

**PAPERWORK REDUCTION ACT SUBMISSION**

**Rule 6a-3**

**SUPPORTING STATEMENT**

**A. Justification**

1. Necessity for Information Collection

The Securities Exchange Act of 1934 ("Exchange Act") provides a framework for self-regulation under which various entities involved in the securities business, including national securities exchanges, have primary responsibility for regulating their members or participants. The role of the Securities and Exchange Commission ("SEC") in this framework is primarily one of oversight: the Exchange Act charges the SEC with supervising the national securities exchanges and assuring that each complies with and advances the policies of the Exchange Act.

Section 6 of the Exchange Act<sup>1</sup> sets out a framework for the registration and regulation of national securities exchanges. Under Rule 6a-3,<sup>2</sup> one of the rules that implements Section 6, a national securities exchange (or an exchange exempted from registration as a national securities exchange based on limited volume) must provide certain supplemental information to the SEC, including any material (including notices, circulars, bulletins, lists, and periodicals) issued or made generally available to members of, or participants or subscribers to, the exchange. Rule 6a-3 also requires the exchanges to file monthly reports that set forth the volume and aggregate dollar amount of securities sold on the exchange each month. Only certain kinds of new exchanges registered under the Exchange Act will not be subject to the collection of information required by Rule 6a-3.

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

The information filed with the SEC pursuant to Rule 6a-3 by a registered or exempt exchange is designed to enable the SEC to carry out its statutorily mandated oversight functions and to assure that registered or exempt exchanges continue to be in compliance with the Exchange Act. Without this information, the SEC would be less able to ensure that registered and exempt exchanges are continuing to act in a manner consistent with the Exchange Act.

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

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<sup>1</sup> 15 U.S.C. 78f.

<sup>2</sup> 17 CFR 240.6a-3.

Rule 6a-3 permits respondents to comply by making certain information available on the Internet and notifying the Commission of its location. The Internet has developed the potential to ease compliance burdens for respondents and will increase the speed, accuracy and availability of information, generating benefits to investors and financial markets. All registered and exempt exchanges currently maintain some presence on the Internet and make information available to interested parties.

4. Efforts to Identify Duplication

The SEC believes that neither Rule 6a-3 imposes any duplicative reporting requirements. Respondents are able to avoid duplicative reporting by informing the SEC where certain responsive information may be found on the Internet. In addition, the prior amendments to Rule 6a-3 were prompted by a desire not to impose unnecessary reporting requirements.

5. Effects on Small Entities

No small businesses are involved in the procedures of data compilation and filing.

6. Consequences of Less Frequent Collection

It is important to the oversight abilities of the Commission for the information received pursuant to Rule 6a-3 to be as current as possible. If the information were filed less frequently, the Commission would not have the information on registered and exempt exchange activities that is necessary to comply with its statutory obligations.

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

The collection of information is not inconsistent with 5 CFR 1320.5(d)(2).

8. Consultations Outside the Agency

The SEC periodically discusses with the national securities exchanges the burdens imposed by Rule 6a-3.

9. Payment or Gift to Respondents

The respondents receive no payments or gifts.

10. Assurance of Confidentiality

Not applicable. Any collection of information pursuant to Rule 6a-3 would not be confidential and would be publicly available from the Commission upon request.

11. Sensitive Questions

Not applicable. No issues of a sensitive nature are involved.

12. Estimate of Respondent Reporting Burden

The SEC estimates that the preparation and filing of supplemental information and monthly reports pursuant to Rule 6a-3 generally involves photocopying existing documents and will usually take less than one-half hour per response. The SEC estimates that each exchange makes approximately 25 such filings on an annual basis. The SEC estimates that the average cost per response is approximately \$36. These figures were derived in the following manner:

0.5 hours of clerical work at \$62/hr <sup>3</sup> =	\$31.00
miscellaneous clerical expenses =	<u>\$ 5.00</u>
	\$36.00

Currently, 15 respondents (thirteen national securities exchanges and two exempt exchanges) are subject to the collection of information requirements of Rule 6a-3. The SEC estimates that the total burden for all respondents will be 187.5 hours (25 filings/respondent per year x 0.5 hours/response x 15 respondents) and \$13,500 (\$36/response x 25 responses/respondent per year x 15 respondents) per year.

13. Estimate of Total Annualized Cost Burden

Not applicable. The SEC does not anticipate that respondents would have to incur any capital or start-up costs, nor any additional operational or maintenance costs (other than as provided in Item 12), to comply with the collection of information requirements imposed by Rule 6a-3.

14. Estimate of Cost of Federal Government

The SEC estimates that it incurs costs of approximately \$4000 annually to review the supplemental information and monthly reports submitted by the exchanges pursuant to Rule 6a-3. This amount was based on our computation of the value of staff time devoted to reviewing filings on a regular basis and the related overhead value at 35 percent of the value of staff time. The Commission estimates overhead costs (printing, supplies, copying, and

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<sup>3</sup> Figure for an Administrative Assistant is from *SIFMA's Office Salaries in the Securities Industry 2008*, modified by Commission staff to account for an 1800-hour work-year and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead.

postage) to be approximately 35 percent of the value of labor costs. These estimates have been computed based on the GSA Guide to Estimating Reporting Costs (1973).

15. Explanation of Changes in Burden

The estimated changes in burden have been adjusted to reflect the fact that, since the last time the SEC sought OMB approval for the collection of information pursuant to Rule 6a-3, the number of registered national securities exchanges has increased from ten to thirteen. Accordingly, the number of respondents has increased from twelve to fifteen. Moreover, the estimates reflect an increase in salary data that includes overhead costs.

16. Information Collected Planned for Statistical Purposes

Not applicable. This information is not published for statistical use.

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

The SEC is not seeking approval not to display the expiration date for OMB approval.

18. Exceptions to Certification

The SEC is not seeking an exception to the certification statement.

19. Collection of Information Employing Statistical Methods

Not applicable. The collection of information will not employ statistical methods.