

SUPPORTING STATEMENT

A. Justification

1. Necessity for Information Collection

Section 15(b)(5) of the Securities Exchange Act of 1934 ("Exchange Act") provides that any broker-dealer may, upon such terms and conditions as the Securities and Exchange Commission ("Commission") deems necessary or appropriate in the public interest or for the protection of investors, withdraw from registration by filing a written notice of withdrawal with the Commission. Similarly, Section 15B(c)(3) of the Exchange Act provides that municipal securities dealers may, upon such terms and conditions as the Commission deems necessary or appropriate in the public interest or for the protection of investors, withdraw from registration by filing a written notice of withdrawal with the Commission. In addition, Section 15C(c)(1)(B) of the Exchange Act provides that any government securities broker or government securities dealer may, upon such terms and conditions as the Commission deems necessary or appropriate in the public interest or for the protection of investors, withdraw from registration by filing a written notice of withdrawal with the Commission.

To implement the foregoing statutory provisions of the Exchange Act, the Commission has promulgated Rules 15b6-1, 15Bc3-1 and 15Cc1-1,¹ as well as Form BDW, the uniform request for withdrawal from registration under the Exchange Act.² Rules 15b6-1, 15Bc3-1 and 15Cc1-1 require brokers or dealers, municipal securities dealers, and government securities brokers or government securities dealers, respectively, to file a notice of withdrawal on Form BDW in accordance with the instructions contained therein with the Central Registration Depository ("CRD") a computer system operated by the Financial Industry Regulatory Authority, Inc. ("FINRA") that maintains information regarding broker-dealers and their registered personnel. Withdrawal from broker-dealer registration becomes effective 60 days after the filing of Form BDW, unless the broker-dealer consents to delay, or the Commission institutes a proceeding to delay or otherwise impose terms or conditions upon such withdrawal.

In addition, a notice-registered broker-dealer³ submitting a request to withdraw its registration must file a notice of withdrawal on Form BDW in accordance with the instructions contained therein with the National Futures Association ("NFA"), which maintains information regarding notice-registered broker-dealers on behalf of the Commission.

The information collected on Form BDW is used by the Commission in determining whether it is in the public interest to permit a broker-dealer or notice-registered broker-dealer to withdraw from registration. The Commission also uses the

¹ 17 CFR 240.15b6-1, 17 CFR 240.15Bc3-1, and 17 CFR 240.15Cc1-1.

² 17 CFR 249.501a.

³ 15 U.S.C. 15(b)(11) describes of class of notice-registered broker-dealers and the statutory requirements that such broker-dealers must satisfy in order to file by notice with the Commission as a broker-dealer for the purpose of trading security futures products.

information for other purposes, such as referrals to other government authorities or to self-regulatory organizations (“SROs”) for investigatory purposes in connection with securities litigation.

Currently, the CRD is used to facilitate registration as a fully registered broker-dealer and termination with federal and state securities regulators. Web CRD provides the option of filing Form BDW and related forms via the Internet. The Form BDW covered by this request received OMB approval in accordance with the Paperwork Reduction Act on April 30, 1999.

In addition, the NFA facilitates registration as a notice-registered broker-dealer. Notice-registered broker-dealers file for withdrawal on Form BDW by sending the completed Form BDW to the National Futures Association, which maintains information regarding notice-registered broker-dealers on behalf of the Commission.

2. Purposes of, and Consequences of Not Requiring, the Information Collection

The Commission uses the information disclosed by applicants in Form BDW to: (1) determine whether it is in the public interest to permit broker-dealers and notice-registered broker-dealers to withdraw from registration; (2) develop central information resources where the Commission and other government agencies and SROs may obtain information for investigatory purposes in connection with securities litigation; and (3) to develop statistical information about broker-dealers, notice-registered broker-dealers, municipal securities dealers, and government securities broker-dealers. Without Form BDW, the Commission, SROs, state regulators, the Commodity Futures Trading Commission, and the public would be without an important source of information regarding broker-dealers and notice-registered broker-dealers that are seeking to withdraw from registration.

3. Role of Improved Information Technology and Obstacles to Reducing Burden

Fully registered broker-dealers requesting to withdraw registration with the Commission currently file Form BDW with the FINRA electronically through Web CRD. The FINRA then enters the information into the CRD system and forwards it electronically to the Commission. This method of collecting information reduces the regulatory burden upon broker-dealers by permitting them to file applications for registration, and amendments thereto, at one central location, rather than filing Form BD separately with the Commission, certain SROs, and the states.

Notice-registered broker-dealers requesting to withdraw registration with the Commission file a completed Form BDW with the NFA. The NFA maintains these records on behalf of the Commission. This method of collecting information reduces the regulatory burden upon notice-registered broker-dealers, by permitting them to file

applications for registration on Form BD-N, amendments thereto, and withdraw requests on Form BDW at one central location.

4. Efforts to Identify Duplication

As noted above, fully registered broker-dealers use Form BDW to withdraw from registration with the Commission, the states, and certain SROs. By filing Form BDW with the CRD system, the Commission provides "one-stop" filing for fully registered broker-dealer applicants, who no longer are required to file multiple copies of Form BDW. The information disclosed in Form BDW is not available to the Commission or investors from any other source. The requirements to disclose information in Form BDW do not duplicate any other federal statute or rule.

In addition, notice-registered broker-dealers file Form BDW with the NFA to withdraw from registration with the Commission. The information disclosed in Form BDW is not available to the Commission or investors from any other source. The requirements to disclose information in Form BDW do not duplicate any other federal statute or rule.

5. Effect on Small Entities

All fully registered broker-dealers and notice-registered broker-dealers, regardless of their size, are required to disclose the information requested in Form BDW. Thus, Form BDW affects small broker-dealers requesting withdrawal from registration. The Commission believes, however, that the disclosure requirements of Form BDW are not unduly burdensome, particularly in relation to the important objectives served by the disclosure of information called for by Form BDW.

6. Consequences of Less Frequent Collection

Fully registered broker-dealers and notice-registered broker-dealers generally are required to file Form BDW only once to withdraw from registration with the Commission. Thus, less frequent collections of Form BDW information is not possible.

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

The collection of information requested in Form BDW is conducted in a manner consistent with the guidelines in 5 C.F.R.1320.5(d)(2).

8. Consultations Outside the Agency

The Form BDW to which this request for extension relates is the result of discussions between the staff of the Commission, the North American Securities Administrators Association's CRD Project Committee (formerly the CRD/Forms Revision Committee), the FINRA, the New York Stock Exchange, Inc., the NFA and representatives of the securities industry.

9. Payment of Gift to Respondents

Not applicable.

10. Assurances of Confidentiality

The information filed in Form BDW generally is available to the public and therefore no assurance of confidentiality is given.

11. Sensitive Questions

Form BDW asks no questions of a sensitive nature.

12. Estimate of Respondent Reporting Burden

The time necessary to complete Form BDW will vary depending on the nature and complexity of the applicant's securities business. On average, the Commission estimates that the completion of Form BDW takes approximately 15 minutes, or 0.25 hours. The Commission further estimates that approximately 737 broker-dealers withdraw from registration annually and, therefore, file a Form BDW. However, the Commission estimates that approximately 127 of these 737 withdrawing broker-dealers would employ third-party filers to file Form BDW. The broker-dealers that employ third-parties would not incur an hour burden and, therefore, do not incur a reporting burden. As discussed below, however, these broker-dealers would incur a cost burden with respect to Form BDW. Therefore, the 610 broker-dealers that withdraw from registration by filing Form BDW themselves, would incur an aggregate annual reporting burden of 152.5 hours (610 x 0.25 hours).

13. Estimate of Total Annualized Cost Burden

Form BDW is intended to be filed via the Internet with Web CRD by fully registered broker-dealers seeking to withdraw from registration. To file a Form BDW, a fully registered broker-dealer needs only to have access to the Internet. Access to the Internet currently requires a personal computer, a browser, and an Internet service provider. The Commission's staff believes that many broker-dealers already maintain access to the Internet as a normal part of their business operations.

Certain broker-dealers, however, employ third-parties to file Form BDW. These broker-dealers would not incur a reporting burden, but would incur a cost burden in filing Form BDW. The Commission estimates that 127 broker-dealers would employ third-parties to file Form BDW. These broker-dealers would be billed by third-party filers at an estimated average compensation rate of \$44.00 per hour. Therefore, the total annual cost burden to broker-dealers that employ third-party filers to file Form BDW would be approximately \$1,397 (i.e., 127 x 0.25 hours x \$44 per hour) or \$11 per withdrawing broker-dealer.

14. Estimate of Cost to the Federal Government

There is no cost to the Federal Government.

15. Explanation of Changes in Burden

Not applicable.

16. Information Collected Planned for Statistical Purposes

This provision is not applicable because compliance with Form BDW will not employ statistical methods. There also are no plans to publish the information collected on Form BDW for statistical use.

17. Explanation as to why Expiration Date will not be Displayed

Not applicable.

18. Exceptions to Certification

Not applicable.

B. Collection of Information Employing Statistical Methods

Not applicable. The collection of information on Form BDW does not employ statistical methods.