

**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), proposes to extend 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 14 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.

In the absence of this recordkeeping requirement, this information would not be available from other sources.

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

¹ 12 U.S.C. § 1882.

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, operating, and maintaining appropriate security devices.

Respondent Panel

The FR 4004 panel comprises state member banks. The FR 4004 impacts all member banks, regardless of size. Development of a written security program will typically be less burdensome for smaller institutions with a fewer bank branches.

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 state member bank must keep a copy of its current written security program. Continued recordkeeping of the written security program is necessary to ensure the proper implementation, administration, and effectiveness of the security program.

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.

Public Availability of Data

No data is collected by the Board pursuant to this information collection or made available by the Board to the public.

Legal Status

Section 3 of the Bank Protection Act of 1968 authorizes the FR 4004 recordkeeping requirement.² The FR 4004 is mandatory.

Entities subject to the FR 4004 recordkeeping requirement generally are not required to provide such information to the Board. If the Board obtained information retained pursuant to the FR 4004 as part of an examination or supervision of a financial institution, it may be considered confidential under exemption 8 of the Freedom of Information Act (FOIA).³ Information provided under the FR 4004 may also be kept confidential under FOIA exemption 4 as confidential commercial or financial information that is both customarily and actually treated as private.⁴

² 12 U.S.C. § 1882(a) (requiring federal banking agencies, including the Board, 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).

³ 5 U.S.C. § 552(b)(8).

⁴ 5 U.S.C. § 552(b)(4).

Consultation Outside the Agency

The Board consulted with the Office of the Comptroller of the Currency (OCC), which has a similar regulation requiring a written security program for OCC-supervised entities, with respect to this proposal.

Public Comments

On November 23, 2021, the Board published an initial notice in the *Federal Register* (86 FR 66559) requesting public comment for 60 days on the extension, without revision, of the FR 4004. The comment period for this notice will expire on January 24, 2022.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 4004 is 14 hours. The estimated number of respondents is based on the average number of state member bank applications approved annually during the calendar years 2018 through 2020.

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. 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 one additional hour to create a written security program that is compliant with that section than would be usual and customary in the creation of a written security program. The Board does not estimate that an existing state member bank would 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 respondents⁵</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Development of a Written Security Program	14	1	1	14

The estimated total annual cost to the public for this information collection is \$828.⁶

⁵ Of these respondents, 9 are estimated to be small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support-table-size-standards>.

⁶ 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 \$20, 45% Financial Managers at \$73, 15% Lawyers at \$72, and 10% Chief Executives at \$95). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages

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 negligible, because there are no reporting forms and the information is not submitted to the Federal Reserve.