

Rule 15Ba2-5

Supporting Statement

A. Justification

1. Necessity of Information Collection

Section 15B(a)(2) of the Securities Exchange Act of 1934 (“Exchange Act”) requires any person who acts as a municipal securities dealer to register with the Commission. On July 7, 1975, effective July 16, 1975 (see 41 FR 28948, July 14, 1975), the Commission adopted Rule 15Ba2-5 under the Exchange Act to permit a duly-appointed fiduciary to assume immediate responsibility for the operation of a municipal securities dealer’s business. Without the rule, the fiduciary would not be able to assume operation until it registered as a municipal securities dealer. Under the rule, the registration of a municipal securities dealer is deemed to be the registration of any executor, administrator, guardian, conservator, assignee for the benefit of creditors, receiver, trustee in insolvency or bankruptcy, or other fiduciary, appointed or qualified by order, judgment, or decree of a court of competent jurisdiction to continue the business of such municipal securities dealer, provided that such fiduciary files with the Commission, within 30 days after entering upon the performance of his duties, a statement setting forth as to such fiduciary substantially the same information required by Form MSD or Form BD. The statement is necessary to ensure that the Commission and the public have adequate information about the fiduciary.

The Commission adopted Rule 15Ba2-5 pursuant to Sections 15B(a) and 23(a) of the Exchange Act, 15 USC 78o-4(a) and 78w(a).

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

The rule is part of the Commission’s overall program of administering the municipal securities dealer registration requirements of the Exchange Act. The Commission uses the information disclosed in the fiduciary’s statement (a) to determine whether the fiduciary meets the standards for registration set forth in the Exchange Act, (b) to develop a central registry where members of the public may obtain relevant information about particular municipal securities dealers, (c) to provide information about specific municipal securities dealers to other governmental agencies or securities self-regulatory organizations for investigatory purposes, and (d) to develop in-house statistical information about municipal securities dealers. These things would be unavailable without Rule 15Ba2-5.

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

The compilation and filing of the data required reflects the complexity of the municipal securities dealing business. Improved technology, in the form of the CRD system, may somewhat reduce the burden for non-bank municipal securities dealers. The CRD system is a computerized data processing and filing system operated by the National Association of Securities Dealers (“NASD”), which maintains registration information regarding NASD member firms and their registered personnel for access by state regulators, certain self-regulatory organizations, and the Commission. This collection system reduces the regulatory burden upon non-bank municipal securities dealers by permitting them to file applications for registration, and amendments thereto, at one central location, rather than having to file separately with the Commission, the NASD, and many state securities commissions. Information received by the NASD is entered into the CRD system and then electronically forwarded to the Commission.

4. Efforts to Identify Duplication

This rule endeavors to avoid duplication by allowing a fiduciary to continue a registered municipal securities dealer’s business based only upon the disclosure of information necessary to protect the investing public.

5. Effects on Small Entities

The statements requested are not extensive, and therefore the collection of information is not unduly burdensome for small entities.

6. Consequences of Less Frequent Collection

These statements are required only upon the occurrence of a single event. Therefore, collection could be no less frequent.

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

Not applicable. The Rule is not inconsistent with 5 CFR 1320.5(d)(2).

8. Consultations Outside the Agency

Not applicable. Consultations outside the Commission are not conducted with regard to this rule.

9. Payment of Gift to Respondents

Not applicable.

10. Assurance of Confidentiality

Not applicable. Form MSD is a public document, and statements regarding a fiduciary continuing the business would be public as well. Respondents receive no assurance of confidentiality.

11. Sensitive Questions

There are no questions of a sensitive nature asked, except those related to the securities industry that are necessary to protect investors as required by federal securities law.

12. Estimate of Respondent Reporting Burden

The burden of information collection is estimated to involve approximately 1 respondent making 1 response per year. The response is estimated to require an average of 4 hours. Thus, the total compliance burden is estimated to be 4 burden hours per year.

13. Estimate of Cost to Respondents

The approximate cost per hour is \$20, resulting in a total annual compliance cost of approximately \$80 (i.e., 4 hours x \$20).

14. Estimate of Cost to the Federal Government

On an annual basis, the Commission receives approximately one Form MSD filed pursuant to Exchange Act Rule 15Ba2-5. The Commission's staff estimates that the cost of processing a single Form MSD is \$70. This figure is based on our computation of the value of the staff time devoted to processing forms and the related overhead, valued at 35 percent of the value of the staff time. These costs are the same if a fiduciary submits a statement rather than a Form MSD. Cost figures relevant to the Commission's processing of Form BD filed by fiduciaries are found in the Commission's SF-83A with respect to Exchange Act Rule 15B1-4 (SEC File No. 270-9). These estimates have been computed according to guidelines set forth in GSA, Guide to Estimating Reporting Costs (1973).

15. Explanation of Changes in Burden

Not applicable.

16. Information Collections Planned for Statistical Purpose

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.

Rule 15B2-5 does not employ statistical methods.