

**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 (Board), under authority delegated by 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).¹ Transfer agents, which are institutions that provide securities transfer, registration, monitoring, and other specified services on behalf of securities issuers,² are generally subject to certain Securities and Exchange Commission (SEC) regulations. However, a transfer agent that is regulated by and registered with the Board (a Board-regulated transfer agent) may request an exemption from those regulations if it transfers and processes a low volume of securities (a low-volume transfer agent). A transfer agent is Board-regulated if it is a state member bank (SMB) or a subsidiary thereof, a bank holding company (BHC), or a savings and loan holding company (SLHC).³ A Board-regulated transfer agent may request an exemption from the SEC regulations by filing with the Board a notice (exemption notice) certifying that it qualifies as a low-volume transfer agent. In addition, a Board-regulated low-volume transfer agent that no longer meets the requirements of being a low-volume transfer agent must notify the Board of that fact (exemption disqualification notice).

The estimated total annual burden for the FR 4013 is 4 hours.

Background and Justification

Pursuant to section 17A(c) of the Securities Exchange Act of 1934 (Exchange Act), as amended,⁴ a transfer agent may not make use of the mail or any means or instrumentality of interstate commerce to perform the function of a transfer agency with respect to certain securities unless it is registered with the appropriate regulatory agency, which for the entities listed above is the Board. Board-registered transfer agents generally are subject to rules and regulation promulgated by the SEC.

SEC rule 240.17Ad-4 allows low-volume transfer agents, including those regulated by the Board, to claim an exemption from certain of the SEC's rules applicable to registered transfer agents.⁵ Specifically, a transfer agent is a low-volume transfer agent and may claim an exemption if, in the most recent six consecutive months, the transfer agent has received fewer than 500 items⁶ for transfer and fewer than 500 securities for processing. Board-regulated transfer agents seeking such an exemption must file a notice with the Board. The Board conducts separate examinations of the transfer agent operations of the firms it regulates. The FR 4013

¹ There is no formal reporting form for this collection of information (the FR 4013 designation is for internal purposes only).

² See 15 U.S.C. § 78c(a)(25) (defining transfer agent).

³ 15 U.S.C. § 78c(a)(34)(B)(ii). Certain transfer agent subsidiaries of BHCs are also Board-regulated.

⁴ 15 U.S.C. § 78q-1(c).

⁵ 17 CFR 240.17Ad-4.

⁶ The term "item" is defined in 17 CFR 240.17Ad-1(a)(1).

allows staff to determine which entities may be eligible for extended examination frequency based on their exempt status. The notices are also required to be submitted to the Board by the SEC's Rule 240.17Ad-4. This information is not available from other sources.

Description of Information Collection

To claim an exemption from certain SEC transfer agent regulations, a Board-regulated transfer agent must file with the Board a notice certifying that it qualifies as a low-volume transfer agent. The notice must be filed with the Board within ten business days following the close of a six-month period in which the notificant transfer agent meets the low-volume standard. Board-regulated transfer agents seeking an exemption generally file an exemption notice by letter. There is no standard format for notices, but the notice must contain the required certification.

Once claimed, the exemption may continue indefinitely; however, a Board-regulated transfer agent that has claimed an exemption must file with the Board an exemption disqualification notice if it ceases to meet the low-volume transfer agent standard based on its activities over the preceding six months. The exemption disqualification notice must be submitted within ten business days after the six-month period in which the transfer agent does not meet the low-volume standard.

A transfer agent that has filed an exemption disqualification notice may not file a new exemption notice for six consecutive months following the month in which it filed its exemption disqualification notice.

Respondent Panel

The FR 4013 panel comprises Board-regulated transfer agents. A transfer agent is Board-regulated if it is an SMB or a subsidiary thereof, a BHC, or an SLHC.⁷ A subsidiary of a BHC may also qualify as a Board-regulated transfer agent if it is itself, or is a subsidiary of, a bank other than a bank for which the appropriate regulatory agency is the Office of the Comptroller of the Currency or the Federal Deposit Insurance Corporation (as specified by section 3(a)(34)(B)(i) or (iii) of the Exchange Act).⁸

Frequency and Time Schedule

The FR 4013 is event-generated. A Board-registered transfer agent wishing to claim exempt status must file an exemption notice within ten business days following a six-month period in which the transfer agent meets the relevant requirements. As indicated above, the exemption remains in effect as long as the processing and transfer volumes for each six-month period remain under the exemption threshold.

⁷ 15 U.S.C. § 78c(a)(34)(B)(ii).

⁸ *Id.*

An exemption disqualification notice must be filed with the Board within ten business days after the end of a six-month period in which a transfer agent that previously claimed an exemption no longer qualifies as a low-volume transfer agent.

Public Availability of Data

No data collected by this information collection are published.

Legal Status

The FR 4013 is authorized pursuant to sections 17A(c) and 17A(d)(1)(A) of the Securities and Exchange Act of 1934 (Exchange Act).⁹ Section 17A(c) prohibits transfer agents from making use of the mail or any means or instrumentality of interstate commerce to perform the function of a transfer agent with respect to certain securities, unless they are registered with the appropriate regulatory agency. The Board is the appropriate regulatory agency for SMBs and subsidiaries thereof; BHCs; subsidiaries of BHCs that are banks other than a bank for which the appropriate regulatory agency is the Office of the Comptroller of the Currency or the Federal Deposit Insurance Corporation (as specified by section 3(a)(34)(B)(i) or (iii) of the Exchange Act); and SLHCs.¹⁰ Section 17A(d)(1)(A) authorizes the SEC to establish rules and regulations governing registered transfer agents, as necessary or appropriate in the public interest. The SEC has established the low-volume transfer agent exemption process under Rule 17Ad-4,¹¹ as part of its exercise of the rulemaking authority granted by section 17A(d)(1)(A) of the Exchange Act. Rule 17Ad-4 requires Board-regulated transfer agents to submit exemption and exemption disqualification notices to the Board.¹²

The exemption notice is required to obtain the benefit of obtaining an exemption from transfer agent regulations. The exemption disqualification notice is mandatory for a Board-regulated transfer agent that no longer qualifies for the exemption.

The fact of filing the FR 4013 is not confidential and is therefore subject to disclosure by the Board under the Freedom of Information Act (FOIA). To the extent a respondent includes information other than the certification, the respondent may be eligible to request confidential treatment for such information under the FOIA. However, information that is publicly available from other sources is not considered confidential and not eligible for confidential treatment. For example, to the extent the respondent includes information regarding transaction volume, it would not be confidential because transfer agents are required to report such information on the SEC's Form TA-2, which is publicly available. To the extent a respondent includes additional information that is confidential, it may be exempt from disclosure by the Board, pursuant to exemptions 4 and/or 8 of the FOIA.¹³ Exemption 4 covers confidential commercial or financial information that is customarily and actually treated as private by its owner and provided to the government under an assurance of privacy.¹⁴ If a respondent firm does customarily and actually

⁹ 12 U.S.C. §§ 78q-1(c); 78q-1(d)(1)(A).

¹⁰ 15 U.S.C. § 78c(a)(34)(B)(ii).

¹¹ 17 CFR 240.17Ad-4.

¹² 17 CFR 240.17Ad-4(b)(3)(ii), (c)(2).

¹³ 5 U.S.C. §§ 552(b)(4), (b)(8).

¹⁴ See *Food Marketing Institute v. Argus Leader Media*, 139 S. Ct. 2356, 2364 (2019).

keep the information it submits to the Board confidential, this information would be exempt from disclosure under exemption 4. Exemption 8 covers matters contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions. Because the information submitted to the Board in the FR 4013 may be related to the reporting firms' condition and prepared for the use of the Board, an agency responsible for the regulation and supervision of financial institutions, the records containing this information may also be exempt from disclosure under exemption 8.

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On March 27, 2025, the Board published an initial notice in the *Federal Register* (90 FR 13860) requesting public comment for 60 days on the extension, without revision, of the FR 4013. The comment period for this notice will expire on May 27, 2025.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 4013 is 4 hours. The estimated number of respondents is derived from the fact that from 2022 to 2023, the Federal Reserve received an average of one exemption notice and one exemption disqualification notice per year. The average hours per response is based on the estimate that the FR 4013 filing would require one person to spend 2 hours to complete. These reporting requirements represent less than 1 percent of the Board's total paperwork burden.

FR 4013	<i>Estimated number of respondents¹⁵</i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Exemption notice	1	1	2	2
Exemption disqualification notice	1	1	2	<u>2</u>
<i>Total</i>				4

The estimated total annual cost to the public for the FR 4013 is \$279.¹⁶

¹⁵ Of these respondents to this information collection, all are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$850 million in total assets). Size standards effective March 17, 2023. See <https://www.sba.gov/document/support-table-size-standards>. There are no special accommodations given to mitigate the burden on small institutions.

¹⁶ Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group's hourly rate and then summed (30% Office & Administrative Support at \$23, 45% Financial Managers at \$84, 15% Lawyers at \$85, and 10% Chief Executives at \$124). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), Occupational Employment

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 for collecting and processing this information collection is negligible.

and Wages, May 2023, published April 3, 2024, <https://www.bls.gov/news.release/ocwage.t01.htm#>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.