



[Board-6210-01-P 50%]
[FDIC-6714-01-P 50%]

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

FEDERAL DEPOSIT INSURANCE CORPORATION

Proposed Agency Information Collection Activities; Comment Request

AGENCIES: Board of Governors of the Federal Reserve System ("Board") and Federal Deposit Insurance Corporation (FDIC), (collectively, the "Agencies").

ACTION: Joint notice, request for comment.

SUMMARY: The Agencies invite comment on a proposal to extend for three years, with revision, the Notice by Financial Institutions of Government Securities Broker or Government Securities Dealer Activities and the 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 Nos. 7100-0224 (Board), 3064-0093 (FDIC)).

DATES: Comments must be submitted on or before [insert date 60 days after date of publication in the Federal Register].

ADDRESSES: Interested parties are invited to submit written comments to either or both of the Agencies. All comments, which should refer to the Office of Management and Budget (OMB) control numbers, will be shared between the Agencies. Direct all written comments as follows:

Board: You may submit comments, identified by OMB control no. 7100-0224 by any of the following methods:

- Agency Website: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- E-mail: regs.comments@federalreserve.gov. Include the OMB number in the subject line of

the message.

- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW, Washington, DC 20551.

All public comments are available from the Board's web site at

<http://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons or to remove personally identifiable information at the commenter's request.

Accordingly, comments will not be edited to remove any identifying or contact information.

Public comments may also be viewed electronically or in paper form in Room 146, 1709 New York Avenue, NW, Washington, DC 20006, between 9:00 a.m. and 5:00 p.m. on weekdays. For security reasons, the Board requires that visitors make an appointment to inspect comments.

You may do so by calling (202) 452-3684. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

Additionally, commenters may send a copy of their comments to the OMB Desk Officer – Shagufta Ahmed – Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW, Washington, DC 20503, or by fax to (202) 395-6974.

FDIC: You may submit comments, which should refer to “3064-0093” by any of the following methods:

- Agency website: <https://www.fdic.gov/regulations/laws/federal/>. Follow the instructions for submitting comments on the FDIC's website.

- Federal eRulemaking Portal: <https://www.regulations.gov>. Follow the instructions for submitting comments.
- Email: comments@FDIC.gov. Include “3064-0093” in the subject line of the message.
- Mail: Manuel E. Cabeza, Counsel, Attn: Comments, Room MB-3128, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.
- Hand Delivery: Comments may be hand delivered to the guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7:00 a.m. and 5:00 p.m.

Public Inspection: All comments received will be posted without change to <https://www.fdic.gov/regulations/laws/federal/> including any personal information provided. Paper copies of public comments may be requested from the FDIC Public Information Center by telephone at (877) 275-3342 or (703) 562-2200.

FOR FURTHER INFORMATION CONTACT: A copy of the Paperwork Reduction Act of 1995 (PRA) OMB submission, including the reporting form and instructions, supporting statement, and other documentation will be placed into OMB’s public docket files, if approved. These documents will also be made available on the Federal Reserve Board’s public website at <http://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears below. Requests for additional information or a copy of the collection may be obtained by contacting:

Board: Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452-3829.

FDIC: Manuel E. Cabeza, Counsel, (202) 898-3767, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

SUPPLEMENTARY INFORMATION: On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve and assign OMB control numbers to collections of information conducted or sponsored by the Board. In exercising this delegated authority, the Board is directed to take every reasonable step to solicit comment. In determining whether to approve a collection of information, the Board will consider all comments received from the public and other agencies.

Request for comment on information collection proposal

The Agencies invite public comment on the following information collection. Comments are invited on the following:

- a. Whether the proposed collection of information is necessary for the proper performance of the Agencies' functions, including whether the information has practical utility;
- b. The accuracy of the estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and
- e. Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

Comments submitted in response to this notice will be shared between the Agencies. All comments received, including attachments and other supporting materials, are part of the public record and will be included in the submission to OMB. At the end of the comment period, the

comments and recommendations received will be analyzed to determine the extent to which the Agencies should modify the proposal.

Title: Notice by Financial Institutions of Government Securities Broker or Government Securities Dealer Activities; Notice by Financial Institutions of Termination of Activities as a Government Securities Broker or Government Securities Dealer (Form G-FIN).

OMB Control Numbers:

Board: 7100-0224.

FDIC: 3064-0093.

General Description of Report: The Securities Exchange Act of 1934, as amended (the Act),¹ 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. 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 corporations (collectively, “Board-regulated financial institutions”). The FDIC is the ARA for state nonmember banks and insured branches of foreign banks (collectively, “FDIC-regulated financial institutions”). A Board- or FDIC-regulated financial institution must use Form G-FIN to register as a government securities broker or dealer or to amend a previously submitted G-FIN.

Form G-FIN report collects such information as the company name, all business addresses, names and titles of managers of government securities activities, and the names of any persons involved in disciplinary proceedings related to the sale of securities. The Board uses the information collected by Form G-FIN to measure compliance with the Act. For the FDIC, the

¹ 15 U.S.C 78o-5.

Form G-FIN is used by insured State nonmember banks that are government securities brokers or dealers to notify the FDIC of their status.

An important function of the Form G-FIN is to help financial institutions determine whether they must file notices pursuant to the Act. The definitions of government securities broker and government securities dealer in the Act are very broad and, if read literally, would encompass most banks and many thrift institutions. The Treasury has the authority to exempt institutions from this requirement if it is consistent with the intent of the Act. When the Treasury regulations were first drafted to implement the reporting requirements of the Act, the appropriate regulatory agencies (ARAs) worked closely to narrow the class of financial institution required to file the Form G-FIN report (reflected in Part B of the instructions, Who Must File).

In addition to incorporating the Treasury's exemptions from the notice requirement in the reporting instructions, these exemptions are prominently summarized on the cover sheet of the Form G-FIN report in order to provide a simpler and easier means for financial institutions to determine if they are exempt.

Respondents: State member banks, insured state nonmember banks, foreign banks, insured branches of foreign banks, uninsured state branches or state agencies of foreign banks, commercial lending companies owned or controlled by foreign banks, and Edge corporations.

Respondent burden:

Board:

Estimated number of respondents: Reporting, 34; Recordkeeping, 2.

Estimated average hours per response: Reporting, 1; Recordkeeping, 0.25.

Estimated frequency: 1.

Estimated total annual burden hours: 35.

FDIC:

Estimated number of respondents: 1.

Estimated average hours per response: 1.

Estimated frequency: 1.

Estimated total annual burden hours: 1.

Title: Notice by Financial Institutions of Termination of Activities as a Government Securities Broker or Government Securities Dealer (Form G-FINW).

OMB Control Numbers:

Board: 7100-0224.

FDIC: 3064-0093.

General Description of Report: The Act requires financial institution to notify their ARA upon terminating government securities broker or dealer activities. A Board- or FDIC-regulated financial institution must use Form G-FINW to notify the Board or FDIC, respectively, of its termination of such activities. Form G-FINW collects information such as the company name, address, and contact person responsible for the records associated with the government securities broker or dealer activities. The Board and FDIC use the information collected by Form G-FINW to measure compliance with the Act. The information collected by Forms G-FINW is not available from other sources.

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

Respondent: State member banks, insured state nonmember banks, foreign banks, insured branches of foreign banks, uninsured state branches or state agencies of foreign banks, commercial lending companies owned or controlled by foreign banks, and Edge corporations.

Respondent burden:

Board:

Estimated number of respondents: Reporting, 2; Recordkeeping, 1.

Estimated average hours per response: Reporting, 0.25; Recordkeeping, 0.25.

Estimated frequency: 1.

Estimated total annual burden hours: 1.

FDIC:

Estimated number of respondents: 1.

Estimated average hours per response: 0.25.

Estimated frequency: 1.

Estimated total annual burden hours: 0.25.

Proposed Revisions: The Agencies propose to revise Form G-FIN and Form GINW to (1) require respondents to submit PDF versions of the forms and any attachments to a designated email address, and (2) to correct cross-references on the following forms: G-FIN-4, Form MSD-4, and Form U-4, which are incorporated by reference in Item 7 of the Form G-FIN.

In addition, the Board proposes to revise the Form G-FIN and Form G-FINW collections to account for a requirement in the Form G-FIN forms' instructions that respondents retain a signed copy of the form and data submitted. Currently, only respondents that are state member banks or uninsured state branches or state agencies of a foreign bank must comply with this recordkeeping requirement, which is imposed on such respondents by regulations promulgated

by the U.S. Department of the Treasury (“Treasury”).² Pursuant to those regulations, such respondents must retain Forms G-FIN and G-FINW 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 Board proposes to revise the Form G-FIN and Form G-FINW information collections to impose identical recordkeeping requirements on respondents that are foreign banks, commercial lending companies owned or controlled by foreign banks, and Edge corporations. The retention period with respect to forms filed by those respondents would be identical to the period imposed by the Treasury Department regulations in order to maintain parity among respondent institutions. The proposal also would revise the instructions to Forms G-FIN and G-FINW so that they state the required retention period for these forms.

For the FDIC, the Form G-FIN4 and Form G-FIN5 are also information collections cleared under the OMB control number 3064-0093. Form G-FIN-4 is used by associated persons of insured state nonmember banks that are government securities brokers or dealers to provide certain information to the bank and to the FDIC concerning employment, residence, and statutory disqualification. Form G-FIN-5 is used by insured state nonmember banks that are government securities brokers or dealers to notify the FDIC that an associated person is no longer associated with the government securities broker or dealer function of the bank. These revisions incur no change in the method or substance of any information collections under OMB control number 3064-0093 and there is no subsequent change in burden.

Legal authorization and confidentiality: Forms G-FIN and G-FINW are authorized under 15 U.S.C. 78o-5(a)(1)(B)(i), which requires a financial institution that is a broker or dealer of government securities to submit a written notice advising its appropriate regulatory agency

² See 17 CFR 404.4.

(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 and the Office of the Comptroller of the Currency),³ as well as the Securities and Exchange Commission (SEC), to prescribe the form of and the information collected in these notices (15 U.S.C. 78o-5(a)(1)(B)(ii)). Further support for the creation and collection of these notices by the Board is found in the Treasury regulations, authorized by 15 U.S.C. 78o-5(b)(1), which instruct that the Form G-FIN and Form G-FINW are promulgated by the Board and that such forms are to be used by non-exempt⁴ financial institutions to notify the ARA of their status as government securities brokers or dealers or the termination of such status⁵.

Section 15C of the Act, 15 U.S.C. 78o-5(b)(1)(C), 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

³ 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)).

⁴ 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.

⁵ 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).

regulations with 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.” 15 U.S.C. 78o-5(b)(3)(A). 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 (15 U.S.C. 78o-5(a)(1)(B)). In addition, the Board is authorized to impose a recordkeeping requirement on foreign banking organizations⁶ (12 U.S.C. 3108), on Edge corporations (12 U.S.C. 625), and on commercial lending companies that are owned or controlled by foreign banks (12 U.S.C. 3106, as applied through 12 U.S.C. 1844(c)).

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 (15 U.S.C. 78o-5(a)(1)(B)(iii)). Thus, the information collected on Form G-FIN and Form G-FINW is ordinarily not treated as confidential.⁷ However, given that Item 6 of Form G-FIN instructs the filer to attach copies of

⁶ A foreign banking organization is a foreign bank that operates a branch, agency, or commercial lending company subsidiary in the United States; controls a bank in the United States; or controls an Edge corporation acquired after March 5, 1987; and any company of which the foreign bank is a subsidiary.

⁷ 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 disclosing the information on these forms is reasonably likely to result in substantial harm to its competitive position, then

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, these attachments will be treated as confidential under exemptions 4 and/or 6 of the FOIA.

Consultation outside the agency: The Board consulted with the Federal Deposit Insurance Corporation, the Office of the Comptroller of Currency, and the Securities Exchange Commission in reviewing the form and instructions for this submission.

consistent with exemption 4 of the Freedom of Information Act ("FOIA"), the respondent may request confidential treatment for such information pursuant to the Board's Rules Regarding the Availability of Information, 12 CFR 261.15.

Board of Governors of the Federal Reserve System on August 15, 2019.

Yao-Chin Chao,

Assistant Secretary of the Board.

FEDERAL DEPOSIT INSURANCE CORPORATION
Dated at Washington, D.C., on August 14, 2019.

Valerie J. Best

Assistant Executive Secretary.

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