

**SUPPORTING STATEMENT - RULE 17Ac2-1; FORM TA-1**A. Justification(1) Necessity for Information Collection

Section 17A(c)(1) of the Securities Exchange Act of 1934 (the "Act") provides in essence that transfer agents may not perform transfer agent functions with respect to any security listed for trading on a national securities exchange, traded over the counter, or issued by certain insurance or investment companies unless they are registered with the appropriate regulatory agency ("ARA") as defined in Section 3(a)(34) of the Act. Subsection (c)(2) of Section 17A authorizes each ARA, including the Commission, to adopt by rule an application for registration in such form and containing such information and documents concerning transfer agents as each ARA may prescribe as necessary or appropriate in furtherance of the purpose of the act.

In order to implement Section 17A(c)(2) of the Act, the Commission, in 1975, adopted Form TA-1 and Rule 17Ac2-1; these were amended by the Commission in 1980 and 1985. Part II was added in order to conform Form TA-1 to the revised version of both Form BD, the Uniform Application for Broker-Dealer Registration, and Form U-4, used by the National Association of Securities Dealers for registration of registered representatives. The Commission, pursuant to statutory authority outlined above, determined that the additional information, which enables a more thorough review of professional transfer agents registering with the Commission, is necessary to protect the investing public.

(2) Purpose of and Consequences of Not Requiring the Information Collection

The information is required to effectively register transfer agents with the appropriate ARA. Without this information, transfer agents would perform transfer agent duties free from regulation by any ARA.

(3) Role of Improved Information Technology and Obstacles to Reducing Burden

The SEC's electronic filing system, called EDGAR, for Electronic Data Gathering, Analysis & Retrieval, is designed to automate the filing, processing and dissemination of full disclosure filings. EDGAR, which began operation on September

24, 1984, permits publicly-held companies to transmit their filings to the Commission directly over telephone lines or an internet connection. Ultimately, all SEC filings will be considered for electronic submission. Such automation will increase the speed, accuracy and availability of information, generating benefits to investors and financial markets.

(4) Efforts to Identify Duplication

Not applicable, insofar as transfer agents are required to register with only one regulatory agency.

(5) Effect on Small Entities

The rule does not disproportionately affect small entities. There are no other available sources of the required information which can be used or modified to satisfy the registration requirements of the Act. The form was designed to be as least burdensome as possible to all transfer agents and still obtain the necessary information. The electronic filing system was designed to be as cost-effective as possible so as not to unduly burden small entities.

(6) Consequences of Less Frequent Collection

The information required by Rule 17Ac2-1(a) and Form TA-1 is submitted by transfer agents in order to satisfy a precondition, established by the Congress, to commencement of transfer agent activities. Therefore, this collection could not be conducted less frequently. The information to refile the information on Form TA-1 electronically is a one-time requirement to provide a complete database on transfer agent information. The information could not be collected less frequently. The information required pursuant to Rule 17Ac2-1(c) is only sought on an occasional basis, in order to correct data that has become incorrect. Thus, this information could not be collected less frequently.

(7) Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)

The collection is not inconsistent with 5 CFR 1320.5(d)(2).

(8) Consultations Outside the Agency

The Commission has consulted with the Federal Deposit Insurance Corporation, the Comptroller of the Currency, and the Board of Governors of the Federal Reserve System, in connection with the approval of Rule 17Ac2-1(a) and (c) and Form TA-1. These organizations are regulatory agencies with whom transfer agents may be required to apply, rather than the SEC. For

electronic filing, the Commission consulted with an independent contractor to choose the software for the online filing program.

(9) Payment of Gift to Respondents

Not applicable.

(10) Assurance of Confidentiality

Completed transfer agent registration forms are public information, and therefore, no assurances of confidentiality may be given.

(11) Sensitive Questions

No questions of a sensitive nature are asked.

(12) Estimate of Respondent Reporting Burden

The Commission receives annually approximately 100 applications for registration on Form TA-1 from transfer agents required to register as such with the Commission. Included in this figure are amendments made to Form TA-1 as required by Rule 17Ac2-1(c). In view of the readily available nature of most of the information requested by Form TA-1, the relatively simple presentation of the form, and the past experience of the staff regarding Form TA-1, we estimate that an average of approximately one and one-half hours annually are required for initial completion of and amendment to Form TA-1 by each such firm, or a cumulative total of 150 burden hours.

Beginning in 2007, the Commission will require all transfer agent forms filed with the Commission to be submitted electronically on EDGAR, unless the transfer agent has been granted a hardship exemption from electronic filing under Rule 202 of Regulation S-T. The Commission believes that most transfer agents would incur a one time burden with respect to accessing EDGAR and training personnel to install the software and to use an EDGAR functionality to file electronically. Many transfer agents currently access EDGAR in some capacity, such as an issuer, investment advisor, or a third party filer, and the instructions for installing and using software and an EDGAR functionality would be provided in the EDGAR Filer Manual. Based on this, the Commission estimates that the one time burden associated with electronic filing of transfer agent forms would be two hours. This increased burden would be incurred with respect to the first transfer agent form the transfer agent files with the Commission electronically. For transfer agents registered with the Commission, this would be Form TA-1, because the proposal would require transfer agents registered with the Commission to file an electronic amended Form TA-1 before they

could file any other transfer agent forms electronically. For all other transfer agents, this would be Form TA-2 because that is the only form those transfer agents file with the Commission.

The Commission believes that the estimated hour burden for Form TA-1 would increase for the first year of electronic filing because the proposed amendments would require that transfer agents registered with the Commission refile the information on Form TA-1 electronically in EDGAR as an amended Form TA-1. The proposed requirement to refile the registration information is designed to ensure that the EDGAR database contains complete and current information on all transfer agents registered with the Commission as well as to create a complete form for transfer agents to use when they next amend Form TA-1.

The proposed requirement to file an amended Form TA-1 would apply to the 519 transfer agents for which the Commission is the ARA and would create a one time collection of information burden. The Commission estimates that each transfer agent that is required to refile the information on Form TA-1 would need approximately two hours to do so.

#### (13) Estimate of Total Annualized Cost Burden

In order to file electronically on EDGAR, transfer agents will be required to have a personal computer, internet access, and MS InfoPath™ software. Many transfer agents currently file electronically in EDGAR in some capacity and the Commission believes that as part of their business operations, almost all registered transfer agents have personal computers and that many have access to the internet. The cost of the MS InfoPath™ software is approximately \$200; accordingly, we estimate that the proposal would cause a cost to each transfer agent of a maximum of \$200 in the initial year only for a total start-up cost of \$103,400 (however, if the transfer agent has already purchased Microsoft Office 2000 Professional Enterprise Edition™ it will not need to purchase MS InfoPath™). Further, if a transfer agent can demonstrate that the electronic filing requirement would cause it undue burden or expense, the Commission could grant it a continuing hardship exemption from the electronic filing requirement pursuant to Rule 202 of Regulation S-T.

#### (14) Estimate of Cost to the Federal Government

Cost to the federal government results from appropriate regulatory agency staff time and related overhead cost devoted to assuring compliance by transfer agents with the requirements of the rules. The staff estimates that approximately 50 hours of staff time per year will be devoted to assuring that transfer agents comply with the rule at a cost of \$750 per year.

#### (15) Explanation of Changes in Burden

The Commission has changed the estimated burden to reflect its proposal to require transfer agents to file electronically on EDGAR. The Commission developed a special functionality for EDGAR, EDGARLite, to make the filing of small, structured forms, such as the transfer agent forms, as easy as possible for filers. However, filers will have to become familiar with EDGAR filing, the EDGARLite functionality, and many will need to purchase software to use EDGARLite. Additionally, the Commission is requiring each transfer agent that has previously filed a paper Form TA-1 with the Commission to refile the form so that we may have a complete and accurate electronic database. We recognize that this increases the burden of filing to transfer agents and we have increased the estimates accordingly.

(16) Information Collection Planned for Statistical Purposes

Not applicable because the information will not be used for statistical purposes.

(17) Explanation as to Why Expiration Date Will Not be Displayed

The Commission is not seeking approval to not display the expiration date for OMB approval.

(18) Exceptions to Certification

The Commission is not seeking an exception to the certification statement.

B. Collection of Information Employing Statistical Methods

Not applicable because the collection of information will not employ statistical methods.