

Rule 10b-10 Correction to Estimate of Respondent Reporting Burden

The Commission staff notes that the annual burden estimate for brokers-dealers to comply with the confirmation delivery requirements of Rule 10b-10 should be revised downward, from 280,000,000 hours to approximately 140,000,000 hours. The Commission staff had previously estimated that approximately 16.8 billion transaction confirmations were sent annually, and that it took about one minute to generate and send a confirmation. The Commission is revising this estimate to reflect the most recent information collected from industry participants. The Commission currently estimates that it would take an average of 30 seconds to generate and send a confirmation. As a result, the Commission staff estimates that the annual burden to brokers-dealers to comply with the confirmation delivery requirements of Rule 10b-10 would be approximately 140,000,000 hours.

Correction to Estimate of Total Annualized Cost Burden

Since 1996, the Commission has permitted broker-dealers to comply with Rule 10b-10 by means of electronic communications. The Commission had previously estimated that broker-dealers used electronic confirmations as their sole confirmations for approximately 25 percent of transactions, and that for the remaining 75 percent of transactions, broker-dealers continued to send paper confirmations. The Commission is revising this estimate to reflect the most recent information collected from industry participants. The Commission currently estimates that broker-dealers use electronic confirmations as their sole confirmations for approximately 35 percent of transactions, and that for the remaining 65 percent of transactions, broker-dealers continue to send paper confirmations.

The Commission staff calculates that, as a result, approximately 10,920,000,000 paper confirmations are mailed to customers each year. This estimate is revised downward from the previous estimate of 12,600,000,000 paper confirmations each year. The Commission staff estimates that the average cost for paper confirmations, including postage, for a one-page confirmation is approximately 54 cents. This estimate is revised downward from the previous estimate of 96 cents per one-page confirmation. Based on these calculations, the Commission staff estimates that the total annual cost associated with generating and mailing paper confirmations would be \$5,896,800,000. This estimate is revised downward from the previous estimate of \$12,096,000,000.

As explained above, the Commission staff currently estimates that approximately 35 percent of confirmations generated are sent by electronic means alone. This means that approximately 5,880,000,000 wholly electronic confirmations are sent each year. This estimate is revised upward from the previous estimate of 4,200,000,000 electronic confirmations. Based on discussions with industry participants, the Commission staff estimates that the cost of each wholly electronic confirmation is approximately 39 cents. This estimate is revised downward from the previous estimate of 52 cents per electronic confirmation. Based on these calculations, the Commission staff estimates that the total annual cost associated with generating and sending wholly electronic confirmations is \$2,293,200,000. This estimate is revised upward from the previous estimate of \$2,184,000,000.

The Commission staff estimates that the total annual cost associated with generating and delivering to investors the information required under Rule 10b-10 would be \$8,190,000,000.