

**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, without revision, the Notice Claiming Status as an Exempt Transfer Agent (FR 4013; OMB No. 7100-0137). Transfer agents, which are institutions that provide securities transfer, registration, monitoring, and other specified services on behalf of securities issuers,<sup>1</sup> are generally subject to certain Securities and Exchange Commission (SEC) regulations. However, a transfer agent that is regulated by and registered with the Board (a Board-regulated transfer agent) may request an exemption from those regulations if it transfers and processes a low volume of securities (a low-volume transfer agent). 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).<sup>2</sup> A Board-regulated transfer agent may request an exemption from the SEC regulations by filing with the Board a notice (exemption notice) certifying that it qualifies as a low-volume transfer agent. In addition, a Board-regulated low-volume transfer agent that no longer meets the requirements of being a low-volume transfer agent must notify the Board of that fact.

The estimated total annual burden for the FR 4013 is 4 hours. There is no formal reporting form for this collection of information.

**Background and Justification**

Pursuant to section 17A(c) of the Securities Exchange Act of 1934, as amended (the Act),<sup>3</sup> a transfer agent may not make use of the mail 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 the appropriate regulatory agency, which for the entities listed above is 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>4</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>5</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. The Board reviews

---

<sup>1</sup> See 15 U.S.C. § 78c(a)(25) (defining transfer agent).

<sup>2</sup> 15 U.S.C. § 78c(a)(34)(B)(ii). Certain transfer agent subsidiaries of BHCs are also Board-regulated. 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(a)(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>3</sup> 15 U.S.C. § 78q-1(c).

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

<sup>5</sup> The term "item" is defined in 17 CFR 240.17Ad-1(a)(1).

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 based on rules adopted by the SEC. This information is not available from any other source.

### **Description of Information Collection**

To claim an exemption from certain SEC transfer agent 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 with the Board 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 Board-regulated transfer agent that has claimed an exemption must file with the Board a notice (exemption disqualification notice) if it ceases to meet the low-volume transfer agent standard based on its activities over the preceding six months. The exemption disqualification notice must be submitted within ten business days after the six-month period in which the transfer agent does not meet the low-volume standard.

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.

### **Respondent Panel**

The FR 4013 panel comprises Board-regulated transfer agents.

### **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 Board does not publish the information it collects from the notices.

## **Legal Status**

The FR 4013 is authorized pursuant to sections 2, 17(a)(3), 17A(c), and 23(a) of the Exchange 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-regulated 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 exemption. The obligation to respond for the exemption notice, therefore, is required to obtain a benefit. The exemption disqualification notice is mandatory for a Board-regulated transfer agent that no longer qualifies for the exemption.

The information collected in the FR 4013 regarding a Board-regulated transfer agent's volume of transactions is public information through the filing and publication of the transfer agent's Form TA-2 (OMB No. 3235-0337) 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 January 25, 2022, the Board published an initial notice in the *Federal Register* (87 FR 3807) requesting public comment for 60 days on the extension, without revision, of the FR 4013. The comment period for this notice expired on March 28, 2022. The Board did not receive any comments. The Board adopted the extension, without revision, of the FR 4013 as originally proposed. On May 24, 2022, the Board published a final notice in the *Federal Register* (87 FR 31553).

## **Estimate of Respondent Burden**

As shown in the table below, the estimated total annual burden for the FR 4013 is 4 hours. The estimated number of respondents is derived from the fact that, from 2018 to 2020, the Federal Reserve 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>6</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Exemption notice	1	1	2	2
Exemption disqualification notice	1	1	2	<u>2</u>
<i>Total</i>				4

The estimated total annual cost to the public for the FR 4013 is \$242.<sup>7</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>6</sup> Of these respondents, all are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$750 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>7</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 \$21, 45% Financial Managers at \$74, 15% Lawyers at \$71, and 10% Chief Executives at \$102). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2021*, published March 31, 2022, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.