

**Supporting Statement for the  
Notice by Financial Institutions of Government Securities Broker or  
Government Securities Dealer Activities and  
Notice by Financial Institutions of Termination of Activities as a  
Government Securities Broker or Government Securities Dealer  
(Form G-FIN and Form G-FINW; OMB No. 7100-0224)**

**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 Notice by Financial Institutions of Government Securities Broker or Government Securities Dealer Activities and Notice by Financial Institutions of Termination of Activities as a Government Securities Broker or Government Securities Dealer (Form G-FIN and Form G-FINW; OMB No. 7100-0224). The Securities Exchange Act of 1934, as amended (the Act),<sup>1</sup> requires financial institutions to notify their appropriate regulatory agency (ARA) prior to using the mails or any means or instrumentality of interstate commerce to engage in government securities broker or dealer activities, and to notify their ARA upon terminating such activities. The Board is the ARA for state member banks, foreign banks, uninsured state branches or state agencies of foreign banks, commercial lending companies owned or controlled by foreign banks, and Edge Act corporations (collectively, Board-regulated financial institutions). A Board-regulated financial institution must use Form G-FIN to register as a government securities broker or dealer or to amend a previously submitted Form G-FIN and must use Form G-FINW to notify the Board of its termination of such activities.

The estimated total annual burden for the Form G-FIN and Form G-FINW is 49 hours. The form and instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/reportforms/default.aspx>.

**Background and Justification**

Pursuant to section 15C of the Act, a financial institution that meets the statutory definition of government securities broker or government securities dealer<sup>2</sup> may not make use of the mails or any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any government security unless it has filed with its ARA written notice that it is a government securities broker or dealer. Government securities brokers or government securities dealers must also notify their ARA upon termination of such activities. The Act requires that the notices contain such information concerning the financial institution and any persons associated with the institution, as the Board deems to be in the public interest or necessary for the protection of investors, after consultation with the Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), and Securities and Exchange Commission (SEC).<sup>3</sup>

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<sup>1</sup> 15 U.S.C § 78o-5.

<sup>2</sup> See sections 3(a)(43) and (44) of the Act, 15 USC §§ 78c(a)(43) and (44), respectively.

<sup>3</sup> 15 U.S.C. § 78o-5(a)(1)(B)(ii).

Board-regulated financial institutions provide the required notices to the Board through Form G-FIN and Form G-FINW. The Board uses the information collected by these forms to monitor compliance with the Act. A failure to produce the required collection notices by Board-regulated financial institutions would result in noncompliance with the Act. The information collected by Form G-FIN and Form G-FINW is not available from other sources.

## **Description of Information Collection**

### *Reporting Requirements*

#### **Form G-FIN**

Board-regulated financial institutions must file Form G-FIN with the Board prior to engaging in government securities broker or dealer activities through use of the mails or interstate commerce. Respondents are required to provide information regarding the name and location of the notificant; whether the notificant proposes to act as a government securities broker, dealer, or both; information regarding the locations in which the notificant will conduct such activities and the names and titles of persons directly engaged in the management, direction, or supervision of their government securities dealer activities.

For each person that the notificant identifies as being directly engaged in the management, direction, or supervision of its government securities dealer activities, the notificant must attach a separate U.S. Department of the Treasury (Treasury) Form G-FIN-4<sup>4</sup> or, if previously filed, a copy of Form MSD-4<sup>5</sup> or the Financial Industry Regulatory Authority (FINRA) Form U-4.<sup>6</sup> These forms are used by individuals to register as “associated persons” of broker-dealers. Firms filing a Form G-FIN must indicate in item 7 whether any associated person, as defined by applicable Treasury regulations,<sup>7</sup> has responded “yes” to certain questions in Form G-FIN-4, Form MSD-4, or Form U-4 related to previous disciplinary actions that would constitute statutory disqualifications against the associated person or any of the employers for whom the associated person works.

A Board-regulated financial institution that engages in dealing or brokering government securities and that has previously filed a Form G-FIN must file an amended Form G-FIN in the event that any of the information previously submitted becomes incomplete, inaccurate, or no longer applicable. Institutions filing such an amendment must complete only certain sections of Form G-FIN, as outlined in the instructions to the form.

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<sup>4</sup> Disclosure Form for Person Associated with a Financial Institution Government Securities Broker or Dealer (Form G-FIN-4; OMB No. 1530-0064).

<sup>5</sup> Uniform Application for Municipal Securities Principal or Municipal Securities Representative Associated with a Bank Municipal Securities Dealer (Form MSD-4; OMB No. 7100-0100)

<sup>6</sup> Uniform Application for Securities Industry Registration or Transfer (Form U-4).

<sup>7</sup> See 17 CFR 400.3.

## **Form G-FINW**

Board-regulated financial institutions must file Form G-FINW to provide notice of termination of government securities broker or dealer activities. Form G-FINW collects information such as the company name, business addresses, and the contact person responsible for the records associated with the government securities broker or dealer activities.

The instructions for the Form G-FIN and Form G-FINW state that Board-regulated financial institutions should submit their completed forms electronically. An institution that is required to file these forms with the Federal Reserve System should contact their district Federal Reserve Bank if the institution believes it may not be able to submit the forms electronically.

### *Recordkeeping Requirements*

The instructions for Form G-FIN and Form G-FINW state that a notificant should retain one exact copy of each completed Form G-FIN, Form G-FINW, and amendments to Form G-FIN for the notificant's records. These records must be kept until at least three years after the financial institution has notified the Board that it has ceased to function as a government securities broker or dealer.

The Form G-FINW does not contain any expectations regarding the manner in which records should be kept (e.g., physical or electronic media), but the Board anticipates that most respondents utilize information technology to reduce the burden of following the voluntary recordkeeping.

## **Respondent Panel**

The Form G-FIN and Form G-FINW panel comprises state member banks, foreign banks, uninsured state branches or state agencies of foreign banks, commercial lending companies owned or controlled by foreign banks, and Edge Act corporations that are required to register as government security brokers or government security dealers, or those entities that have terminated such activities.

Certain institutions are exempt from the notice requirements under the Treasury's regulations (for example, an institution whose activity is limited to issuing or forwarding U.S. savings bonds).<sup>8</sup> The cover sheet and Part B of the instructions of Form G-FIN contain information to help financial institutions determine whether they must file notices pursuant to the Act.

## **Time Schedule for Information Collection**

Form G-FIN and Form G-FINW are event-generated. Financial institutions file Form G-FIN before commencing operations as a government securities broker or dealer. Amended notices are due within 30 calendar days of the date on which information on the

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<sup>8</sup> See 12 CFR part 401.

previous notice became inaccurate. Financial institutions for which an exemption no longer applies must file a notice immediately. A financial institution that has previously filed Form G-FIN must file Form G-FINW when it ceases to act as a government securities broker or dealer.

## **Public Availability of Data**

The notices will be made available to the public upon request from the Board or SEC.

## **Legal Status**

Form G-FIN and Form G-FINW are authorized under section 15C of the Act,<sup>9</sup> which requires a financial institution that is a broker or dealer of government securities to submit a written notice advising its ARA that it is a government securities broker or a government securities dealer or that it has ceased to act as such. The Act also directs the Board, in consultation with the other ARAs (the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC)),<sup>10</sup> as well as with the Securities and Exchange Commission (SEC), to prescribe the form of and the information collected in these notices.<sup>11</sup> Further support for the creation and collection of these notices by the Board is found in Department of Treasury (Treasury) regulations, authorized by section 15 of the Act, which state that the Form G-FIN and Form G-FINW are promulgated by the Board and that such forms are to be used by non-exempt<sup>12</sup> financial institutions to notify their ARA of their status as government securities brokers or dealers or the termination of such status.<sup>13</sup>

Section 15C of the Act also instructs the Secretary of the Treasury to promulgate recordkeeping requirements regarding the forms and records to be retained by government securities brokers and dealers and to specify the time period for which such records shall be preserved. Accordingly, the recordkeeping requirement associated with these forms is contained in 17 CFR 404.4, which requires state member banks and uninsured state branches or state agencies of foreign banks, as well as other institutions, to retain these forms for three years after the financial institution notifies its ARA that it has ceased to function as a government securities broker or dealer. Although Treasury's recordkeeping requirement does not explicitly apply to foreign banks, to Edge corporations, or to commercial lending companies that are owned or controlled by foreign banks, the Board has the authority to "issue such rules and regulations with

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<sup>9</sup> 15 U.S.C. § 78o-5(a)(1)(B).

<sup>10</sup> These forms are also collected by the FDIC and the OCC, respectively, for government securities brokers and dealers under their supervision. A copy of the form filed with each ARA is also made available by the ARA to the SEC under the Act. 15 U.S.C. § 78o-5(a)(1)(B)(iii).

<sup>11</sup> 15 U.S.C. § 78o-5(a)(1)(B)(ii).

<sup>12</sup> The Act permits the Secretary of the Treasury to exempt certain government securities brokers or dealers, 15 U.S.C. § 78o-5(a)(5), and the Secretary of the Treasury has promulgated regulations exempting certain types of firms. See 17 CFR Part 401.

<sup>13</sup> See 17 CFR 400.1(d), 449.1, and 449.2; see also 17 CFR 400.5(b) (requiring that any amendments or corrections to the notice of status of government securities broker or dealer be filed by the financial institution on Form G-FIN within 30 days).

respect to transactions in government securities as may be necessary to prevent fraudulent and manipulative acts and practices and to promote just and equitable principles of trade.”<sup>14</sup> Imposing a recordkeeping requirement on foreign banks, Edge corporations, and commercial lending companies owned or controlled by foreign banks is necessary for the public interest and protection of investors in order to ensure that the proper notification has been provided when these institutions are transacting in government securities. In addition, the Board is authorized to impose recordkeeping requirements on foreign banks,<sup>15</sup> Edge corporations,<sup>16</sup> and on commercial lending companies that are owned or controlled by foreign banks.<sup>17</sup> The obligation to file the Form G-FIN and Form G-FINW with the Board, and the obligation for the government securities broker or dealer to retain a copy of the Form G-FIN and Form G-FINW, is mandatory for those financial institutions for which the Board serves as the ARA, unless the financial institution is exempt from the reporting requirement under Treasury’s regulations. The filing of these forms and the records retention period is event-generated.

Under the Act, each ARA is instructed to make these forms available to the SEC, and the SEC is instructed to make the notices available to the public.<sup>18</sup> Thus, the information collected on Form G-FIN and Form G-FINW is ordinarily not treated as confidential.<sup>19</sup> However, given that Item 6 of Form G-FIN instructs the filer to attach copies of the confidential Form G-FIN-4, or if applicable, to attach copies of any previously filed confidential Form MSD-4 or confidential Form U-4, such attachments may be treated as confidential by the Board under exemptions 4 and/or 6 of the Freedom of Information Act.<sup>20</sup>

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<sup>14</sup> 15 U.S.C. § 78o-5(b)(3)(A). See 15 U.S.C. § 78o-5(a)(1)(B).

<sup>15</sup> 12 U.S.C. §§ 3107 and 3108.

<sup>16</sup> 12 U.S.C. § 625.

<sup>17</sup> 12 U.S.C. § 3106, as applied through 12 U.S.C. § 1844(c).

<sup>18</sup> 15 U.S.C. § 78o-5(a)(1)(B)(iii).

<sup>19</sup> The Board’s Regulation H provides that any person filing any statement, report, or document under the Act may submit written objection to the public disclosure of the information when such information is filed in accordance with the procedures provided in 12 CFR 208.36(d). In addition, if a respondent believes that information disclosed on these forms constitutes nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent, the respondent may request confidential treatment pursuant to exemption 4 of the Freedom of Information Act (FOIA) pursuant to the Board’s Rules Regarding the Availability of Information, 12 CFR 261.15.

<sup>20</sup> Generally, information provided on Form MSD-4 and Form MSD-5 will be kept confidential from the public under exemption 6 of the FOIA, which protects information in “personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.” 5 U.S.C. § 552(b)(6). In addition, other information on Form MSD-4 and Form MSD-5, such as the name of the municipal securities dealer that filed the form, may be withheld under exemption 4 of the FOIA, if it constitutes nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent (e.g., if a municipal securities dealer recently hired or terminated a number of municipal securities employees, disclosing these forms could reveal competitively sensitive commercial information about that dealer). 5 U.S.C. § 552(b)(4). We note that FINRA’s Form U-4 collects the social security number and other personally identifiable information about an individual, which is required to be withheld under the Privacy Act, 5 U.S.C. 552b. In addition, Treasury’s Form G-FIN-4 states “[t]he Department of the Treasury and the appropriate regulatory agencies regard the information provided by each respondent on this form as confidential.”

## Consultation Outside the Agency

The Board consulted with the FDIC, OCC, and SEC in confirming that there were no changes needed to the collection as part of this clearance.

## Public Comments

On July 6, 2022, the Board published an initial notice in the *Federal Register* (87 FR 40239) requesting public comment for 60 days on the extension, without revision, of the Form G-FIN and Form G-FINW. The comment period for this notice expires on September 6, 2022.

## Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the Form G-FIN and Form G-FINW is 49 hours. The estimated number of respondents is based on the average number of combined files received in the past three years. With regard to the Board's recordkeeping requirement associated with Form G-FIN and Form G-FINW, only foreign banks, commercial lending companies owned or controlled by foreign banks, and Edge Act corporations are included as respondents. The recordkeeping requirement with regard to the financial institutions that file Form G-FIN and Form G-FINW with the Board is imposed by the Treasury. Therefore, the estimated total annual recordkeeping burden for Form G-FIN and Form G-FINW is diminutive. These reporting and recordkeeping requirements represent less than one percent of the Board's total paperwork burden.

| Form G-FIN<br>Form G-FINW | <i>Estimated<br/>number of<br/>respondents</i><br>21 | <i>Annual<br/>frequency</i> | <i>Estimated<br/>average hours<br/>per response</i> | <i>Estimated<br/>annual burden<br/>hours</i> <sup>22</sup> |
|---------------------------|--|-----------------------------|---|--|
| <i>Reporting</i>          |  |                             |   |  |
| Form G-FIN                | 39   | 1                           | 1.00  | 39   |
| Form G-FINW               | 1  | 1                           | 0.25  | 0  |
| <i>Recordkeeping</i>      |  |                             |   |  |
| Form G-FIN                | 39   | 1                           | 0.25  | 10   |
| Form G-FINW               | 1  | 1                           | 0.25  | 0  |
| <i>Total</i>              |  |                             |   | 49   |

<sup>21</sup> Of these respondents required to comply with this information collection, none of the respondents are considered 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>. There are no special accommodations given to mitigate the burden on small institutions.

<sup>22</sup> Due to the mechanics of the RISC/OIRA Consolidated Information System (ROCIS), fractional amounts below 0.5 are rounded to 0.

The estimated total annual cost to the public for these collections of information is \$2,962.<sup>23</sup>

### **Sensitive Questions**

These collections of information contain 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 these information collections is negligible.

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<sup>23</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/>.