2.8 percent as of Q1 2019 according to the BLS), plus an additional 33.2 percent for benefits (based on the percent of total compensation allocated to benefits as of Q4 2018 for NAICS 522: credit intermediation and related activities).

13. Estimate of annualized costs to respondents (excluding the cost of hour burden in Items 12 and 14):

None.

14. Estimate of annualized costs to the Federal government:

Not applicable.

15. Change in burden:

Prior Burden: 1,916 hours.

Current Burden: 1,718 hours.

Difference: -198 hours.

The decrease is due to the decrease in the number of institutions subject to parts 12 and 151.

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

Not applicable.

17. Display of expiration date:

Not applicable.

18. Exceptions to certification statement:

None.