



COMMODITY FUTURES TRADING COMMISSION

Agency Information Collection Activities Under OMB Review

AGENCY: Commodity Futures Trading Commission.

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995 (PRA), this notice announces that the Information Collection Request (ICR) abstracted below has been forwarded to the Office of Management and Budget (OMB) for review and comment. The ICR describes the nature of the information collection and its expected costs and burden.

DATES: Comments must be submitted on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

ADDRESSES: Comments regarding the burden estimate or any other aspect of the information collection, including suggestions for reducing the burden, may be submitted directly to the Office of Information and Regulatory Affairs (OIRA) in OMB within 30 days of this notice's publication by either of the following methods. Please identify the comments by "OMB Control No. 3038-0052."

- By email addressed to: OIRAsubmissions@omb.eop.gov; or
- By mail addressed to: Office of Information and Regulatory Affairs, Office of

Management and Budget, Attention: Desk Officer for the Commodity Futures Trading Commission, 725 17th Street, NW, Washington, DC 20503.

A copy of all comments submitted to OIRA should be sent to the Commodity Futures Trading Commission (the Commission) by one of the following methods. The copies should refer to “OMB Control No. 3038-0052.”

- Through the Commission’s website at <https://comments.cftc.gov>. Please follow the instructions for submitting comments through the website;
- By mail addressed to: Christopher Kirkpatrick, Secretary of the Commission, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581; or
- By Hand Delivery/Courier to the same address as specified for mail.

Please submit your comments to the Commission using only one method. A copy of the supporting statement for the collection of information discussed herein may be obtained by visiting <http://RegInfo.gov>.

All comments must be submitted in English, or if not, accompanied by an English translation. Comments will be posted as received to <https://www.cftc.gov>. You should submit only information that you wish to make available publicly. If you wish the Commission to consider information that you believe is exempt from disclosure under the Freedom of Information Act (FOIA), a petition for confidential treatment of the exempt information may be submitted according to the procedures established in § 145.9 of the Commission’s regulations.¹ The Commission reserves the right, but shall have no obligation, to review, pre-screen, filter, redact, refuse or remove any or all of your submission from <https://www.cftc.gov> that it may deem to be inappropriate for publication, such as obscene language. All submissions that have been redacted or

¹ 17 CFR 145.9.

removed that contain comments on the merits of the ICR will be retained in the public comment file and will be considered as required under applicable laws, and may be accessible under the FOIA.

FOR FURTHER INFORMATION CONTACT: Joshua Beale, Associate Director, Division of Swap Dealer and Intermediary Oversight, Commodity Futures Trading Commission, (202) 418-5446; email: *jbeale@cftc.gov*.

SUPPLEMENTARY INFORMATION:

Title: Core Principles and Other Requirements for Designated Contract Markets (OMB Control No. 3038-0052). This is a request for a revision of a currently approved information collection.

Abstract: The Commission has recently amended its Regulation 1.52 to revise the scope and potential frequency of a third-party expert's evaluation of self-regulatory organizations' (SRO) financial surveillance programs. The evaluation report requirement is a portion of the existing information collection of requirements for SROs under Commission Regulation 1.52, including designated contract markets (DCM) and the National Futures Association. The Commission's rulemaking will not alter the requirement for an SRO to engage an examinations expert to evaluate its supervisory program prior to the initial use of the supervisory program. The Commission, however, is eliminating the requirement that the examinations expert must review the SRO's ongoing application of its supervisory program during periodic reviews and the analysis of the supervisory program's design to detect material weaknesses in internal controls during both periodic reviews and the initial review prior to the program's initial use. The Commission also is revising the frequency of when an SRO must engage an examinations

expert. Regulation 1.52 required an SRO to engage an examinations expert at least once every three years to perform such a review. The Commission amended Regulation 1.52 to require an SRO to engage an examinations expert whenever the Public Company Accounting Oversight Board (PCAOB) issues new or revised auditing standards that are material to the SRO's examination of member futures commission merchants (FCM). The amendments further require an SRO to engage an examinations expert at least once every five years even if the SRO determined that the PCAOB did not issue new or revised auditing standards during the previous five-year period that are material to its examinations of member FCMs. The changes to the examinations expert reviews impact the resulting expert reports information collection burden. The information collection is necessary to enhance the ability of the Commission and the designated SRO to identify problematic financial matters in time to avoid market disruptions when an FCM may fail, particularly with respect to the tie-up of customer funds that may result.

The Commission, when originally proposing changes to Regulation 1.52, invited comments on its assessment that although the costs associated with obtaining the third-party expert would be reduced by the amendment, the paperwork burden impact of the amended scope of the report would be minimal. The Commission received no comments and has adopted the final rule. However, the Commission has determined that a slight revision of the expected burden hours associated with the information collection is possible due to the changes related to the third-party examinations expert report. Accordingly, the Commission is revising the total burden hours related to Regulation 1.52 included in this collection.

The Commission previously estimated the entire burden hours for DCMs as SROs associated with Regulation 1.52 as 50 hours per respondent. The revised scope of the third-party evaluation report should slightly reduce personnel hours needed to coordinate obtaining the report, although most of the burden hours included in this collection are associated with other aspects of the financial surveillance program requirements. Therefore, the Commission is revising the estimate of the burden hours associated with Regulation 1.52 to be 49 hours per respondent. Additionally, the Commission notes that the number of registered, active DCMs has decreased from 15 to 14.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. On April 3, 2019 the Commission published in the *Federal Register* notice of the proposed extension of this information collection and provided 60 days for public comment on the proposed extension, 84 FR 13008 (“60-Day Notice”). The Commission did not receive any relevant comments on the 60-Day Notice.

Burden Statement: The Commission is revising its estimate of the burden for this collection.² The respondent burden for this collection is estimated to be as follows:

Respondents/Affected Entities: Designated Contract Markets and Self-regulatory Organizations.

Estimated Number of Respondents: 14

Estimated Average Burden Hours Per Respondent: 49

Estimated Total Annual Burden Hours: 686

² There are three Information Collection’s (ICs) that fall within OMB Control No. 3038-0052. The changes in the final rules adopted herein only pertain to IC: Enhancing Protections Afforded Customers and Customer Funds Held by Futures Commission Merchants and Derivatives Clearing Organizations and relate only to amendments to Regulation 1.52, which has been reduced by 1 burden hour per respondent. Additionally, the number of respondents has decreased from 15 to 14.

Frequency of Collection: Various.

The amended regulations require no new startup or operations and maintenance costs.

(Authority: 44 U.S.C. 3501 et seq.)

Dated: June 21, 2019.

Christopher Kirkpatrick,

Secretary of the Commission.

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