

incur no additional capital or other non-labor costs as a result of the Regulations.

4. *The Care Labeling Rule, 16 CFR Part 423 (OMB Control Number: 3084-0103)*

The Care Labeling Rule, 16 CFR Part 423, requires manufacturers and importers to attach a permanent care label to all covered textile clothing in order to assist consumers in making purchase decisions and in determining what method to use to clean their apparel. Also, manufacturers and importers of piece goods used to make textile clothing must provide the same care information on the end of each bolt or roll of fabric.

*Estimated annual hours burden:* 6,889,000 hours, rounded to the nearest

thousand (solely relating to disclosure<sup>8</sup>).

Staff estimates that approximately 24,700 manufacturers or importers of textile apparel, producing about 17.4 billion textile garments annually, are subject to the Rule's disclosure requirements. The burden of developing proper care instructions may vary greatly among firms, primarily based on the number of different lines of textile garments introduced per year that require new or revised care instructions. Staff estimates the burden of determining care instructions to be 43 hours each year per respondent, for a cumulative total of 1,062,100 hours. Staff further estimates that the burden of drafting and ordering labels is 2 hours

each year per respondent, for a total of 49,400 hours. Staff believes that the process of attaching labels is fully automated and integrated into other production steps for about 40 percent of the approximately 17.4 billion garments that are required to have care instructions on permanent labels.<sup>9</sup> For the remaining 10.4 billion items (60 percent of 17.4 billion), the process is semi-automated and requires an average of approximately two seconds per item, for a total of 5,777,778 hours per year. Thus, the total estimated annual burden for all respondents is 6,889,278 hours.

*Estimated annual cost burden:* \$39,218,000, rounded to the nearest thousand (solely relating to labor costs).

Task	Hourly rate	Burden hours	Labor cost
Determine care instructions .....	\$20.00	1,062,100	\$21,242,000
Draft and order labels .....	13.00	49,400	642,200
Attach labels .....	<sup>10</sup> 3.00	5,777,778	17,333,334
<b>Total .....</b>			<b>39,217,534</b>

Staff believes that there are no current start-up costs or other capital costs associated with the Rule. Because the labeling of textile products has been an integral part of the manufacturing process for decades, manufacturers have in place the capital equipment necessary to comply with the Rule's labeling requirements. Based on knowledge of the industry, staff believes that much of the information required by the Rule would be included on the product label even absent those requirements.

**William Blumenthal,**  
*General Counsel.*

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**FEDERAL TRADE COMMISSION**

**Agency Information Collection Activities; Submission for OMB Review; Comment Request**

**AGENCY:** Federal Trade Commission ("FTC" or "Commission").

**ACTION:** Notice.

**SUMMARY:** The information collection requirements described below will be

submitted to the Office of Management and Budget ("OMB") for review, as required by the Paperwork Reduction Act ("PRA") (44 U.S.C. 3501-3520). The FTC is seeking public comments on its proposal to extend through January 31, 2009 the current PRA clearances for information collection requirements contained in four consumer financial regulations enforced by the Commission. Those clearances expire on January 31, 2006.

**DATES:** Comments must be received on or before November 28, 2005.

**ADDRESSES:** Interested parties are invited to submit written comments. Comments should refer to "Regs BEMZ: FTC File No. P054803" to facilitate the organization of comments. A comment filed in paper form should include this reference both in the text and on the envelope and should be mailed or delivered, with two complete copies, to the following address: Federal Trade Commission/Office of the Secretary, Room H-135 (Annex J), 600 Pennsylvania Avenue, NW., Washington, DC 20580. Because paper mail in the Washington area and at the Commission is subject to delay, please consider submitting your comments in

electronic form, (in ASCII format, WordPerfect, or Microsoft Word) as part of or as an attachment to e-mail messages directed to the following e-mail box: *paperworkcomment@ftc.gov*. However, if the comment contains any material for which confidential treatment is requested, it must be filed in paper form, and the first page of the document must be clearly labeled "Confidential."<sup>1</sup>

The FTC Act and other laws the Commission administers permit the collection of public comments to consider and use in this proceeding as appropriate. All timely and responsive public comments will be considered by the Commission and will be available to the public on the FTC website, to the extent practicable, at *www.ftc.gov*. As a matter of discretion, the FTC makes every effort to remove home contact information for individuals from the public comments it receives before placing those comments on the FTC Web site. More information, including routine uses permitted by the Privacy Act, may be found in the FTC's privacy policy at *http://www.ftc.gov/ftc/privacy.htm*.

<sup>8</sup> The Care Labeling Rule imposes no specific recordkeeping requirements. Although the Rule requires manufacturers and importers to have reliable evidence to support the recommended care instructions, companies may provide as support current technical literature or rely on past experience.

<sup>9</sup> About 1 billion of the 18.4 billion garments produced annually are either not covered by the

Care Labeling Rule (gloves, hats, caps, and leather, fur, plastic, or leather garments) or are subject to an exemption that allows care instructions to appear on packaging (hosiery).

<sup>10</sup> See note 5.

<sup>1</sup> Commission Rule 4.2(d), 16 CFR 4.2(d). The comment must be accompanied by an explicit request for confidential treatment, including the

factual and legal basis for the request, and must identify the specific portions of the comment to be withheld from the public record. The request will be granted or denied by the Commission's General Counsel, consistent with applicable law and the public interest. See Commission Rule 4.9(c), 16 CFR 4.9(c).

**FOR FURTHER INFORMATION CONTACT:**

Requests for additional information or copies of the proposed information requirements should be addressed to Carole Reynolds, Attorney, Division of Financial Practices, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Ave., NW., Washington, DC 20580, (202) 326-3230.

**SUPPLEMENTARY INFORMATION:** Under the PRA, federal agencies must obtain approval from OMB for each collection of information they conduct or sponsor. "Collection of information" means agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. 44 U.S.C. 3502(3), 5 CFR 1320.3(c). As required by the PRA, the FTC is providing this opportunity for public comment before requesting that OMB extend the existing paperwork clearance for the regulations noted herein. 44 U.S.C. 3506(c)(2)(A).

The FTC invites comments on: (1) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (2) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, permitting electronic submission of responses.

The four regulations covered by this notice are:

(1) Regulations promulgated under The Equal Credit Opportunity Act, 15 U.S.C. 1691 *et seq.* ("ECOA") ("Regulation B") (OMB Control Number: 3084-0087);

(2) Regulations promulgated under The Electronic Fund Transfer Act, 15 U.S.C. 1693 *et seq.* ("EFTA") ("Regulation E") (OMB Control Number: 3084-0085);

(3) Regulations promulgated under The Consumer Leasing Act, 15 U.S.C. 1667 *et seq.*, ("CLA") ("Regulation M") (OMB Control Number: 3084-0086);

(4) Regulations promulgated under The Truth-In-Lending Act, 15 U.S.C. 1601 *et seq.* ("TILA") ("Regulation Z") (OMB Control Number: 3084-0088).

Each of these four rules impose certain recordkeeping and disclosure requirements associated with providing

credit or with other financial transactions. As detailed below, the FTC staff has calculated the PRA burden for each rule based on the compliance costs of entities subject to enforcement by the FTC. All of these rules require covered entities to keep certain records. Staff believes that these entities would likely retain these records in the normal course of business even absent the recordkeeping requirement in the rules.<sup>2</sup> There is, however, some burden associated with ensuring that covered entities do not prematurely dispose of relevant records during the period of time required by the applicable rule.

Disclosure requirements involve both set-up and monitoring costs as well as certain transaction-specific costs. "Set-up" burden, incurred by new entrants only, includes identifying the applicable disclosure requirements, determining compliance obligations, and designing and developing compliance systems and procedures. "Monitoring" burden, incurred by all covered entities, includes reviewing revisions to regulatory requirements, revising compliance systems and procedures as necessary, and monitoring the ongoing operation of systems and procedures to ensure continued compliance. "Transaction-related" burden refers to the effort associated with providing the various required disclosures in individual transactions. While this burden varies with the number of transactions, the figures shown for transaction-related burden in the tables that follow are estimated averages.

The actual range of compliance burden experienced by covered entities, and reflected in those averages, varies widely. Depending on the extent to which covered entities have developed computer-based systems and procedures for providing the required disclosures (and/or the extent which such entities utilize electronic transactions, communications, and/or electronic recordkeeping), and the efficacy of those systems and procedures, some entities may have little burden, while others may incur a higher burden.<sup>3</sup>

<sup>2</sup> PRA "burden" does not include effort expended in the ordinary course of business, regardless of any regulatory requirement. 5 CFR 1320.3(b)(2).

<sup>3</sup> For example, large retailers may use computer-based and/or electronic means to provide required disclosures, including issuing some disclosures en masse, *e.g.*, notices of changes in terms. Smaller retailers or other creditors may have less automated compliance systems but may nonetheless rely on electronic mechanisms for disclosures and recordkeeping. Regardless of size, some entities may utilize compliance systems that are fully integrated into their general business operational system; as such, they may have minimal additional burden. Other entities may have incorporated fewer of these approaches into their systems and may have a higher burden.

Calculating the burden associated with the four regulations' disclosure requirements is very difficult because of the highly diverse group of affected entities. The "respondents" included in the following burden calculations consist of credit and lease advertisers, creditors, financial institutions, service providers, certain government agencies and others involved in delivering electronic fund transfers ("EFTs") of government benefits, and lessors.<sup>4</sup> The burden estimates represent staff's best assessment, based on its knowledge and expertise relating to the financial services industry. To derive these estimates, staff considered the wide variations in covered entities': (1) Size and location; (2) credit or lease products offered, extended, or advertised, and their particular terms; (3) types of EFTs used; (4) types and occurrences of adverse actions; (5) types of appraisal reports utilized; and (6) computer systems and electronic features of compliance operations.

The required disclosures do not impose PRA burden on some covered entities because the entities make those disclosures in the ordinary course of business. In addition, as noted above, some entities use computer-based and/or electronic means of providing the required disclosures, while others rely on methods requiring more manual effort.

The cost estimates detailed below relate solely to labor costs and include the time necessary to train employees to be in compliance with the regulations. The applicable PRA requirements impose minimal capital or other non-labor costs, as affected entities generally have the necessary equipment for other business purposes. Similarly, staff estimates that compliance with these rules entails minimal printing and copying costs beyond that associated with documenting financial transactions in the ordinary course of business.

### 1. Regulation B

The ECOA prohibits discrimination in the extension of credit. Regulation B, 12 CFR 202, promulgated by the Board of Governors of the Federal Reserve System ("FRB"), establishes both recordkeeping and disclosure requirements to assist customers in understanding their rights under the ECOA and to assist in detecting unlawful discrimination. The FTC enforces the ECOA as to all creditors except those that are subject to the regulatory authority of another federal

<sup>4</sup> The Commission generally does not have jurisdiction over banks under the applicable regulations.

agency (such as federally chartered or insured depository institutions).

*Estimated annual hours burden:* 3,189,000 hours, rounded to the nearest thousand (1,186,833 recordkeeping hours +2,001,771 disclosure hours).

*Recordkeeping:* FTC staff estimates that Regulation B's general recordkeeping requirements affect 1,000,000 credit firms subject to the Commission's jurisdiction, at an average annual burden of one hour per firm, for a total of 1,000,000 hours. Staff also estimates that the requirement that mortgage creditors monitor information about race/national origin, sex, age, and marital status imposes a maximum burden of one minute each<sup>5</sup> for approximately eleven million credit applications (based on industry data regarding the approximate number of mortgage purchase and refinance originations), for a total of 183,333 hours. Staff also estimates that

recordkeeping of self-testing subject to the regulation would affect 2,500 firms, with an average annual burden of one hour per firm, for a total of 2,500 hours, and that recordkeeping of any corrective action for self-testing would affect 250 firms in a given year, with an average annual burden of four hours per firm, for a total of 1,000 hours. The total estimated recordkeeping burden is 1,186,833 hours.

*Disclosure:* Regulation B requires that creditors (*i.e.*, entities that regularly participate in a credit decision, including setting the terms of the credit) provide notices whenever they take adverse action. It requires entities that extend various types of mortgage credit to provide a copy of the appraisal report to applicants or to notify them of their right to a copy of the report (and thereafter provide a copy of the report, upon the applicant's request). It also

requires that for accounts which spouses may use or for which they are contractually liable, creditors who report credit history must do so in a manner reflecting both spouses' participation. Further, it requires creditors that collect applicant characteristics for purposes of conducting a self-test to disclose to those applicants that providing the information is optional, that the creditor will not take the information into account in any aspect of the credit transactions, and, if applicable, that the information will be noted by visual observation or surname if the applicant chooses not to provide it.<sup>6</sup>

Regulation B applies to retailers, mortgage lenders, mortgage brokers, finance companies, Internet businesses, and others. Below is staff's best estimate of burden applicable to this highly broad spectrum of covered entities.

Disclosure	Setup/monitoring <sup>1</sup>			Transaction-related <sup>2</sup>			
	Respondents	Average burden per respondent (hours)	Total setup/monitoring burden (hours)	Number of transactions	Average burden per transaction (minutes)	Total transaction burden (hours)	Total burden (hours)
Credit history reporting	250,000	.25	62,500	125,000,000	.25	520,833	583,333
Adverse action notices	1,000,000	.5	500,000	200,000,000	.25	833,333	1,333,333
Appraisal notices .....	25,000	.5	12,500	7,000,000	.25	29,167	41,667
Appraisal reports .....	25,000	.5	12,500	7,000,000	.25	29,167	41,667
Self-test disclosures .....	2,500	.5	1,250	125,000	.25	521	1,771
<b>Total .....</b>							<b>2,001,771</b>

<sup>1</sup> With respect to appraisal notices and appraisal reports, the above figures reflect an increase in applicable mortgage entities. The figures assume that approximately half of those entities (.5 x 50,000, or 25,000 businesses) would not otherwise provide this information and thus would be affected. The figures also assume that all applicable entities would provide notices first and thereafter provide the reports upon request.

<sup>2</sup> The above figures reflect an increase in mortgage transactions. They assume that half of applicable mortgage transactions (.5 x 14,000,000, or 7,000,000) would not otherwise provide the appraisal notices and reports and thus would be affected.

*Estimated annual cost burden:* \$62,863,000 rounded to the nearest thousand (\$18,623,493 recordkeeping cost + \$44,239,138 disclosure cost).

Staff calculated labor costs by applying appropriate hourly cost figures to the burden hours described above. The hourly rates used below (\$32 for managerial or professional time, \$21 for skilled technical time, and \$14 for clerical time) are averages, based on

current Bureau of Labor Statistics cost figures.

*Recordkeeping:* Staff estimates that the general recordkeeping responsibility of one hour per creditor would involve approximately 90 percent clerical time and 10 percent skilled technical time. Keeping records of race/national origin, sex, age, and marital status requires an estimated one minute of skilled technical time. Keeping records of the self-test responsibility and of any

corrective actions requires an estimated one hour and four hours, respectively, of skilled technical time. As shown below, the total recordkeeping cost is \$18,623,493.

*Disclosure:* For each notice or information item listed, staff estimates that the burden hours consist of 10 percent managerial time and 90 percent skilled technical time. As shown below, the total disclosure cost is \$44,239,138.

Required task	Managerial		Skilled technical		Clerical		Total cost (\$)
	Time (hours)	Cost (\$32/hr.)	Time (hours)	Cost (\$21/hr.)	Time (hours)	Cost (\$14/hr.)	
General recordkeeping	0	\$0	100,000	\$2,100,000	900,000	\$12,600,000	\$14,700,000
Other recordkeeping .....	0	0	183,333	3,849,993	0	0	3,849,993
Recordkeeping of test ..	0	0	2,500	52,500	0	0	52,500

<sup>5</sup> Regulation B contains model forms that creditors may use to gather and retain the required information.

<sup>6</sup> The disclosure may be provided orally or in writing. Regulation B provides a model form to assist creditors in providing the disclosure. The

FRB added this disclosure requirement in 2003. See 52 FR 13144, 13163-64 (Mar. 18, 2003).

Required task	Managerial		Skilled technical		Clerical		Total cost (\$)
	Time (hours)	Cost (\$32/hr.)	Time (hours)	Cost (\$21/hr.)	Time (hours)	Cost (\$14/hr.)	
Recordkeeping of corrective action .....	0	0	1,000	21,000	0	0	21,000
Total record-keeping .....							18,623,493
Credit history reporting	58,333	\$1,866,656	525,000	11,025,000	0	0	12,891,656
Adverse action notices	133,333	4,266,656	1,200,000	25,200,000	0	0	29,466,656
Appraisal notices .....	4,167	133,344	37,500	787,500	0	0	920,844
Appraisal reports .....	4,167	133,344	37,500	787,500	0	0	920,844
Self-test disclosure .....	177	5,664	1,594	133,474	0	0	39,138
Total disclosure .....							44,239,138
Total record-keeping and disclosure .....							62,862,631

**2. Regulation E**

The EFTA requires accurate disclosure of the costs, terms, and rights relating to EFT services to consumers. Regulation E, 12 CFR 205, promulgated by the FRB, establishes both recordkeeping and disclosure requirements applicable to entities providing EFT services to consumers. The FTC enforces the EFTA as to all entities providing EFT services except

those that are subject to the regulatory authority of another federal agency (such as federally chartered or insured depository institutions).  
*Estimated annual hours burden:* 3,580,000 hours (500,000 recordkeeping hours + approximately 3,080,000 disclosure hours).  
 Recordkeeping: Staff estimates that Regulation E's recordkeeping requirements affect 500,000 firms offering EFT services to consumers and

subject to the Commission's jurisdiction, at an average annual burden of one hour per firm, for a total of 500,000 hours.  
 Disclosure: Regulation E applies to financial institutions (including certain retailers and electronic commerce entities), service providers, various federal and state agencies offering EFTs, and others. Below is staff's best estimate of burden applicable to this highly broad spectrum of covered entities.

Disclosure	Setup/monitoring			Transaction-related			Total burden (hours)
	Respondents	Average burden per respondent (hours)	Total setup/monitoring burden (hours)	Number of transactions	Average burden per transaction (minutes)	Total transaction burden (hours)	
Initial terms .....	100,000	.5	50,000	1,000,000	.02	333	50,333
Change in terms .....	25,000	.5	12,500	33,000,000	.02	11,000	23,500
Periodic statements	100,000	.5	50,000	1,200,000,000	.02	400,000	450,000
Error resolution .....	100,000	.5	50,000	1,000,000	5	83,333	133,333
Transaction receipts	100,000	.5	50,000	5,000,000,000	.02	1,666,667	1,716,667
Preauthorized transfers .....	500,000	.5	250,000	1,000,000	.25	4,167	254,167
Service provider notices .....	100,000	.25	25,000	1,000,000	.25	4,167	29,167
Govt. benefit notices	10,000	.5	5,000	100,000,000	.25	416,667	421,667
ATM notices .....	500	.25	125	250,000	.25	1,041	1,166
Total .....							3,080,000

*Estimated annual cost burden:* \$75,418,000, rounded to the nearest thousand (\$7,350,000 recordkeeping cost + \$68,068,000 disclosure cost).  
 Staff calculated labor costs by applying appropriate hourly cost figures to the burden hours described above. The hourly rates used below (\$32 for managerial or professional time, \$21 for

skilled technical time, and \$14 for clerical time) are averages, based on current Bureau of Labor Statistics cost figures.  
 Recordkeeping: For the 500,000 recordkeeping hours, staff estimates that 10 percent of the burden hours require skilled technical time and 90 percent require clerical time. As shown below,

the total recordkeeping cost is \$7,350,000.  
 Disclosure: For each notice or information item listed, staff estimates that 10 percent of the burden hours require managerial time and 90 percent require skilled technical time. As shown below, the total disclosure cost is \$68,068,000.

Required task	Managerial		Skilled technical		Clerical		Total cost (\$)
	Time (hours)	Cost (\$32/hr.)	Time (hours)	Cost (\$21/hr.)	Time (hours)	Cost (14/hr)	
Recordkeeping .....	0	\$0	50,000	\$1,050,000	450,000	\$6,300,000	\$7,350,000

Required task	Managerial		Skilled technical		Clerical		Total cost (\$)
	Time (hours)	Cost (\$32/hr.)	Time (hours)	Cost (\$21/hr.)	Time (hours)	Cost (14/hr)	
Disclosure:							
Initial terms .....	5,033	161,056	45,300	951,300	0	0	1,112,356
Change in terms ...	2,350	75,200	21,150	444,150	0	0	519,350
Periodic state-ments .....	45,000	1,440,000	405,000	8,505,000	0	0	9,945,000
Error resolution .....	13,333	426,656	120,000	2,520,000	0	0	2,946,656
Transaction receipts .....	171,667	5,493,344	1,545,000	32,445,000	0	0	37,938,344
Preauthorized transfers .....	25,417	813,344	228,750	4,803,750	0	0	5,617,094
Service provider notices .....	2,917	93,344	26,250	551,250	0	0	644,594
Govt. benefit notices .....	42,167	1,349,344	379,500	7,969,500	0	0	9,318,844
ATM notices .....	116	3,712	1,050	22,050	0	0	25,762
Total disclosure .....							68,068,000
Total record-keeping and disclosures .....							75,418,000

**3. Regulation M**

The CLA requires accurate disclosure of the costs and terms of leases to consumers. Regulation M, 12 CFR 213, promulgated by the FRB, establishes disclosure requirements that assist consumers in comparison shopping and in understanding the terms of leases and recordkeeping requirements that assist enforcement of the CLA. The FTC enforces the CLA as to all lessors and advertisers except those that are subject to the regulatory authority of another

federal agency (such as federally chartered or insured depository institutions).

*Estimated annual hours burden:* 279,000 hours, rounded to the nearest thousand (150,000 recordkeeping hours + 129,167 disclosure hours).

*Recordkeeping:* Staff estimates that Regulation M's recordkeeping requirements affect approximately 150,000 firms leasing products to consumers and subject to the Commission's jurisdiction, at an average

annual burden of one hour per firm, for a total of 150,000 hours.

*Disclosure:* Regulation M applies to automobile lessors (such as auto dealers, independent leasing companies, and manufacturers' captive finance companies), computer lessors (such as computer dealers and other retailers), furniture lessors, various electronic commerce lessors, and diverse types of lease advertisers, and others. Below is staff's best estimate of burden applicable to this highly broad spectrum of covered entities.

Disclosure	Setup/monitoring			Transaction-related			Total burden (hours)
	Respondents	Average burden per respondent (hours)	Total setup/monitoring burden (hours)	Number of transactions	Average burden per transaction (minutes)	Total transaction burden (hours)	
Auto leases <sup>1</sup> .....	50,000	.75	37,500	2,500,000	.50	20,833	58,333
Other leases <sup>2</sup> .....	100,000	.50	50,000	1,000,000	.25	4,167	54,167
Advertising .....	25,000	.50	12,500	1,000,000	.25	4,167	16,667
Total .....							129,167

<sup>1</sup> This category focuses on consumer vehicle leases. Vehicle leases are subject to more lease disclosure requirements (pertaining to computation of payment obligations) than other lease transactions. (Only consumer leases for more than four months are covered.) See 15 U.S.C. 1667(1); 12 CFR 213.2(e)(1).

<sup>2</sup> This category focuses on all types of consumer leases other than vehicle leases. It includes leases for computers, other electronics, small appliances, furniture, and other transactions. (Only consumers leases for more than four months are covered.) See 15 U.S.C. 1667(1); 12 CFR 213.2(e)(1).

*Estimated annual cost burden:* \$5,060,000, rounded to the nearest thousand (\$2,205,5000 recordkeeping cost + \$2,854,594 disclosure cost).

Staff calculated labor costs by applying appropriate hourly cost figures to the burden hours described above.

The hourly rates used below (\$32 for managerial or professional time, \$21 for skilled technical time, and \$14 for clerical time) are averages, based on current Bureau of Labor Statistics cost figures.

*Recordkeeping:* For the 150,000 recordkeeping hours, staff estimates that 10 percent of the burden hours require skilled technical time and 90 percent require clerical time. As shown below, the total recordkeeping cost is \$2,205,000.





William Blumenthal,

General Counsel.

[FR Doc. 05-19319 Filed 9-27-05; 8:45 am]

BILLING CODE 6750-01-P

## FEDERAL TRADE COMMISSION

### Agency Information Collection Activities: Reinstatement of Existing Collection; Comment Request

**AGENCY:** Federal Trade Commission.

**ACTION:** Notice.

**SUMMARY:** The Federal Trade Commission ("FTC" or "Commission") intends to conduct a survey of parents who have one or more children, age 11-16 years, who play video or personal computer games. The FTC will also survey children, between the ages of 11 and 16, who play video or personal computer games. The surveys are a follow up to the Commission's surveys conducted in 2000 on consumers' use of and familiarity with the Entertainment Software Rating Board ("ESRB") rating system. Before gathering this information, the FTC is seeking public comments on its proposed consumer research. Comments will be considered before the FTC submits a request for Office of Management and Budget ("OMB") review under the Paperwork Reduction Act ("PRA"), 44 U.S.C. 3501-3520.

**DATES:** Comments must be received on or before November 28, 2005.

**ADDRESSES:** Interested parties are invited to submit written comments. Comments should refer to "Entertainment Industry Study: FTC File No. P994511" to facilitate the organization of comments. A comment filed in paper form should include this reference both in the text and on the envelope and should be mailed or delivered, with two complete copies, to the following address: Federal Trade Commission/Office of the Secretary, Room H-135 (Annex G), 600 Pennsylvania Avenue, NW., Washington, DC 20580. Because paper mail in the Washington area and at the Commission is subject to delay, please consider submitting your comments in electronic form, (in ASCII format, WordPerfect, or Microsoft Word) as part of or as an attachment to e-mail messages directed to the following e-mail box: [entstudy@ftc.gov](mailto:entstudy@ftc.gov). However, if the comment contains any material for which confidential treatment is requested, it must be filed in paper

form, and the first page of the document must be clearly labeled "Confidential."<sup>1</sup>

The FTC Act and other laws the Commission administers permit the collection of public comments to consider and use in this proceeding as appropriate. All timely and responsive public comments will be considered by the Commission and will be available to the public on the FTC Web site, to the extent practicable, at [www.ftc.gov](http://www.ftc.gov). As a matter of discretion, the FTC makes every effort to remove home contact information for individuals from the public comments it receives before placing those comments on the FTC Web site. More information, including routine uses permitted by the Privacy Act, may be found in the FTC's privacy policy at <http://www.ftc.gov/ftc/privacy.htm>.

**FOR FURTHER INFORMATION CONTACT:**

Requests for additional information should be addressed to Keith R. Fentonmiller, (202) 326-2775, or Richard F. Kelly, (202) 326-3304, Attorneys, Federal Trade Commission, Bureau of Consumer Protection, Division of Advertising Practices, 600 Pennsylvania Ave., NW., Washington, DC 20580.

**SUPPLEMENTARY INFORMATION:**

In September 2000, the Commission issued a report requested by the President and Congress entitled, Marketing Violent Entertainment to Children: A Review of Self-Regulation and Industry Practices in the Motion Picture, Music Recording & Electronic Game Industries (hereafter "2000 Report").<sup>2</sup> The Commission found that the electronic game industry had engaged in widespread marketing of violent electronic games to children that: (1) Was inconsistent with the Electronic Software Rating Board ("ESRB") rating system; and (2) undermined parents' attempts to make informed decisions about their children's exposure to violent content.<sup>3</sup>

<sup>1</sup> Commission Rule 4.2(d), 16 CFR 4.2(d). The comment must be accompanied by an explicit request for confidential treatment, including the factual and legal basis for the request, and must identify the specific portions of the comment to be withheld from the public record. The request will be granted or denied by the Commission's General Counsel, consistent with applicable law and the public interest. See Commission Rule 4.9(c), 16 CFR 4.9(c).

<sup>2</sup> Available at <http://www.ftc.gov/reports/violence/vioreport.pdf>.

<sup>3</sup> As indicated on its website, the ESRB "is a self-regulatory body for the interactive entertainment software industry established in 1994 by the Entertainment Software Association, formerly the Interactive Digital Software Association. ESRB independently applies and enforces ratings, advertising guidelines, and online privacy principles adopted by the computer and video game industry. The ESRB rating system helps parents and other consumers choose the games that are right for

Similar results were found for the motion picture and music recording industries. The Commission also found that advertisements for electronic games frequently failed to contain rating information. Further, the Commission's national surveys of parents and children found that only 61% of parents were aware of the ESRB system, and nearly half of those parents reported that they rarely or never use the ESRB system.<sup>4</sup>

In April 2001,<sup>5</sup> December 2001,<sup>6</sup> June 2002,<sup>7</sup> and July 2004,<sup>8</sup> the Commission issued follow-up reports to assess changes in industry practices. The first two follow-up reports documented progress by the electronic game industry to limit advertising in popular teen media. The third follow-up report found that the game industry was in substantial compliance with ESRB standards governing ad placements and disclosure of rating information in advertising. There were, however, some advertisements for Mature-rated games placed on television programs with large numbers of teen viewers and continued placement of such ads in game enthusiast magazines with large youth readership.<sup>9</sup> The Commission's July 2004 report found substantial compliance with ESRB standards governing ad placements and that industry members generally were prominently disclosing rating information in advertising and on product packaging. A "mystery shopper" survey of retailers conducted on behalf of the Commission in 2003, however, found that 69% of young teen shoppers (age 13-16) were able to buy Mature-rated games, although there was some improvement from earlier undercover shopping surveys conducted in 2000 and 2001.<sup>10</sup>

Members of Congress and parental advocacy groups continue to voice concern about parents' knowledge and use of the ESRB system, the accuracy of

their families. ESRB ratings have two parts: rating symbols that suggest what age group the game is best for, and content descriptors that indicate elements in a game that may have triggered a particular rating and/or may be of interest or concern."

<sup>4</sup> See 2000 Report, Appendix F at <http://www.ftc.gov/reports/violence/appendicesviort.pdf>. Appendix F also contains a detailed discussion of the underlying methodology and findings.

<sup>5</sup> Available at <http://www.ftc.gov/reports/violence/violence010423.pdf>.

<sup>6</sup> Available at <http://www.ftc.gov/os/2001/12/violencereport1.pdf>.

<sup>7</sup> Available at <http://www.ftc.gov/reports/violence/mvecrpt0206.pdf>.

<sup>8</sup> Available at <http://www.ftc.gov/os/2004/07/040708kidsviolencerept.pdf>.

<sup>9</sup> Mature-rated games contain content that may be suitable for persons 17 years of age and older.

<sup>10</sup> See July 2004 Report, Appendix B at <http://www.ftc.gov/reports/violence/appendicesviort.pdf>.