

PAPERWORK REDUCTION ACT SUBMISSION  
Rule 17a-6  
Supporting Statement

A. Justification

1. Necessity for Information Collection.

National securities exchanges, national securities associations, registered clearing agencies, and the Municipal Securities Rulemaking Board (collectively, "SROs") are required to maintain certain records for a period of not less than five years. Rule 17a-6 under the Securities Exchange Act of 1934 ("Act"), however, permits SROs to destroy or convert to microfilm or other recording media records maintained under Rule 17a-1, if they have filed a record destruction plan with the Commission and the Commission has declared such plan effective. Rule 17a-6 is designed to reduce the burden of the five-year record retention requirements of Rule 17a-1.

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

The record destruction plans submitted by SROs to the Commission list those documents that the SRO proposes to destroy prior to the end of the five-year retention period in Rule 17a-1. No plan need be filed if an SRO does not wish to destroy any class of documents in less than five years. The Commission reviews any record destruction plan filed by an SRO to ensure that such plans designate documents that the Commission believes appropriate for early destruction or conversion.

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

The SEC's electronic filing project, called EDGAR (Electronic Data Gathering, Analysis & Retrieval) is designed to automate the filing, processing and dissemination of full disclosure filings. EDGAR permits publicly-held companies to transmit their filings to the Commission directly over telephone lines or by sending a magnetic tape or word processing diskette. Ultimately, all SEC filings including plans submitted under Rule 17a-6 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. This information cannot be obtained in any other manner.

5. Effect on Small Entities.

The collection of information does not involve small entities.

6. Consequences of Less Frequent Collection.

Record destruction plans do not need to be filed, unless an SRO wishes to destroy or convert to microfilm or other recording media any class of documents before the end of the five-year retention

period specified in Rule 17a-1. Further, once the Commission declares effective an SRO's record destruction plan, no further information need be filed with the Commission under Rule 17a-6.

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

The information collection is conducted in a manner that is consistent with 5 CFR 1320.5(d).

8. Consultations Outside the Agency.

All Commission rule proposals are published in the Federal Register for public comment. Rule 17a-6 was originally published for comment on March 1, 1951. The Commission received no comment letters. The final rule was adopted on April 2, 1951. Subsequently, an amendment to Rule 17a-6 was proposed in July 1980 and approved in November 1980. The Commission also received no comments regarding this amendment.

9. Payment or Gift to Respondents.

The respondents receive no payments or gifts.

10. Assurance of Confidentiality.

There is no assurance of confidentiality provided by Rule 17a-6.

11. Sensitive Questions.

No information of a sensitive nature is required to be disclosed by Rule 17a-6.

12. Estimate of Respondent Reporting Burden.

Currently, there are 27 SROs required to maintain records under Rule 17a-1: 17 national securities exchanges, 1 national securities association, and 9 registered clearing agencies. Rule 17a-6 is not a mandatory filing requirement. SROs are required to file a record destruction plan only if they wish to destroy or convert records to microfilm or other recording media before the end of the five year retention period in Rule 17a-1. Of the 27 SROs, at least 24 have never filed a record retention plan. The staff calculates that the preparation and filing of a new record destruction plan should take 160 hours. However, the staff notes that an SRO's record destruction plan may require revision, over time, in response to, for example, changes in document retention technology, which the staff estimates will take much less than the 160 hours estimated for a new plan. Given our experience to date with the number of plans that have been filed, 2 SROs, and the effort among SROs to revisit their existing record destruction plans, the staff estimates that the total number of hours required for 2 SRO respondents to comply with Rule 17a-1 is 60 annually, based on 30 hours per year per SRO respondent. Therefore, we estimate the annual reporting burden to be approximately 60 hours per year. The approximate cost of compliance for respondents is \$305 per hour, for an annualized cost burden of \$18,300 (\$305 per hour times 60 hours per year).

13. Estimate of Total Annualized Cost Burden.

There is no annual cost burden other than that specified in item 12.<sup>1</sup>

14. Estimate of Cost to Federal Government.

Estimated cost of staff time is \$0.

15. Explanation of Changes in Burden.

Estimates of burden hours have been updated to reflect the actual number of record retention plans that have been under review and revision by Commission staff, which affects the staff's estimate of the likely number of respondents over the next few years. The Commission's estimate of burden dollars has been reduced to zero, as the only costs associated with the information collection are reflected under the estimate of burden hours. In addition, the number of potential respondents has been adjusted. Specifically, the number of national securities exchanges has been increased from 10 to 17 to reflect the registration of additional national securities exchanges in the interim period, and the number of registered clearing agencies has been reduced from a previous figure of 10 to the current count of 9.

16. Information Collections Planned for Statistical Purposes.

Not applicable; there is no intention to publish the information for any purpose.

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.

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There is no annualized cost burden associated with collection of information because documents are prepared by respondents' in-house attorneys.