PTC implementation status update	Respondent universe	Total annual responses	Average time per response	Total annual burden hours
Questionnaire to be completed by railroads required to implement PTC.	38 Railroads	456 Surveys	10 minutes	76

Form Number(s): N/A.

Respondent Universe: 38 Railroads.

Frequency of Submission: Monthly.

Total Estimated Responses: 456 Surveys.

Total Estimated Annual Burden: 380 hours.

Status: Emergency Review.

Pursuant to 44 U.S.C. 3507(a) and 5 CFR 320.5(b), 1320.8(b)(3)(vi), FRA informs all interested parties that it may not conduct or sponsor, and a respondent is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Authority: 44 U.S.C. 3501–3520.

Issued in Washington, DC, on July 15, 2015.

Rebecca Pennington,

Chief Financial Officer.

[FR Doc. 2015–17689 Filed 7–17–15; 8:45 am]

BILLING CODE 4910–06–P

DEPARTMENT OF THE TREASURY

Public Input on Expanding Access to Credit Through Online Marketplace Lending

AGENCY: Office of the Undersecretary for Domestic Finance, Department of the Treasury.

ACTION: Notice and request for information.

SUMMARY: Online marketplace lending refers to the segment of the financial services industry that uses investment capital and data-driven online platforms to lend to small businesses and consumers. The Treasury Department is seeking public comment through this Request For Information (RFI) on (i) the various business models of and products offered by online marketplace lenders to small businesses and consumers; (ii) the potential for online marketplace lending to expand access to credit to historically underserved market segments; and (iii) how the financial regulatory framework should evolve to support the safe growth of this industry.[1] [2]

DATES: Submit comments on or before: August 31, 2015.

ADDRESSES: Submit your comments through the Federal eRulemaking Portal or via U.S. mail or commercial delivery. We will not accept comments by fax or by email. To ensure that we do not receive duplicate copies, please submit your comments only one time. In addition, please include the Docket ID and the term ''Marketplace Lending RFI'' at the top of your comments.

• *Federal eRulemaking Portal:* You are encouraged to submit comments electronically through *www.regulations.gov*. Information on using Regulations.gov, including instructions for accessing agency documents, submitting comments, and viewing the docket, is available on the site under a tab titled ''Are you new to the site?'' Electronic submission of comments allows the commenter maximum time to prepare and submit a comment, ensures timely receipt, and enables the Department to make them available to the public.

• *U.S. Mail or Commercial Delivery:* If you mail your comments, address them to Laura Temel, Attention: Marketplace Lending RFI, U.S. Department of the Treasury, 1500 Pennsylvania Avenue NW., Room 1325, Washington, DC 20220.

• *Privacy Note:* The Department's policy for comments received from members of the public (including comments submitted by mail and commercial delivery) is to make these submissions available for public viewing in their entirety on the Federal eRulemaking Portal at *www.regulations.gov*. Therefore, commenters should be careful to include in their comments only information that they wish to make publicly available on the Internet.

FOR FURTHER INFORMATION CONTACT: For general inquiries, submission process questions or any additional information, please email *Marketplace_Lending@treasury.gov* or call (202) 622–1083. All responses to this Notice and Request for Information should be submitted via *http://www.regulations.gov* to ensure consideration. If you use a telecommunications device for the deaf (TDD) or a text telephone (TTY), call the Federal Relay Service (FRS), toll free, at 1–800–877–8339.

SUPPLEMENTARY INFORMATION:

I. Request for Information

The Treasury Department is seeking public comment through this RFI to study (i) the various business models of and products offered by online marketplace lenders to small businesses and consumers; (ii) the potential for online marketplace lending to expand access to credit to historically underserved market segments; and (iii) how the financial regulatory framework should evolve to support the safe growth of this industry.

In particular, the Treasury Department is interested in responses to the following questions. We also seek any additional information beyond these questions that market participants believe would assist in our efforts to become better informed of the impact of online marketplace lending on small businesses, consumers, and the broader economy.

Online marketplace lenders may be subject to regulations promulgated by various agencies including, but not limited to, the CFPB and the Federal Trade Commission.

Respondents should provide as much detail as possible about the particular type of institution, product (*e.g.,* small business loan, consumer loan), business model, and practices to which their

[1] The Consumer Financial Protection Bureau (CFPB) has broad authority governing standards that may apply to a variety of consumer loans issued through this segment, and it has recently announced that it is considering proposing rules that would apply to payday loans, vehicle title loans, deposit advance products, and certain high-cost installment loans and open-end loans. *See* ''Small Business Advisory Review Panel for Potential Rulemakings for Payday, Vehicle Title, and Similar Loans: Outline of Proposals Under Consideration and Alternatives Considered'' (March 26, 2015), *available* at *http://files.consumerfinance.gov/f/201503_cfpb_outline-of-the-proposals-from-small-business-review-panel.pdf*. The potential content, effects, and policy underpinnings of CFPB rules are outside the scope of this RFI, and comments responding to this RFI should not address these CFPB rulemakings or their potential effects on marketplace lending to consumers. Thus, the RFI only seeks comment on online marketplace lending not covered in the potential rulemakings, which, under the current framework, would include comments on the making or facilitating of a loan by online lender to consumers with a term of more than 45 days and an annual percentage rate (as defined in 10 U.S.C. 987(i)(4)) that (I) does not exceed 36% or (II) exceeds 36% provided the loan neither provides for repayment directly from a consumer's account or paycheck nor creates a non-purchase money security interest in a vehicle. This framework is currently under discussion, however, and the CFPB may ultimately change the scope of any proposed or final CFPB regulation.

[2] The activities on online marketplace lending platforms also may entail the offering of securities that are subject to the federal securities laws.

comments apply. Responses to this RFI will be made public.

II. Purpose

Historically, many American households, small businesses, and promising new enterprises have faced barriers in accessing affordable credit from traditional lenders. To date, the large majority of online marketplace consumer loans have been originated to prime or near-prime consumers to refinance existing debt. Online marketplace lending has filled a need for these borrowers by often delivering lower costs and faster decision times than traditional lenders. Non-prime consumers face other challenges in obtaining traditional bank-originated credit, particularly due to having thin or no credit files or damaged credit. Moreover, high underwriting costs can make it uneconomical to make small-value consumer loans. For example, it can cost the same amount to underwrite a $300 consumer loan as a $3,000 loan. Small-value loans to non-prime consumers thus have often come with triple digit annual percentage rates (APR). Some online marketplace lenders, however, are developing product structures and underwriting models that might allow making loans to non-prime borrowers at lower rates.[3]

With respect to small businesses, a number of studies have shown that these borrowers are more dependent on community banks for financing than larger firms, which have access to other forms of finance including public debt and equity markets. While larger businesses typically rely on banks for 30 percent of their financing, small businesses receive 90 percent of their financing from banks.[4] Small business lending, however, has high search, transaction, and underwriting costs for banks relative to potential revenue—it costs about the same to underwrite a $5 million dollar loan as a $200,000 loan [5]—and many small business owners report they are unable to access the credit needed to grow their business. According to Federal Reserve survey data released in February 2015, ''a majority of small firms (under $1 million in annual revenues) and startups (under 5 years in business) were unable to secure any credit in the prior year.'' [6]

The challenge is particularly acute for small business loans of lower value and shorter terms. More than half of small businesses that applied for credit in 2014 sought loans of $100,000 or less. At the same time, more than two thirds of businesses with under $1 million in annual revenue that applied for credit received less than the full amount that they sought and half received none.[7] Technology-enabled credit provisioning offers the potential to reduce transaction costs for these products, while investment capital may offer a new source of financing for historically underserved markets. The 2014 Small Business Credit Survey indicated that almost 20 percent of applicants sought credit from an online lender.

While online marketplace lending is still a very small component of the small business and consumer lending market, it is a rapidly developing and fast-growing sector that is changing the credit marketplace. In less than a decade, online marketplace lending has grown to an estimated $12 billion in new loan originations in 2014, the majority of which is consumer lending.[8] Through this RFI, Treasury is seeking to study the potential for online marketplace lending to expand access to credit and how the financial regulatory framework should evolve to support the safe growth of this industry.

III. Background

Online marketplace lending broadly refers to the segment of the financial services industry that uses investment capital and data-driven online platforms to lend either directly or indirectly to small businesses and consumers. This segment initially emerged with companies giving investors the ability to provide financing that would be used to fund individual borrowers through what became known as a ''peer-to-peer'' model. However, it has since evolved to include a diverse set of individual and institutional credit investors who seek to provide financing that ultimately is used to fund small business and consumer loans of various types to gain access to additional credit channels and favorable rates of return.

Companies operating in this industry tend to fall into three general categories: (1) Balance sheet lenders that retain credit risk in their own portfolios and are typically funded by venture capital, hedge fund, or family office investments; (2) online platforms (formerly known as ''peer-to-peer'') that, through the sale of securities such as member-dependent notes, obtain the financing to enable third parties to fund borrowers and, due to the contingent nature of the payment obligation on such securities, do not retain credit risk that the borrowers will not pay; and (3) bank-affiliated online lenders that are funded by a commercial bank, often a regional or community bank, originate loans and directly assume the credit risk.

Additionally, some of these companies have adopted a business model in which they partner and have agreements with banks. In these arrangements, the bank acts as the lender to borrowers that apply on the platform. The loans are then purchased by a second party — either by an investor, in which the transaction is facilitated by the marketplace lender, or by the marketplace lender itself, which funds the loan purchase by note sales. While the loans are not pooled, small investors can obtain a return by making small investments in a number of notes offered by a marketplace lender through its platforms.

Online marketplace lenders share key similarities. They provide funding through convenient online loan applications and most have no retail branches. They use electronic data sources and technology-enabled underwriting models to automate processes such as determining a borrower's identity and credit risk. These data sources might include traditional underwriting statistics (*e.g.,* income and debt obligations), but also often include other forms of information, including novel data points or combinations. Online marketplace lenders typically provide borrowers with faster access to credit than the traditional face-to-face credit application process. Small business online market place lenders, provide small businesses with lower value (less than $100,000) and shorter terms.

Key Questions

1. There are many different models for online marketplace lending including platform lenders (also referred to as ''peer-to-peer''), balance sheet lenders, and bank-affiliated lenders. In what ways should policymakers be thinking about market segmentation; and in what ways do different models raise different policy or regulatory concerns?

2. According to a survey by the National Small Business Association, 85

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[3] As noted elsewhere, the CFPB is contemplating issuing a rule that would regulate ''payday'' and related loans, including loans with terms greater than 45 days and an APR greater than 36%, if the loan also provides for repayment directly from a consumer's account or paycheck or includes a non-purchase money security interest in a vehicle. Such consumer loans are outside the scope of this RFI.

[4] ''2011 Economic Report of the President,'' Council of Economic Advisors. The White House.

[5] ''The Future of Finance,'' Goldman Sachs Equity Research, March 3, 2015.

[6] ''The Joint Small Business Credit Survey, 2014,'' a collaboration among the Federal Reserve Banks of New York, Atlanta, Cleveland and Philadelphia. Released February 2015.

[7] Ibid.

[8] ''Global Marketplace Lending: Disruptive Innovation in Financials,'' Morgan Stanley Research, May 2015.

percent of small businesses purchase supplies online, 83 percent manage bank accounts online, 82 percent maintain their own Web site, 72 percent pay bills online, and 41 percent use tablets for their businesses.[9] Small businesses are also increasingly using online bookkeeping and operations management tools. As such, there is now an unprecedented amount of online data available on the activities of these small businesses. What role are electronic data sources playing in enabling marketplace lending? For instance, how do they affect traditionally manual processes or evaluation of identity, fraud, and credit risk for lenders? Are there new opportunities or risks arising from these data-based processes relative to those used in traditional lending?

3. How are online marketplace lenders designing their business models and products for different borrower segments, such as:

- Small business and consumer borrowers;
- Subprime borrowers;
- Borrowers who are ''unscoreable'' or have no or thin files;

Depending on borrower needs (*e.g.,* new small businesses, mature small businesses, consumers seeking to consolidate existing debt, consumers seeking to take out new credit) and other segmentations?

4. Is marketplace lending expanding access to credit to historically underserved market segments?

5. Describe the customer acquisition process for online marketplace lenders. What kinds of marketing channels are used to reach new customers? What kinds of partnerships do online marketplace lenders have with traditional financial institutions, community development financial institutions (CDFIs), or other types of businesses to reach new customers?

6. How are borrowers assessed for their creditworthiness and repayment ability? How accurate are these models in predicting credit risk? How does the assessment of small business borrowers differ from consumer borrowers? Does the borrower's stated use of proceeds affect underwriting for the loan?

7. Describe whether and how marketplace lending relies on services or relationships provided by traditional lending institutions or insured depository institutions. What steps have been taken toward regulatory compliance with the new lending model by the various industry participants throughout the lending process? What issues are raised with online marketplace lending across state lines?

8. Describe how marketplace lenders manage operational practices such as loan servicing, fraud detection, credit reporting, and collections. How are these practices handled differently than by traditional lending institutions? What, if anything, do marketplace lenders outsource to third party service providers? Are there provisions for back-up services?

9. What roles, if any, can the federal government play to facilitate positive innovation in lending, such as making it easier for borrowers to share their own government-held data with lenders? What are the competitive advantages and, if any, disadvantages for non-banks and banks to participate in and grow in this market segment? How can policymakers address any disadvantages for each? How might changes in the credit environment affect online marketplace lenders?

10. Under the different models of marketplace lending, to what extent, if any, should platform or ''peer-to-peer'' lenders be required to have ''skin in the game'' for the loans they originate or underwrite in order to align interests with investors who have acquired debt of the marketplace lenders through the platforms? Under the different models, is there pooling of loans that raise issues of alignment with investors in the lenders' debt obligations? How would the concept of risk retention apply in a non-securitization context for the different entities in the distribution chain, including those in which there is no pooling of loans? Should this concept of ''risk retention'' be the same for other types of syndicated or participated loans?

11. Marketplace lending potentially offers significant benefits and value to borrowers, but what harms might online marketplace lending also present to consumers and small businesses? What privacy considerations, cybersecurity threats, consumer protection concerns, and other related risks might arise out of online marketplace lending? Do existing statutory and regulatory regimes adequately address these issues in the context of online marketplace lending?

12. What factors do investors consider when: (i) Investing in notes funding loans being made through online marketplace lenders, (ii) doing business with particular entities, or (iii) determining the characteristics of the notes investors are willing to purchase? What are the operational arrangements? What are the various methods through which investors may finance online platform assets, including purchase of securities, and what are the advantages and disadvantages of using them? Who are the end investors? How prevalent is the use of financial leverage for investors? How is leverage typically obtained and deployed?

13. What is the current availability of secondary liquidity for loan assets originated in this manner? What are the advantages and disadvantages of an active secondary market? Describe the efforts to develop such a market, including any hurdles (regulatory or otherwise). Is this market likely to grow and what advantages and disadvantages might a larger securitization market, including derivatives and benchmarks, present?

14. What are other key trends and issues that policymakers should be monitoring as this market continues to develop?

Guidance for Submitting Documents: We ask that each respondent include the name and address of his or her institution or affiliation, and the name, title, mailing and email addresses, and telephone number of a contact person for his or her institution or affiliation, if any.

Dated: July, 13, 2015.

David G. Clunie,

Executive Secretary,

[FR Doc. 2015–17644 Filed 7–17–15; 8:45 am]

BILLING CODE 4810–25–P

[9] ''2013 Small Business Technology Survey,'' National Small Business Association.