

## **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.

(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 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. The requests for extension of Rule 17Ac2-1(a) and (c) and Form TA-1 will be submitted for public comment in the Federal Register.

(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.

(13) Estimate of Total Annualized Cost Burden

Not applicable; (a) it is not anticipated that respondents will have to incur any capital and start up cost to comply with the rule; (b) it is not anticipated that the respondents will have to incur any additional operational or maintenance cost (other than provided for in item no. 12) to comply with the rule.

(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

Not applicable because the estimated burden has not changed.

(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.