

## SUPPORTING STATEMENT

### Rule 17Ac2-2; Form TA-2

#### A. Justification

##### 1. Necessity for Information Collection

Pursuant to Section 17A(d)(3)(B) of the Securities Act of 1934, the Commission is afforded broad regulatory authority to make rules and enforce compliance in the securities processing area. In the past, the Commission used Form TA-1 as the singular registration device for transfer agents. However, on the basis of several years of experience in the regulation and examination of transfer agents, the Commission determined that a one-time registration application, irrespective of its breadth, does not provide the Commission with sufficient information on an ongoing basis about the transfer agent community. Therefore, the Commission adopted Rule 17Ac2-2, which requires all transfer agents, regardless of their appropriate regulatory agency, to file an annual report of their business activities on Form TA-2.

##### 2. Purpose of and Consequences of Not Requiring the Information Collection

The information is required to effectively monitor and report the annual business activities of transfer agents. Without this information, transfer agents would perform transfer agent duties free from annual regulation by any regulatory agency.

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

An electronic filing and tracking system for transfer agent filings was implemented in January 2007. The filing system increases efficiencies with respect to receipt and retention of the forms, reduces filer error in completing the forms, and promotes the public dissemination of the forms through the Commission's website.

##### 4. Efforts to Identify Duplication

Not applicable, because transfer agents file Form TA-2 only with the Commission.

##### 5. Effect on Small Entities

The rule does not disproportionately affect small entities. Transfer agents that meet the definition of a small entity pursuant to Rule 0-10 are only required to fill out a partial Form TA-2. 17 CFR 240.0-10. The form was designed to be minimally burdensome while obtaining the necessary information. In addition, the Commission can grant an exemption from electronic filing for those transfer agents for which it would be an undue burden or expense.

6. Consequences of Less Frequent Collection

Rule 17Ac2-2 requires transfer agents to file Form TA-2 on an annual basis. If the information were reported less frequently, the Commission would be unable to accurately target transfer agents for examinations. Further, the Commission's information with respect to transfer agents would be outdated, which would negatively impact the Commission's ability to review the rules relating to transfer agents on an ongoing basis.

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

With regard to Rule 17Ac2-2 and Form TA-2, the Commission consistently has consulted with persons outside the agency. The rule was published for public comment and the Commission commonly consults with other regulatory agencies that have indirect or direct regulatory authority over the persons or entities affected by Rule 17Ac2-2.

9. Payment or Gift to Respondents

Not applicable; no payment or gift will be made to respondents.

10. Assurances of Confidentiality

Completed transfer agent annual reports 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 amount of time needed to comply with the requirements of amended Rule 17Ac2-2 and Form TA-2 varies. From the total 598 registered transfer agents, approximately 30 registrants would be required to complete only Questions 1 through 4 and the signature section of amended Form TA-2, which the Commission estimates would take each registrant about 30 minutes, for a total burden of 15 hours (30 x .5 hours). Approximately 111 registrants would be required to answer Questions 1 through 5, 10, and 11 and the signature section, which the Commission estimates would take about 1 hour and 30 minutes, for a total of 166.5 hours (111 x 1.5 hours). The remaining registrants, approximately 457, would be required to complete the entire Form TA-2, which the Commission estimates would take about 6 hours, for a total of

2,742 hours (457 x 6 hours). The Commission estimates that the total burden would be 2,923 hours (15 hours + 166.5 hours + 2,742 hours).

13. Estimate of Total Annualized Cost Burden

The Commission's staff estimates that the total cost of preparing and filing the information reported on the Form TA-2 for respondents is \$41.50 per hour. The Commission estimates that the total cost would be \$121,304.50 annually (\$41.50 x 2,923).

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 \$30 per hour for a total cost of \$1,500 per year. This estimate has been computed according to the guidelines set forth in GSA Guide to Estimating Reporting Cost (1973).

15. Explanation of Changes in Burden

The collective burden for transfer agents is expected to increase slightly since there are estimated to be more transfer agents that have to complete the full form, although fewer transfer agents overall than there were three years ago. The average burden for each registered transfer agent is expected to remain the same.

16. Information Collection Planned for Statistical Purposes

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

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

The collection of information does not employ statistical methods, nor would the implementation of such methods reduce the burden or improve accuracy of results.