

Rule 15a-6

SUPPORTING STATEMENT

A. Justification

1. Necessity of Information Collection

The world's securities markets rapidly are becoming international in scope. Multinational offerings have become commonplace, linkages are developing between trading markets, and U.S. and foreign broker-dealers are developing an international business, establishing offices throughout the world. Investor interest in trading in world financial markets has become widespread. Institutional investors, such as investment companies, pension funds, and major commercial banks, in particular, are active on an international basis.

As U.S. institutions increasingly invest in securities whose primary market is outside the United States, the ability of these institutions to obtain ready access to foreign markets has grown in importance. Foreign broker-dealers may offer valuable services to these U.S. investors. Foreign broker-dealers often provide opportunities to execute trades quickly in a wide range of foreign securities markets. Foreign broker-dealers also make available research reports concerning foreign companies, industries, and market environments that are major sources of information for U.S. institutional investors.

Notwithstanding the important services that may be provided by foreign broker-dealers, the Commission continues to believe that broker-dealer registration is generally necessary for foreign entities engaging in securities transactions directly with U.S. persons in U.S. markets. Registration of market professionals is a key element in the federal statutory scheme and plays a significant role in protecting investors. It promotes a baseline level of integrity among broker-dealers and their personnel dealing with investors.

In some circumstances, however, for policy reasons, the Commission believes that it is not necessary for a foreign broker-dealer effecting transactions on behalf of U.S. investors to register with the Commission. It is for this reason that the Commission adopted Rule 15a-6. The rule was adopted pursuant to the Commission's exemptive authority, which authorizes the Commission to issue exemptions from the broker-dealer registration requirement contained in Section 15(a)(1).

On Friday, June 27, 2008, the Commission voted to propose amendments to Rule 15a-6 to expand and streamline the conditions under which a foreign broker-dealer could operate without triggering the registration, reporting and other requirements of the Exchange Act and related rules that apply to broker-dealers that are not registered with the Commission. The proposed amendments also would maintain a regulatory structure designed to protect investors and the public interest. Among other things, foreign broker-dealers would continue to be subject to the antifraud provisions of the federal securities laws.

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

Paragraph (a)(3) of proposed Rule 15a-6 provides two alternative exemptions (“Exemption (A)(1)” and “Exemption (A)(2)”) for unregistered foreign broker-dealers to effect transactions in securities with or for certain U.S. institutional investors through a U.S. registered broker-dealer, and to solicit such transactions, provided that certain conditions are complied with. Certain of these conditions contain collection of information requirements within the meaning of the Paperwork Reduction Act of 1995. The Commission has previously submitted these information collections to the Office of Management and Budget (“OMB”) for review in accordance with 44 U.S.C. 3507(d) and 5 CFR 1320.11. The revised collections of information in the proposed amendments would impose certain burdens on U.S. registered broker-dealers, foreign broker-dealers and U.S. persons acting as fiduciaries as described in proposed Rule 15a-6(a)(4)(vi). The purposes of the collections of information are to guarantee Commission access to certain information, provide disclosures to U.S. investors and ensure that foreign broker-dealers are in compliance with the conditions of the exemptions.

a. Related Collections of Information under Proposed Paragraphs (a)(3)(i)(B) and (C) and (a)(3)(iii)(C) and (D)

Proposed paragraph (a)(3)(i)(B) would require a foreign broker-dealer to make a determination that its foreign associated persons effecting transactions with a qualified investor are not subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act. Proposed paragraph (a)(3)(i)(C) would require that the foreign broker-dealer have in its files information specified in Rule 17a-3(a)(12) under the Exchange Act, including information related to sanctions imposed by foreign securities authorities, foreign exchanges, or foreign associations. Thus, each requires a collection of information by the foreign broker-dealer.

Proposed paragraph (a)(3)(iii)(C) would require that a U.S. registered broker-dealer obtain a representation from the foreign broker-dealer that the foreign broker-dealer has made the determinations that would be required by proposed paragraph (a)(3)(i)(B) and has in its files the information that would be required by proposed paragraph (a)(3)(i)(C). Proposed paragraph (a)(3)(iii)(C) therefore would require a collection of information by both the foreign broker-dealer and the U.S. registered broker-dealer in that the foreign broker-dealer must provide the representation and the U.S. registered broker-dealer must obtain that representation.

Proposed paragraph (a)(3)(iii)(D) would require a U.S. registered broker-dealer to maintain a record of the representations it obtains pursuant to proposed paragraph (a)(3)(iii)(C). This proposed paragraph would require a collection of information by the U.S. registered broker-dealer.

b. Collection of Information under Proposed Paragraph (a)(3)(i)(D)

Proposed paragraph (a)(3)(i)(D) would require that a foreign broker-dealer relying on either Exemption (A)(1) or Exemption (A)(2) disclose to qualified investors that the foreign

broker dealer is regulated by a foreign securities authority and not by the Commission. Foreign broker-dealers relying on Exemption (A)(1) would also have to disclose to qualified investors whether U.S. segregation requirements, U.S. bankruptcy protections and protections under the SIPA would apply to any funds and securities held by the foreign broker-dealer.

c. Related Collections of Information under Proposed Paragraphs (a)(3)(iii)(B) and (D)

Proposed paragraph (a)(3)(iii)(B) would require that a U.S. registered broker-dealer obtain from a foreign broker-dealer and each of the foreign broker-dealer's foreign associated persons written consents to service of process for any civil action brought by or proceeding before the Commission or a self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act). Proposed paragraph (a)(3)(iii)(D) would require that the U.S. registered broker-dealer maintain a written record of the consents to service of process obtained pursuant to proposed paragraph (a)(3)(iii)(B).

d. Related Collections of Information under Proposed Paragraph (a)(4)(vi)(B)

Proposed paragraph (a)(4)(vi)(B) would require foreign broker-dealers to obtain and maintain a representation for each account managed by a U.S. fiduciary that the account is managed in a fiduciary capacity for a foreign resident client. This would require foreign broker-dealers to obtain and record each representation. The proposed paragraph would also require a collection of information by the U.S. fiduciary, which would be required to provide the representation to the foreign broker-dealer.

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

Not applicable.

4. Efforts to Identify Duplication

The information requested from U.S. registered broker-dealers, foreign broker-dealers and U.S. persons acting as fiduciaries is not duplicative.

5. Effect on Small Entities

The proposed rule is one of general applicability that does not depend on the size of a broker-dealer. Because the proposed exemption is designed to apply to all foreign broker-dealers of the type specified by the rule, the rule must apply in the same manner to small, as well as large, broker-dealers.

6. Consequences of Less Frequent Collection

Less collection or less frequent collection of information could jeopardize the fundamental protections that the federal securities laws provide and dissolve the investor protections woven into the conditions for exemption in the proposed rule.

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

The requirements of the rule are not inconsistent with the Guidelines of 5 CFR § 1320.5(d)(2).

8. Consultation Outside the Agency

On July 8, 2008, the Commission published for public comment a notice of the proposed amendments to Rule 15a-6, which contained an analysis of the collections of information that would be imposed by the proposed rule, along with the text of the proposed rule text. In addition, prior to publishing the notice for comment, the staff of the Commission consulted with industry representatives in estimating the number of respondents for and the burden imposed by each collection of information.

9. Payment or Gift to Respondents

Not applicable.

10. Assurances of Confidentiality

As described in the notice of the proposed amendments to Rule 15a-6,

No assurances of confidentiality have been provided to U.S. broker-dealers. In fact, the rule would require that the U.S. broker-dealer maintain a written record of the information and consents in the United States and make such records available to the Commission upon request.

11. Sensitive Questions

Not applicable.

12. Estimate of Respondent Reporting Burden

- a. Related Collections of Information under Proposed Paragraphs (a)(3)(i)(B) and (C) and (a)(3)(iii)(C) and (D)

All foreign broker-dealers that take advantage of the exemption from registration under the proposed rule would be required to comply with proposed paragraphs (a)(3)(i)(B) and (C) and proposed paragraph (a)(3)(iii)(C). The Commission estimates that approximately 700 foreign broker-dealers would take advantage of the exemption from registration under the

proposed rule and therefore be subject to the collection of information requirements in proposed paragraphs (a)(3)(i)(B) and (C) and proposed paragraph (a)(3)(iii)(C).¹

Similarly, all U.S. registered broker-dealers engaged by foreign broker-dealers to assume the responsibilities of a U.S. registered broker-dealer under the proposed rule, under either exemption, would be required to comply with proposed paragraphs (a)(3)(iii)(C) and (D). The Commission estimates that approximately 40 U.S. registered broker-dealers would be engaged by foreign broker-dealers to assume the responsibilities under Exemption (A)(1) and approximately 18 U.S. registered broker-dealers would be engaged by foreign broker-dealers to assume the responsibilities under Exemption (A)(2) under the proposed rule, for a total of approximately 58 U.S. registered broker-dealers assuming the responsibilities under paragraph (a)(3)(iii) and therefore be subject to the collection of information requirements in proposed paragraphs (a)(3)(iii)(C) and (D).

The Commission estimates for the purposes of proposed paragraph (a)(3)(i)(B) that each of the approximately 700 foreign broker-dealer respondents would employ approximately 5 foreign associated persons that would effect transactions with qualified investors and would spend approximately 10 hours per year determining that these foreign associated persons are not subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act. The Commission also estimates for the purposes of proposed paragraph (a)(3)(i)(C) that each of the approximately 700 foreign broker-dealer respondents would spend approximately 10 hours per year complying with the terms of that proposed paragraph. Thus, the Commission estimates for the purposes of proposed paragraph (a)(3)(iii)(C) that each of the approximately 700 foreign broker-dealer respondents would spend approximately 5 hours per year providing representations to U.S. registered broker-dealers that they have complied with proposed

¹ Based on information the staff obtained in discussions with industry representatives, the Commission estimates that approximately 40 U.S. registered broker-dealers would serve as U.S. registered broker-dealers under Exemption (A)(1) under the proposed rule. The Commission estimates that each of these 40 U.S. registered broker-dealers would do so for an average of 10 foreign broker-dealers, so that an estimated total of 400 foreign broker-dealers would utilize Exemption (A)(1) under the proposed rule. The Commission also estimates based on information the staff obtained in discussions with industry that approximately 18 U.S. registered broker-dealers would be engaged under Exemption (A)(2) by foreign broker-dealers relying on the exemption provided by paragraph (a)(3)(iii)(A)(2) of the proposed rule. The Commission believes that Exemption (A)(2) under the proposed rule would be utilized by approximately 300 foreign broker-dealers (an average of 16.67 per each of the 18 U.S. registered broker-dealers acting under Exemption (A)(2) – assuming an even distribution of foreign broker-dealers per U.S. registered broker-dealer operating under the exemption, some U.S. registered broker-dealers would do so for 16 foreign broker-dealers and some would do so for 17 foreign broker-dealers). Therefore, the Commission estimates that a total of 700 foreign broker-dealers would take advantage of one or both exemptions from registration under the proposed rule.

paragraphs (a)(3)(i)(B) and (C). Therefore, the annual burden imposed by proposed paragraphs (a)(3)(i)(B) and (C) and proposed paragraph (a)(3)(iii)(C) on each of the 700 foreign broker-dealers would be approximately 25 hours for an aggregate annual burden on all foreign broker-dealers of 17,650 hours (700 foreign broker-dealers x 25 hours per foreign broker-dealer).

The Commission estimates for the purposes of proposed paragraphs (a)(3)(iii)(C) and (D) that each U.S. registered broker-dealer acting under Exemption (A)(1) would spend approximately 5 hours each year obtaining and recording representations required by proposed paragraphs (a)(3)(iii)(C) and (D). Similarly, the Commission estimates that each U.S. registered broker-dealer acting under Exemption (A)(2) would spend approximately 8 hours each year obtaining and recording representations required by proposed paragraphs (a)(3)(iii)(C) and (D). Thus, the aggregate annual burden imposed by proposed paragraphs (a)(3)(i)(C) and (D) on all U.S. registered broker-dealers would be approximately 344 hours (40 U.S. registered broker-dealers acting under Exemption (A)(1) multiplied by 5 hours per broker-dealer plus 18 U.S. registered broker-dealers acting under Exemption (A)(2) multiplied by 8 hours per broker-dealer).

b. Collection of Information under Proposed Paragraph (a)(3)(i)(D)

As discussed above, the Commission estimates that approximately 400 foreign broker-dealers would rely on Exemption (A)(1) of the proposed rule. All 400 foreign broker-dealers would be required to comply with proposed paragraph (a)(3)(i)(D). The Commission also estimates that approximately 300 foreign broker-dealers would rely on Exemption (A)(2) of the proposed rule. These 300 foreign broker-dealers would only be required to comply with proposed paragraph (a)(3)(i)(D)(1).

Each of the 700 foreign broker-dealers that would rely on either Exemption (A)(1) or Exemption (A)(2) of the proposed rule would have to make certain disclosures required by proposed paragraph (a)(3)(i)(D) to each qualified investor from which the foreign broker-dealer induces or attempts to induce the purchase or sale of any security. The Commission believes that such disclosures would be conveyed in the course of other communications between the foreign broker-dealer and the qualified investor, such as the foreign broker-dealer's standard account-opening documentation. Thus, we expect that the only collection of information burden that proposed paragraph (a)(3)(i)(D) would impose on a foreign broker-dealer would be the hour burden incurred in developing and updating as necessary the standard documentation it will provide to qualified investors. In addition, the Commission does not believe that there would be a significant difference in the burden placed foreign broker-dealers relying on either Exemption (A)(1) or Exemption (A)(2) of the proposed rule by proposed paragraph (a)(3)(i)(D).

The Commission estimates that each of the 700 foreign broker-dealers that would rely on either Exemption (A)(1) or Exemption (A)(2) of the proposed rule would spend approximately 2 hours per year in drafting, reviewing or updating as necessary their standard documentation for compliance with proposed paragraph (a)(3)(i)(D). Therefore, the aggregate annual collection of information burden imposed by proposed paragraph (a)(3)(i)(D) on foreign broker-dealers would

be approximately 1,400 hours (700 foreign broker-dealers multiplied by 2 hours per foreign broker-dealer).

c. Related Collections of Information under Proposed Paragraphs (a)(3)(iii)(B) and (D)

All U.S. registered broker-dealers engaged by foreign broker-dealers to assume the responsibilities of a U.S. registered broker-dealer under the proposed exemption would be subject to the collections of information. As discussed above, the Commission estimates that approximately 40 U.S. registered broker-dealers would act under Exemption (A)(1) for foreign broker-dealers relying on the exemption provided by paragraph (a)(3)(iii)(A)(1) of the proposed rule and that approximately 18 U.S. registered broker-dealers would act under Exemption (A)(2). Therefore, the Commission estimates that a total of approximately 58 U.S. registered broker-dealers would have to comply with the collection of information requirements in proposed paragraphs (a)(3)(iii)(B) and (D).

As discussed above, the Commission estimates that each of the 40 U.S. registered broker-dealers that would serve under Exemption (A)(1) for affiliated foreign broker-dealers under the proposed rule would do so for an average of 10 foreign broker-dealers. The Commission also estimates that each such foreign broker-dealer would have an average of 5 foreign associated persons engaged in business under the proposed rule. Therefore, proposed paragraphs (a)(3)(iii)(B) and (D) would require each U.S. registered broker-dealer acting under Exemption (A)(1) to obtain and record a total of 50 consents to service of process from foreign associated persons and 10 consents to service of process from foreign broker-dealers.

As discussed above, the Commission estimates that each of the 18 U.S. registered broker-dealers that would serve under Exemption (A)(2) for qualified investors would do so for approximately 16.67 foreign broker-dealers. Also as discussed above, the Commission estimates that each such foreign broker-dealer would have an average of 5 foreign associated persons engaged in business under the proposed rule. Therefore, proposed paragraphs (a)(3)(iii)(B) and (D) would require a U.S. registered broker-dealer acting under Exemption (A)(2) to obtain a total of 83.35 consents to service of process from foreign associated persons and 16.67 consents to service of process from foreign broker-dealers.

The Commission further estimates that each affected U.S. registered broker-dealer, acting under either exemption, would spend an average of 0.5 hours in obtaining and recording one consent under proposed paragraphs (a)(3)(iii)(B) and (D). Each U.S. registered broker-dealer acting under Exemption (A)(1) would therefore spend an average of 35 hours per year in its efforts at compliance with proposed paragraphs (a)(3)(iii)(B) and (D) (0.5 hours per consent per representation multiplied by the sum of 50 consents from foreign associated persons plus 10 consents to service of process from foreign broker-dealers plus 10 representations). Similarly, each U.S. registered broker-dealer acting under Exemption (A)(2) would spend an average of 50.01 hours per year in its efforts at compliance with proposed paragraphs (a)(3)(iii)(B) and (D) (0.5 hours per consent per representation multiplied by the sum of 83.35 consents from foreign

associated persons plus 16.67 consents to service of process from foreign broker-dealers).

Therefore, the Commission estimates an annual aggregate reporting and recordkeeping burden of 2,300.18 hours for compliance with proposed paragraphs (a)(3)(iii)(B) and (D) (35 hours per 40 registered broker-dealers acting under Exemption (A)(1) for a total of 1,400 hours, plus 50.01 hours per 18 registered broker-dealers acting under Exemption (A)(2) for a total of 900.18 hours).

d. Related Collections of Information under Proposed Paragraph (a)(4)(vi)(B)

As discussed above, the Commission estimates that approximately 700 foreign broker-dealers that would take advantage of either exemption under proposed paragraphs (a)(3)(iii)(A) (1) and (2). The Commission believes that these estimated 700 foreign broker-dealers represent the number of foreign broker-dealers that engage in international broker-dealer business and would take advantage of the exemption in proposed paragraph (a)(4)(vi). Even though not all of these 700 foreign broker-dealers may actually utilize the exemption in proposed paragraph (a)(4)(vi), for the purposes of determining the number of foreign broker-dealer respondents for the collection of information in proposed paragraph (a)(4)(vi)(B), the Commission estimates that all 700 foreign broker-dealers that engage in international business and that would otherwise take advantage of the either exemption under proposed paragraph (a)(3)(iii)(A)(1) or (2) would also utilize the exemption in proposed paragraph (a)(4)(vi) and be respondents for the purposes of the collection of information in proposed paragraph (a)(4)(vi)(B). The Commission estimates that there are 349 U.S. fiduciaries that would be respondents for the purposes of the collection of information in proposed paragraph (a)(4)(vi)(B).

The Commission estimates that each U.S. fiduciary would spend approximately 5 hours per year providing representations in accordance with proposed paragraph (a)(4)(vi)(B). Therefore, the Commission estimates that the aggregate burden imposed by proposed paragraph (a)(4)(vi)(B) on all of the approximately 349 U.S. fiduciaries would be approximately 1,745 hours per year (5 hours multiplied by 349 U.S. fiduciaries). The Commission also estimates that each foreign broker-dealer would spend approximately 5 hours per year obtaining and recording the representations required by proposed paragraph (a)(4)(vi)(B) from U.S. fiduciaries. Therefore, the Commission estimates that the aggregate burden imposed by proposed paragraph (a)(4)(vi)(B) on all the approximately 700 foreign broker-dealers would be approximately 3,500 hours per year (5 hours multiplied by 700 foreign broker-dealers).

e. Aggregate Respondent Reporting Burden

The aggregate reporting burden imposed by the collections of information required by the proposed rule on the 58 U.S. registered broker-dealers, as described above, would be approximately 40 hours under Exemption (A)(1) and 58.1 hours under Exemption (A)(2) per year, per respondent. The aggregate reporting burden imposed by the collections of information required by the proposed rule on the 700 foreign broker-dealers, as described above, would be

approximately 32 hours per year, per respondent. The aggregate reporting burden imposed by the collections of information required by the proposed rule on the 349 U.S. fiduciaries, as described above, would be approximately 5 hours per year, per respondent. Therefore, the total annual burden imposed by the proposed rule would be approximately 26,790.8 hours,² or approximately 24.2 hours per year for each of the 1,107 respondents (58 U.S. registered broker-dealers plus 700 foreign broker-dealers plus 349 U.S. fiduciaries) affected by the collection of information requirements in the proposed rule (26,790.8 hours divided by 1,107 respondents).

f. Collection of Information Costs

As described above, proposed paragraphs (a)(3)(i)(B), (a)(3)(i)(C), (a)(3)(i)(D), (a)(3)(iii)(C) and (a)(4)(vi)(B) each would impose collection of information requirements on foreign broker-dealers. Other than proposed paragraph (a)(3)(i)(C), these collections of information would require the foreign broker-dealer to make certain legal determinations, provide or obtain legal representations or draft disclosures. Therefore, the Commission believes that the type of work required by each requirement would be performed by a compliance attorney at each foreign broker-dealer. Proposed paragraph (a)(3)(i)(C), however, is a record-keeping requirement and the Commission believes that this type of work would be performed by a compliance clerk at each foreign broker-dealer.

The Commission estimates that foreign broker-dealers pay compliance attorneys at an hourly rate of (U.S.) \$270.00 and compliance clerks at an hourly rate of (U.S.) \$62.00.³ Based on the estimates of the hourly burden imposed by proposed paragraphs (a)(3)(i)(B), (a)(3)(i)(B), (a)(3)(i)(D), (a)(3)(iii)(C) and (a)(4)(vi)(B) on foreign broker-dealers, the Commission further estimates that foreign broker-dealers would incur a total cost of (U.S.) \$6,560.00 per year complying with the collection of information requirements that would be imposed by those paragraphs.⁴

² 40 U.S. registered broker-dealers under Exemption (A)(1) at 40 hours per year plus 18 U.S. registered broker-dealers under Exemption (A)(2) at 58.1 hours per year equals an aggregate burden of 2,645.8 hours per year on a total of 58 U.S. registered broker-dealers. 700 foreign broker-dealers at 32 hours per year equals an aggregate burden of 22,400 hours per year. 349 U.S. fiduciaries at 5 hours per year equals an aggregate burden of 1,745 hours per year. 2,645.8 hours plus 22,400 hours plus 1,745 hours equals 26,790.8 hours.

³ See Securities Industry and Financial Markets Association's "Management & Professional Earnings in the Securities Industry – 2007" (available at: <http://www.sifma.org/research/surveys/professional-earning.shtml>). The SIFMA study reflects a survey of U.S. earnings. We estimate that the earnings of comparable employees at foreign broker-dealers are similar, but solicit comment on whether foreign salaries vary and, if so, how.

⁴ 10 hours per year at \$270.00 per hour complying with proposed paragraph (a)(3)

As described above, proposed paragraphs (a)(3)(iii)(B), (C) and (D) each would impose collection of information requirements on U.S. registered broker-dealers. These collections of information would require the U.S. registered broker-dealer to obtain and record certain legal representations made by foreign broker-dealers. The Commission believes that this type of work would be performed by a compliance attorney at each U.S. registered broker-dealer. The Commission estimates that U.S. registered broker-dealers pay compliance attorneys at an hourly rate of (U.S.) \$270.00. Based on the estimates of the hourly burden imposed by proposed paragraphs (a)(3)(iii)(B), (C) and (D) on U.S. registered broker-dealers, the Commission further estimates that U.S. registered broker-dealers intermediating transactions for foreign broker-dealers relying on Exemption (A)(1) would incur a total cost of (U.S.) \$10,800.00 per year complying with the collection of information requirements that would be imposed by those paragraphs.⁵ The Commission estimates that U.S. registered broker-dealers intermediating transactions for foreign broker-dealers relying on Exemption (A)(2) would incur a total cost of (U.S.) \$13,527.00 per year complying with the collection of information requirements that would be imposed by those paragraphs.⁶

As described above, proposed paragraph (a)(4)(vi)(B) would impose collection of information requirements on U.S. fiduciaries in the form of a legal representation provided to foreign broker-dealers that, for each account managed by a U.S. fiduciary, the account is managed in a fiduciary capacity for a foreign resident client. The Commission believes that these legal representations would be made by a compliance attorney at each U.S. fiduciary. The Commission estimates that U.S. fiduciaries pay compliance attorneys at an hourly rate of (U.S.) \$270.00. Based on the estimates of the hourly burden imposed by proposed paragraphs (a)(4)

(i)(B), 10 hours per year at \$62.00 per hour complying with proposed paragraph (a)(3)(i) (C), 2 hours per year at \$270.00 per hour complying with proposed paragraph (a)(3)(i) (D), 5 hours per year at \$270.00 per hour complying with proposed paragraph (a)(3)(iii) (C) and 5 hours per year at \$270.00 per hour complying with proposed paragraph (a)(4) (vi)(B). See Part VI.A., supra.

⁵ 5 hours per year at \$270.00 per hour and 35 hours per year at \$270.00 per hour. See id.

⁶ 8 hours per year at \$270.00 per hour and 50.1 hours per year at \$270.00 per hour. See id. As discussed above in the PRA analysis, U.S. registered broker-dealers intermediating transactions for foreign broker-dealers relying on Exemption (A)(1) would spend different amounts of time complying with the collection of information requirements of proposed paragraphs (a)(3)(iii)(B), (C) and (D) than U.S. registered broker-dealers intermediating transactions for foreign broker-dealers relying on Exemption (A)(2). See Part VI.A., supra. Therefore, the monetary costs incurred in complying with these paragraphs would also be different for intermediating U.S. registered broker-dealers, depending on the exemption relied upon by the foreign broker-dealer. See id.

(vi)(B) on U.S. fiduciaries, the Commission further estimates that U.S. fiduciaries would incur a total cost of (U.S.) \$1,350.00 per year complying with the collection of information requirements that would be imposed by that paragraph (5 hours per year at \$270.00 per hour = \$1,350.00 per year).⁷

13. Estimate of Total Annualized Cost Burden

Not applicable. It is not anticipated that respondents will have to incur any capital and start-up costs, nor any additional operational or maintenance costs (other than the internal costs described in Item 12, which are simply a monetization of the hour burden), to comply with the collection of information.

14. Estimate of Cost to the Federal Government

Costs to the federal government result from Commission staff time and related overhead costs for inspection and examination for compliance with the requirements of the rule. Because the Commission inspects broker-dealers regularly, inspection for compliance with the recordkeeping requirements of this rule is part of the overall broker-dealer inspection. Thus, the Commission uses limited resources to ensure compliance with the rule.

15. Explanation of Changes in Burden

There would be a change in the estimated burden imposed by the rule due to the proposed amendments, if adopted.

16. Information Collections Planned for Statistical Purposes

Not applicable because the information is not used for statistical purposes.

17. Explanation as to Why Expiration Date Will Not Be Displayed

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

18. Exceptions to Certification

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

⁷ See id.

19. Collections of Information Employing Statistical Methods

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