

Rule 19d-3 Supporting Statement

A. Justification

1. Necessity for Information Collection

Rule 19d-3 (“Rule”) under the Securities Exchange Act of 1934 (the “Exchange Act”) prescribes the form and content of applications to the Commission for review of all final disciplinary sanctions, denials of membership, participation or association, or prohibitions or limitations of access to services that are imposed by self-regulatory organizations (“SROs”). Rule 19d-3 was adopted on July 8, 1977, pursuant to authority granted the Commission in Sections 6, 11A, 15, 15A, 17, 17A, 19, and 23 of the Act, 15 U.S.C. 78f, 78k-1, 78o, 78o-3, 78q, 78q-1, 78s, and 78w.

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

The Commission uses the information provided in the application filed pursuant to Rule 19d-3 to review final actions taken by SROs including: (1) disciplinary sanctions; (2) denials of membership, participation or association; and (3) prohibition or limitations of access to SRO services.

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

Submission of a written application for review is the least burdensome and most effective means of giving the Commission notice of the applicant’s intent.

4. Efforts to Identify Duplication

There is no duplication of this application process to the Commission.

5. Effect on Small Entities

Not applicable.

6. Consequences of Less Frequent Collection

The filing of an application is discretionary for the applicants; therefore a less frequent collection is not available to the Commission.

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

This collection is consistent with the guidelines in 5 CFR 1320.5(d)(2).

8. Consultations Outside the Agency

In that this application is directed solely to the Commission and no other entities compile pertinent data on the applicants, no other agencies, state or local governments, or other organizations were consulted by the Commission on this matter.

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality

No assurance of confidentiality is provided to applicants.

11. Sensitive Questions

The form of the application does not impose the burden of any questions of a sensitive nature.

12. Estimate of Respondent Reporting Burden

Based upon past submissions, it is estimated that approximately 15 respondents will utilize this application procedure annually, with a total burden of 270 hours. This figure assumes 18 burden hours per respondent, per submission. This figure also reflects an estimate of 1 submission, per respondent.

13. Estimates of Total Annualized Cost Burden

There are no developmental costs presently associated with Rule 19d-3. We believe that the average number of hours necessary to comply with the requirements of Rule 19d-3 is 18 hours per submission. As noted, the total number of hours for all respondents, required annually is 270 hours. The average cost per hour is approximately \$101.¹ Therefore, the total cost of compliance for the respondents, one submission per respondent, is \$27,270. (15 submissions X 18 hours X \$101 per hour).

14. Estimate of Cost to Federal Government

From past experience, it is estimated that the operational costs of accepting and processing applications filed pursuant to Rule 19d-3 amounted to approximately \$875. This amount is based on our computation of the value of staff time devoted to those activities and is based on the GSA, Guide to Estimating Reporting Costs (1973).

15. Explanation of Changes in Burden

¹ This figure includes 35% overhead.

Not applicable.

16. Information Collections Planned for Statistical Purposes

The information received is not collected for statistical use.

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

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

18. Exceptions to Certification

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

B. Collection of Information Employing Statistical Methods

No statistical methodology is utilized under Rule 19d-3.