

**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, under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, without revision, the Notice Claiming Status as an Exempt Transfer Agent (FR 4013; OMB No. 7100-0137).

Banks, bank holding companies (BHCs), and trust companies subject to the Federal Reserve's supervision that are low-volume transfer agents voluntarily file the notice on occasion with the Federal Reserve. Transfer agents are institutions that provide securities transfer, registration, monitoring, and other specified services on behalf of securities issuers. The purpose of the notice, which is effective until the agent withdraws it, is to claim exemption from certain rules and regulations of the Securities and Exchange Commission (SEC). The Federal Reserve uses the notices for supervisory purposes because the SEC has assigned to the Federal Reserve responsibility for collecting the notices and verifying their accuracy through examinations of the respondents. The Federal Reserve expects to receive three notices per year, for an annual burden of six hours.<sup>1</sup> The notice is made by letter; there is no reporting form.

**Background and Justification**

Pursuant to Section 17A(d) of the Securities Exchange Act of 1934, as amended in 1975 (the Act), the SEC has full authority to issue rules and regulations governing the conduct of all institutions registered as transfer agents pursuant to the Act. The SEC requires transfer agents that are banks or BHCs to register with their primary banking regulator, that is, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation (FDIC), or the Office of the Comptroller of the Currency (OCC).<sup>2</sup> SEC rule 240.17Ad-4 allows low-volume transfer agents, whether registered with SEC or with one of the bank regulatory agencies, to file a notice claiming exemption from certain of the SEC's rules applicable to registered agents. The Federal Reserve reviews the notices for conformity with SEC requirements. Also, the Federal Reserve conducts separate examinations of registered banks' transfer agent operations, and the notices help the staff to determine who may be eligible for extended examination frequency. The information is not available elsewhere.

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<sup>1</sup>Reports with fewer than ten respondents are not subject to the Paperwork Reduction Act (PRA); however, the number of respondents for this notice sometimes reaches or exceeds ten, so the proposal is processed following PRA procedures.

<sup>2</sup>Nondeposit subsidiary trust companies are banks within the meaning of section 3(a)(6) of the Act.

## **Description of Information Collection**

The Act requires registered transfer agents to maintain a log that accumulates monthly totals of items received "for processing" and "for transfer." If a transfer agent can affirm that during the most recent six-month period (including the current month) its processing volume and its transfer volume were each less than 500 items, then it can claim the exemption within ten business days after the six-month period. For registered transfer agents that file with the Federal Reserve or the FDIC the notice claiming the exemption is a letter, the contents of which are prescribed by SEC regulation (17 CFR 240.17Ad-4(b)). Agents whose regulatory agency is either the SEC or the OCC must retain records certifying that they are exempt. The letter of notice must contain the required affirmations specified in the rule, but otherwise there is no standard format. If the notice conforms to requirements, the Federal Reserve sends a letter of acknowledgment to the agent stating that it is exempt pursuant to this provision.

Although the exemption may continue indefinitely, data for the exemption must be recalculated by the transfer agent with each succeeding month's activity for the most recent six-month period.

## **Time Schedule for Information Collection**

Transfer agents wishing to claim an exemption from SEC regulations file a notice with their appropriate regulatory agency, either the Federal Reserve, the OCC, or the FDIC. As indicated above, the exemption remains in effect as long as the processing and transfer volumes for the most recent six-month period remain under the exemption threshold. A transfer agent whose processing or transfer volume fluctuates enough so that its status alternates between exempt and nonexempt usually opts to withdraw the exemption claim and operate as a nonexempt agent. Agents withdraw by sending a letter to the appropriate regulatory agency. The Federal Reserve does not publish the information it collects in the notices.

## **Legal Status**

The Board's Legal Division has determined that the FR 4013 is voluntary and that it is authorized by section 17A(c)(1) of the Securities Exchange Act of 1934 (15 U.S.C. §78q-1(c)(1)) as amended by the Securities Acts Amendments of 1975. The Federal Reserve is authorized to collect this data from state member banks or their subsidiaries, and bank holding companies or their subsidiaries (except national banks and state nonmember banks that are insured by the FDIC) by 15 U.S.C. §78c(a)(34)(B)(ii). Individual respondent data are not confidential.

## **Consultation Outside the Agency**

There has been no consultation outside of the Federal Reserve System.

### **Estimate of Respondent Burden**

The annual reporting burden for the FR 4013 is estimated to be six hours, based on an estimated average response time of two hours. The average number of notices received over the past three years was used to estimate the annual reporting burden. The total annual burden for this notice represents less than 1 percent of total Federal Reserve System annual reporting burden.

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	<i>Number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated total annual burden hours</i>
FR 4013	3	1	2	6

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Based on an average hourly cost of \$20, the annual cost to the public is estimated to be \$120.

### **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 annual cost associated with the FR 4013 is negligible.