Supporting Statement for the
Recordkeeping and Disclosure Requirements Associated with
Regulation RR (Credit Risk Retention) (Reg RR; OMB No. to be assigned)

Credit Risk Retention (Docket No. 2011-1411) (RIN 7100-AD70)

Summary

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to implement, the Recordkeeping and Disclosure Requirements Associated with Regulation RR (Credit Risk Retention) (Reg RR; OMB No. to be assigned). These credit risk retention requirements are contained in section 15G of the Securities and Exchange Act of 1934 (15 U.S.C. § 78o-11, the Exchange Act), as added by section 941(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act).[1] The Paperwork Reduction Act (PRA) classifies these requirements as an information collection and the PRA requires, subsequent to implementation, the Federal Reserve to renew these requirements every three years.

On April 29, 2011, the Agencies[2] published a notice of proposed rulemaking in the *Federal Register* for public comment (76 FR 24090). The proposed rule would implement the Board's new Regulation RR. Section 15G generally requires a securitizer[3] of any asset-backed security (ABS) to retain an economic interest not less than five percent of the credit risk of the assets collateralizing the security that the securitizer transfers, sells, or conveys to a third party in a transaction within the scope of section 15G. This section specifies the permissible types, forms, and amounts of credit risk retention, and establishes certain exemptions for securitizations collateralized by assets that meet specified underwriting standards or that otherwise qualify for an exemption, including an exemption for ABSs that are collateralized exclusively by residential mortgages that qualify as "qualified residential mortgages," (QRMs) as defined by the Agencies. The comment period expires on June 10, 2011.

The information collection pursuant to Regulation RR is triggered by specific events. There are no required reporting forms associated with Regulation RR. Under the PRA, the Federal Reserve accounts for the paperwork burden associated with Regulation RR for the FDIC-insured state member banks (SMBs) supervised by the Federal Reserve that engage in the securitizations covered by Regulation RR and, therefore, are "respondents" under the PRA. The annual burden for the 7,636 creditors and 20 sponsors is estimated to be 65,894 hours.[4]

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[1] Pub. L. No. 111-203, 124 Stat. 1376 (2010).

[2] The Agencies that are party to this rulemaking are the Office of the Comptroller of the Currency (OCC); Board of Governors of the Federal Reserve System (Board); Federal Deposit Insurance Corporation (FDIC); U.S. Securities and Exchange Commission (Commission); Federal Housing Finance Agency (FHFA); and Department of Housing and Urban Development (HUD) and are collectively referred to as the Agencies. For the purposes of this supporting statement the OCC, Board, and FDIC are collectively referred to as the Federal banking agencies.

[3] Throughout the proposed rule and this supporting statement the use of securitizer, sponsor, or sponsor of a securitization transaction are synonymous.

[4] For §__.15(d)(13) the Board's respondents also include bank holding companies (BHCs), foreign banking organizations (FBOs), Edge or agreement corporations, any nonbank financial company (as defined in §__.1(c)(5)),

Background and Justification

The risk retention requirements added by section 15G are intended to help address problems in the securitization markets by requiring that securitizers, as a general matter, retain an economic interest in the credit risk of the assets they securitize. As indicated in the legislative history of section 15G, "When securitizers retain a material amount of risk, they have 'skin in the game,' aligning their economic interest with those of investors in asset-backed securities."[5] By requiring that the securitizer retain a portion of the credit risk of the assets being securitized, section 15G provides securitizers an incentive to monitor and ensure the quality of the assets underlying a securitization transaction, and thereby helps align the interests of the securitizer with the interests of investors. Additionally, in circumstances where the assets collateralizing the ABS meet underwriting and other standards that should ensure the assets pose low credit risk the statute provides or permits an exemption.[6]

The credit risk retention requirements of section 15G are an important part of the legislative and regulatory efforts to address weaknesses and failures in the securitization process and the securitization markets. Section 15G complements other parts of the Dodd-Frank Act intended to improve the securitization markets. These include, among others, provisions that strengthen the regulation and supervision of nationally recognized statistical rating agencies (NRSROs) and improve the transparency of credit ratings;[7] provide for issuers of registered ABS offerings to perform a review of the assets underlying the ABS and disclose the nature of the review;[8] and require issuers of ABS to disclose the history of the repurchase requests they received and repurchases they made related to their outstanding ABS.[9]

The securitization markets are an important source of credit to U.S. households and businesses and state and local governments. When properly structured, securitization provides economic benefits that lower the cost of credit to households and businesses.[10] However, when

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savings and loan holding companies (SLHCs), (as defined in 12 U.S.C. 1467a, on and after the transfer date established under section 311 of the Dodd-Frank Act (12 U.S.C. 5411)), or any subsidiary of the foregoing. The respondents of the Federal banking agencies are assigned generally in accordance with the entities covered by the scope and authority section of their respective proposed rules. The respondents of the Commission are based on those entities not already accounted for by the Federal banking agencies.

5 See id. at 129.

6 See 15 U.S.C. § 78o-11(c)(1)(B)(ii),(e)(1)-(2).

7 See, e.g., sections 932, 935, 936, 938, and 943 of the Dodd-Frank Act.

8 See section 945 of the Dodd-Frank Act.

9 See section 943 of the Dodd-Frank Act.

10 Securitization may reduce the cost of funding, which is accomplished through several different mechanisms. For example, firms that specialize in originating new loans and that have difficulty funding existing loans may use securitization to access more liquid capital markets for funding. In addition, securitization can create opportunities for more efficient management of the asset–liability duration mismatch generally associated with the funding of long-term loans, for example, with short-term bank deposits. Securitization also allows the structuring of securities with differing maturity and credit risk profiles that may appeal to a broad range of investors from a single pool of assets. Moreover, securitization that involves the transfer of credit risk allows financial institutions that primarily originate loans to particular classes of borrowers, or in particular geographic areas, to limit concentrated exposure to these idiosyncratic risks on their balance sheets. See generally Report to the Congress on Risk Retention, Board of Governors of the Federal Reserve System, at 8 (October 2010), available at

incentives are not properly aligned and there is a lack of discipline in the origination process, securitization can result in harm to investors, consumers, financial institutions, and the financial system. During the financial crisis, securitization displayed significant vulnerabilities to informational and incentive problems among various parties involved in the process.[11]

In developing the proposed rules, the Agencies have taken into account the diversity of assets that are securitized, the structures historically used in securitizations, and the manner in which securitizers may have retained exposure to the credit risk of the assets they securitize.[12] As described in detail below, the proposed rules provide several options securitizers may choose from in meeting the risk retention requirements of section 15G, including, but not limited to, retention of a five percent "vertical" slice of each class of interests issued in the securitization or retention of a five percent "horizontal" first-loss interest in the securitization, as well as other risk retention options that take into account the manners in which risk retention often has occurred in credit card receivable and automobile loan and lease securitizations and in connection with the issuance of asset-backed commercial paper. The proposed rules also include a special "premium capture" mechanism designed to prevent a securitizer from structuring an ABS transaction in a manner that would allow the securitizer to effectively negate or reduce its retained economic exposure to the securitized assets by immediately monetizing the excess spread created by the securitization transaction.[13] In designing these options and the proposed rules in general, the Agencies have sought to ensure that the amount of credit risk retained is meaningful and consistent with the purposes of section 15G while reducing the potential for the proposed rules to negatively affect the availability and costs of credit to consumers and businesses. As required by section 15G, the proposed rules provide a complete exemption from the risk retention requirements for ABS that are collateralized solely by QRMs and establish the terms and conditions under which a residential mortgage would qualify as a QRM. In developing the proposed definition of a QRM, the Agencies carefully considered the terms and purposes of section 15G, public input, and the potential impact of a broad or narrow definition of QRMs on the housing and housing finance markets.

Description of Information Collection

Section 15G of the Exchange Act, as added by section 941(b) of the Dodd-Frank Act, generally requires the Federal banking agencies, the Commission, and, in the case of the securitization of any "residential mortgage asset," together with HUD and FHFA, to jointly prescribe regulations that (i) require a securitizer to retain not less than five percent of the credit risk of any asset that the securitizer, through the issuance of an ABS, transfers, sells, or conveys to a third party, and (ii) prohibit a securitizer from directly or indirectly hedging or otherwise

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http://federalreserve.gov/boarddocs/rptcongress/securitization/riskretention.pdf (Board Report).

[11] See Board Report at 8-9.

[12] Both the language and legislative history of section 15G indicate that Congress expected the agencies to be mindful of the heterogeneity of securitization markets. See, e.g., 15 U.S.C. § 78o-11(c)(1)(E),(c)(2),(e); S. Rep. No. 111-76, at 130 (2010) ("The Committee believes that implementation of risk retention obligations should recognize the differences in securitizationpractices for various asset classes.")

[13] "Excess spread" is the difference between the gross yield on the pool of securitized assets less the cost of financing those assets (weighted average coupon paid on the investor certificates), charge-offs, servicing costs, and any other trust expenses (such as insurance premiums, if any).

transferring the credit risk that the securitizer is required to retain under section 15G and the Agencies' implementing rules.[14]

Section 15G exempts certain types of securitization transactions from these requirements and authorizes the Agencies to exempt or establish a lower risk retention requirement for other types of securitization transactions. For example, this section specifically provides that a securitizer shall not be required to retain any part of the credit risk for an asset that is transferred, sold, or conveyed through the issuance of ABS by the securitizer, if all of the assets that collateralize the ABS are QRMs, as that term is jointly defined by the Agencies.[15] In addition, section 15G states that the Agencies must permit a securitizer to retain less than five percent of the credit risk of commercial mortgages, commercial loans, and automobile loans that are transferred, sold, or conveyed through the issuance of ABS by the securitizer if the loans meet underwriting standards established by the Federal banking agencies.[16]

The proposed rule sets forth permissible forms of risk retention for securitizations that involve issuance of asset-backed securities. The information requirements in joint regulations proposed by the three Federal banking agencies and the Commission are found in §§__.4, __.5, __.6, __.7, __.8, __.9, __.10, __.12, __.13, __.15, __.18, __.19, and __.20. The Agencies believe that the disclosure and recordkeeping requirements associated with the various forms of risk retention will enhance market discipline, help ensure the quality of the assets underlying a securitization transaction, and assist investors in evaluating transactions. Compliance with the information collections would be mandatory. No other federal law mandates these disclosures and recordkeeping requirements, although some states may have similar requirements.

Permissible Forms of Risk Retention

Vertical risk retention (Section __.4) - This section sets forth the conditions that must be met by sponsors electing to use the vertical risk retention option. Section __.4(b)(1) requires disclosure of the amount of each class of ABS interests retained and required to be retained by the sponsor and § __.4(b)(2) requires disclosure of material assumptions used to determine the aggregate dollar amount of ABS interests issued in the transaction.

Horizontal risk retention (Section __.5) – This section specifies the conditions that must be met by sponsors using the horizontal risk retention option, including disclosure of the amount of the eligible horizontal residual interest retained by the sponsor and the amount required to be retained (§__.5(c)(1)(i)); disclosure of the material terms of the eligible horizontal residual interest (§__.5(c)(1)(ii)); disclosure of the dollar amount to be placed in a cash reserve account and the amount required to be placed in the account (§__.5(c)(2)(i)), if applicable; disclosure of the material terms governing the cash reserve account (§__.5(c)(2)(ii)), if applicable; and disclosure of material assumptions and methodology used in determining the aggregate dollar amount of ABS interests issued in the transaction (§__.5(c)(3)).

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[14] See 15 U.S.C. §78o-11(b), (c)(1)(A) and (c)(1)(B)(ii).

[15] See 15 U.S.C. § 78o-11(c)(1)(C)(iii), (4)(A) and (B).

[16] See id. at § 78o-11(c)(1)(B)(ii) and (2).

L-Shaped risk retention (Section__.6) – This section identifies the requirements for sponsors opting to use the hybrid L-shaped risk retention method, including disclosures in compliance with those set forth for the vertical and horizontal risk retention methods (§__.6(b)).

Revolving asset master trusts (seller's interest) (Section __.7) – This section requires sponsors using a revolving master trust structure for securitizations to disclose the amount of seller's interest retained by the sponsor and the amount the sponsor is required to retain (§__.7(b)(1)); the material terms of the seller's interest retained by the sponsor (§__.7(b)(2)); and the material assumptions and methodology used in determining the aggregate dollar amount of ABS issued in the transaction (§__.7(b)(3)).

Representative sample (Section __.8) – The representative sample method of risk retention is discussed in this section. It requires that the sponsor adopt and adhere to policies and procedures to, among other things, document the material characteristics used to identify the designated pool and randomly select assets using a process that does not take account of any asset characteristic other than the unpaid balance (§__.8(c)); maintaining, until all ABS interests are paid in full, documentation that clearly identifies the assets included in the representative sample (§__.8(c)); obtaining an agreed upon procedures report from an independent public accounting firm (§__.8(d)(1)); disclose the amount of assets included in the representative sample and retained by the sponsor and the amount of assets required to be retained by the sponsor (§__.8(g)(1)(i)); disclose prior to sale a description of the material characteristics of the designated pool (§__.8(g)(1)(ii)); disclose prior to sale a description of the policies and procedures used by the sponsor to ensure compliance with random selection and equivalent risk determination requirements (§__.8(g)(1)(iii)); confirm prior to sale that the required agreed upon procedures report was obtained (§__.8(g)(1)(iv)); disclose the material assumptions and methodology used in determining the aggregate dollar amount of ABS interests issued in the transaction (§__.8(g)(1)(v)); and disclose after sale the performance of the pool of assets in the securitization transaction as compared to performance of assets in the representative sample (§__.8(g)(2)); and disclose to holders of the asset-backed securities information concerning the assets in the representative sample (§__.8(g)(3)).

Asset-backed commercial paper conduits (Section __.9) – This section addresses the requirements for sponsors utilizing the ABCP conduit risk retention approach. The requirements for the ABCP conduit risk retention approach include disclosure of each originator-seller with a retained eligible horizontal residual interest and the form, amount, and nature of the interest (§__.9(b)(1)); disclosure of each regulated liquidity provider providing liquidity support to the ABCP conduit and the form, amount, and nature of the support (§__.9(b)(2)); maintenance of policies and procedures that are reasonably designed to monitor regulatory compliance by each originator-seller of the eligible ABCP conduit (§__.9(c)(2)(i)); and notice to holders of the ABS interests issued in the transaction in the event of originator-seller regulatory non-compliance (§__.9(c)(2)(ii)).

Commercial mortgage-backed securities (Section __.10) – This section sets forth the requirements for sponsors utilizing the commercial mortgage-backed securities risk retention option, and includes disclosures of the name and form of organization of the third-party purchaser (§__.10(a)(5)(i)), the third-party purchaser's experience (§__.10(a)(5)(ii)), other

material information (§__.10(a)(5)(iii)), the amount and purchase price of eligible horizontal residual interest retained by the third-party purchaser and the amount that the sponsor would have been required to retain (§__.10(a)(5)(iv) and (v)), a description of the material terms of the eligible residual horizontal interest retained by the third-party purchaser (§__.10(a)(5)(vi)), the material assumptions and methodology used to determine the aggregate amount of ABS interests issued by the issuing entity (§__.10(a)(5)(vii)), representations and warranties concerning the securitized assets and factors used to determine the assets should be included in the pool (§__.10(a)(5)(viii)); sponsor maintenance of policies and procedures to monitor third-party compliance with regulatory requirements (§__.10(b)(2)(A)); and sponsor notice to holders of ABS interests in the event of third-party non-compliance with regulatory requirements (§__.10(b)(2)(B)).

Premium capture cash reserve account (Section __.12) – This section requires the establishment of a premium cash reserve account, in addition to the sponsor's base risk retention requirement, in instances where the sponsor structures a securitization to monetize excess spread on the underlying assets. The premium cash reserve account would be used to "capture" the premium received on sale of such tranches for purposes of covering losses on the underlying assets and would require the sponsor to make disclosures regarding the dollar amount required by regulation to be placed in the account and any other amounts placed in the account by the sponsor (§__.12(d)(1)) and the material assumptions and methodology used in determining fair value of any ABS interest that does not have a par value and that was used in calculating the amount required for the premium capture cash reserve account (§__.12(d)(2)).

Allocation to the originator (Section __.13) – This section sets forth the conditions that apply when the sponsor of a securitization allocates to originators of securitized assets a portion of the credit risk it is required to retain, including disclosure of the name and form of organization of any originator with an acquired and retained interest (§__.13(a)(2)); maintenance of policies and procedures that are reasonably designed to monitor originator compliance with retention amount and hedging, transferring and pledging requirements (§__.13(b)(2)(A)); and notice to holders of ABS interests in the transaction in the event of originator non-compliance with regulatory requirements (§__.13(b)(2)(B)).

Qualified Residential Mortgages (QRMs)

(Section __.15) – This section provides an exemption from the risk retention requirements for qualified residential mortgages that meet certain specified criteria including certification by the depositor of the asset-backed security that it has evaluated the effectiveness of its internal supervisory controls and concluded that the controls are effective (§__.15(b)(4)(i)), and sponsor disclosure prior to sale of asset-backed securities in the issuing entity of a copy of the certification to potential investors (§__.15(b)(4)(iii)). In addition §__.15(e)(3) provides that a sponsor that has relied upon the exemption shall not lose the exemption if it complies with certain specified requirements, including prompt notice to the holders of the asset-backed securities of any loan repurchased by the sponsor. Section _.15 also contains additional information collection requirements on the mortgage originator to include terms in the mortgage transaction documents under which the creditor commits to having servicing policies and procedures (§__.15(d)(13)(i)) and to provide disclosure of the foregoing default mitigation

commitments to the borrower at or prior to the closing of the mortgage transaction (§__.15(d)(13)(ii)).

(Sections __.18, __.19, and ___.20) - These sections provide exemptions from the risk retention requirements for qualifying commercial real estate loans, commercial mortgages, and auto loans that meet specified criteria. Each section requires that the depositor of the asset-backed security certify that it has evaluated the effectiveness of its internal supervisory controls and concluded that its controls are effective (§§__.18(b)(7)(i), __.19(b)(10)(i), and __.20(b)(9)(i)); that the sponsor provide a copy of the certification to potential investors prior to the sale of asset-backed securities (§§__.18(b)(7)(iii), __.19(b)(10)(iii), and __.20(b)(9)(iii)); and that the sponsor promptly notify the holders of the securities of any loan included in the transaction that is required to be repurchased by the sponsor (§§__.18(c)(3), __.19(c)(3), and __.20(c)(3)).

Time Schedule for Information Collection

Information collection pursuant to these recordkeeping and disclosure requirements is event-generated and must be provided to the investor within the time periods established by the law and regulation as discussed above.

Consultation Outside of the Agency

On April 29, 2011, a joint notice of proposed rulemaking was published in the *Federal Register* (76 FR 24090) requesting comment on the implementation of the recordkeeping and disclosure requirements for the Credit Risk Retention rules. The comment period expires on June 10, 2011.

Sensitive Questions

This information collection contains no questions of a sensitive nature, as defined by OMB guidelines.

Legal Status

The Legal Division has determined that Regulation RR is issued by the Board under section 15G of the Exchange Act, as amended (Exchange Act) (15 U.S.C. § 78o-11), as well as under the Federal Reserve Act, as amended (12 U.S.C. § 221 et seq.); section 8 of the Federal Deposit Insurance Act (FDI Act), as amended (12 U.S.C. § 1818); the Bank Holding Company Act of 1956, as amended (BHC Act) (12 U.S.C. § 1841 et seq.); and the International Banking Act of 1978, as amended (12 U.S.C. § 3101 et seq.). Nothing in the rule shall be read to limit the authority of the Board to take action under provisions of law other than 15 U.S.C. § 78o-11, including action to address unsafe or unsound practices or conditions, or violations of law or regulation, under section 8 of the FDI Act. In general, the obligations set forth in the proposed rule to disclose information, to establish risk-retention policies, and to retain records are mandatory. The provisions of sections __.15, __.18, __.19, and __.20 requiring certification and disclosure in connection with the exemptions for QRMs and other specific types of loans are

required to obtain a benefit.

Since the Federal Reserve does not collect any information no issue of confidentiality should arise. If the Board's examiners retain a copy of the records as part of the examination or supervision of a financial institution the records may be exempt from disclosure under exemption (b)(8) of the Freedom of Information Act, which exempts from disclosure matters that are "contained in or related to examination, operating, or condition reports prepared by, or on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions." (5 U.S.C. §552(b)(8)).

Estimate of Respondent Burden

The estimated total annual burden for the recordkeeping and disclosure requirements of this information collection is 65,894 hours, as shown in the table below. The table provides the estimated annual burden for the 7,636 creditors and 20 sponsors to which Regulation RR applies.

To determine the number of respondents (or offerings per year) for the requirements contained in §§__.4, __.5, __.6, __.7, __.8, __.9, and __.10 of this proposed rule the Federal banking agencies and the Commission first estimated the universe of sponsors that would be required to comply with the proposed disclosure and recordkeeping requirements. Based on 2010 data reported on the commercial bank Call Report (FFIEC 031 and 041) and from the ABS database, AB Alert, approximately 243 unique sponsors conduct ABS offerings per year. Of the 243 sponsors, 8 percent (17) of these sponsors were assigned to the Board.[17]

To determine the number of respondents (or offerings per year) for the requirements contained in §§__.12, __.13, __.15, __.18, __.19, and __.20 the Federal banking agencies and the Commission estimated the proportionate amount of offerings per year for each agency. In making this determination, the estimate was based on the average number of ABS offerings from 2004 through 2009 (1,700 total annual offerings per year). The following additional estimates were made:

- 12 offerings per year would be subject to disclosure and recordkeeping requirements under sections §__.12 and §__.13, which are divided equally among the four agencies (i.e., 3 offering per year per agency);
- 100 offerings per year would be subject to disclosure and recordkeeping requirements under section §__.15, which are divided proportionately among the agencies based on the entity percentages described above (i.e., 8 offerings per year for the Board; 12 offerings per year for the OCC; 37 offerings per year for the FDIC; and 43 offerings per year for the Commission); and
- 40 offerings per year will be subject to disclosure and recordkeeping requirements under §__.18, §__.19, and §__.20 which are divided proportionately among the agencies based on the entity percentages described above (i.e., 3 offerings per year subject to each section for the Board, 5 offerings per year subject to each section for the OCC; 15 offerings per year subject to each section for the FDIC, and 17 offerings per year subject to each section for the Commission).

[17] The remaining 12 percent were assigned to the OCC, 37 percent were assigned to the FDIC, and 43 percent were assigned to the Commission.

The Reg RR recordkeeping and disclosure requirements represent less than 1 percent of total Federal Reserve System paperwork burden. The total cost to the public is estimated to be $2,810,379.10.[18]

[18] Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Office & Administrative Support @ $16, 45% Financial Managers @ $49, 15% Legal Counsel @ $54, and 10% Chief Executives @ $77). Hourly rate for each occupational group are the median hourly wages (rounded up) from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages 2009*, www.bls.gov/news.release/ocwage.nr0.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.

	Number of respondents[19]	*Estimated annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
§__.4, Vertical Risk				
Disclosures	17	1	2.0	34
§__.5, Horizontal Risk				
Disclosures	17	1	2.5	42.5
§__.6, L-Shaped Risk				
Disclosures	17	1	3.0	51
§__.7, Revolving Master Trust				
Disclosures	17	1	2.5	42.5
§__.8, Rep Sample				
Disclosures	17	1	23.25	395.25
Recordkeeping	20	1	120	2,400
§__.9, Eligible ABCP Conduits				
Disclosures	17	1	3.0	51
Recordkeeping	17	1	20	340
§__.10, CMBSs				
Disclosures	17	1	19.75	335.75
Recordkeeping	17	1	20	340
§__.12, Premium Capture Cash Reserve Account				
Disclosures	3	1	1.75	5.25
§__.13, Allocation of Risk				
Disclosures	3	1	2.5	7.5
Recordkeeping	3	1	20	60
§__.15, Exemption for QRMs				
Disclosures	8	1	1.25	10
Recordkeeping	8	1	40	320
One-time Disclosure	7,636	1	8.0	61,088
§§__.18, .19, .20, Exemption for Qualified CREs, Commercial Mortgages, and Auto Loans				
Disclosures	9	1	1.25	11.25
Recordkeeping	9	1	40	360
Total				65,894[20]

[19] Of the 7,636 respondents required to comply with the one-time disclosure requirement contained in §__.15, 3,215 are small entities as defined by the Small Business Administration (i.e., entities with less than $175 million in total assets) www.sba.gov/contractingopportunities/officials/size/table/index.html. This includes 2,412 BHCs, 398 SMBs, nine Edge and agreement corporations, 42 FBOs, and 354 SLHCs. None of the respondents required to comply with the other PRA requirements are small entities.

[20] The total estimated burden hours in this supporting statement is inconsistent with the hours published in the proposed rulemaking due in large part to a mathematical error and to a lesser degree rounding that is performed by the OMB ROCIS submission system. These inconsistencies will be corrected in the final rulemaking.

Estimate of Cost to the Federal Reserve System

Since the Regulation RR does not require the Federal Reserve to collect any information, the cost to the Federal Reserve System is negligible.