

PAPERWORK REDUCTION ACT SUBMISSION

Rule 19b-4, Form 19b-4 and Rule 3Ca-1

SUPPORTING STATEMENT

This submission is being made pursuant to the Paperwork Reduction Act of 1995, 44 U.S.C. Section 3501 et seq.

A. Justification

1. Necessity of Information Collection

A. Rule 19b-4, Form 19b-4

The Securities Exchange Act of 1934 (“Exchange Act”) provides a framework for self-regulation within which national securities exchanges, national securities associations, and registered clearing agencies have primary responsibility for regulating their members or participants, and the Municipal Securities Rulemaking Board is responsible for establishing rules for certain transactions in municipal securities. The Exchange Act charges the Commission with supervising each of these organizations (generally referred to as self-regulatory organizations or “SROs”) and with assuring that each complies with and advances the policies of the Exchange Act. As part of its oversight responsibilities, the Commission is required to review changes in the rules of the various SROs.

Section 19(b) of the Exchange Act, as amended, requires each SRO to file with the Commission, in accordance with such rules as the Commission may prescribe, copies of any proposed rule, or any proposed change in, addition to, or deletion from the rules of such SRO (collectively, a “proposed rule change”) accompanied by a concise general statement of the basis and purpose of such proposed rule change. Rule 19b-4 currently requires an SRO seeking Commission approval for a proposed rule change to provide the information stipulated in Form 19b-4. Form 19b-4 currently requires a description of the terms of a proposed rule change, the proposed rule change’s impact on various market segments, and the relationship between the proposed rule change and the SRO’s existing rules. Form 19b-4 also requires an accurate statement of the authority and statutory basis for, and purpose of, the proposed rule change, the proposal’s impact on competition, and a summary of any written comments received by the SRO from SRO members. An SRO also is required to submit Form 19b-4 to the Commission electronically, post a proposed rule change on its public website within two business days of its filing, and to post and maintain a current and complete set of its rules on its website.

The Commission is required to publish notice of a proposed rule change filing together with the terms of substance of the proposed rule change or a description of the subjects and issues involved, and to give interested persons an opportunity to submit written data, views, and arguments concerning such proposed rule change. The Commission must either approve or disapprove a proposed rule change not later than 45 days after the date of publication in the Federal Register, which publication must be made by the Commission within 15 days after an SRO files the proposed rule change with the Commission and subsequently posts it on its website. The Commission may,

with the consent of the SRO, extend the time period for approval or disapproval by up to an additional 45 days if it determines that a longer period is appropriate and publishes the reasons for such determination. In order to approve a proposed rule change, the Commission must make an affirmative finding that the proposed rule change is consistent with the Exchange Act and the rules thereunder.

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”).¹ The Dodd-Frank Act was enacted, among other purposes, to promote the financial stability of the United States by improving accountability and transparency in the financial system and by providing for enhanced regulation and oversight of systemically important institutions. Title VII and Title VIII of the Dodd-Frank Act are intended to further these goals and mitigate systemic risk in part by imposing new requirements with respect to clearing agencies. As noted, registered clearing agencies are SROs under the Exchange Act and must file proposed rule changes with the Commission on Form 19b-4.

Section 763(a) of Title VII and Section 806(e) of Title VIII, and the rules proposed by the Commission to implement Section 763(a) and Section 806(e), would impose new collection of information requirements on registered clearing agencies. The Commission is proposing to require that the information be collected on Form 19b-4 in order to utilize existing resources. These new reporting requirements are in addition to the information currently required by Rule 19b-4 and Form 19b-4 and would not otherwise change the collection of information requirements currently in Rule 19b-4 and Form 19b-4.

Section 763(a) of the Dodd-Frank Act added Section 3C to the Exchange Act (“Exchange Act Section 3C”), which requires a clearing agency to submit for a Commission determination of whether such security-based swap is required to be cleared, any security-based swap, or any group, category, type or class of security-based swaps that the clearing agency plans to accept for clearing (“Security-Based Swap Submissions”), and provide notice to its members of such submissions.² The Commission is proposing new Rule 19b-4(o) to meet the requirements set forth in Exchange Act Section 3C. Section 806(e) of the Dodd-Frank Act (“Section 806(e)”) requires that any financial market utility designated as systemically important by the Financial Stability Oversight Council (“Council”), file with the Commission advance notices (“Advance Notices”) of proposed changes to its rules, procedures or operations that could, as defined by the rules of each Supervisory Agency, materially affect the nature or level of risk presented by the financial market utility.³ Clearing agencies registered with the Commission are financial market utilities as defined in Title VIII of the Dodd-Frank Act and the Commission may be the Supervisory Agency to a clearing agency that is designated as systemically important by the

¹ The Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. No. 111-203, H.R. 4173).

² See Pub. L. No. 111-203, Section 763(a).

³ 12 U.S.C. 5465(e).

Council (“designated clearing agency”).⁴ A designated clearing agency must comply with the notice process as soon as the Council designates the clearing agency as systemically important. The Commission is proposing new Rule 19b-4(n) to meet the requirements set forth in Section 806(e).

The Commission anticipates that in many cases, a clearing agency will be required to make a Security-Based Swap Submission under Exchange Act Section 3C or file an Advance Notice under Section 806(e) when it is already required to file a proposed rule change under Exchange Act Section 19(b). Accordingly, under the proposed amendments, clearing agencies would be able to submit on a Form 19b-4, a proposal under Exchange Act Section 3C or Section 806(e) that they are already required to submit under Exchange Act Section 19(b). In some cases, however, a clearing agency may be required to file a proposal under Exchange Act Section 3C or Section 806(e) and not under Exchange Act Section 19(b), such as where a proposal materially affects the nature or level of risks presented by the clearing agency but does not change the rules of the clearing agency.

In addition, Exchange Act Section 3C and Section 806(e) each require information to be provided as part of the filing that is in addition to the information required to be filed with a proposed rule change under Exchange Act Section 19(b). A clearing agency would be required to include as part of the Security-Based Swap Submission a statement that includes, but is not limited to: (i) how the submission is consistent with Exchange Act Section 17A; (ii) information that will assist the Commission in the quantitative and qualitative assessment of the factors specified in Exchange Act Section 3C; and (iii) how the rules of the clearing agency meet the criteria for open access.

The proposed amendments to Rule 19b-4 also would require a clearing agency to post certain information on its website, and require an SRO that does not post a proposed rule change on its website on the same day that it filed the proposal with the Commission to inform the Commission of the date on which it posted such proposal on its website.⁵ Security-Based Swap Submissions and Advance Notices, and any amendments thereto, would be required to be posted on a clearing agency’s website within two business days of filing the information with the

⁴ Pursuant to Section 803(8) of Title VIII, the Commission is the Supervisory Agency for any financial market utility that is a Commission-registered clearing agency and the CFTC is the Supervisory Agency for any financial market utility that is a CFTC-registered derivatives clearing organizations (“DCO”). To the extent that an entity is both a Commission-registered clearing agency and a CFTC-registered DCO, the statute requires the two agencies to agree on one agency to act as the Supervisory Agency, and if the agencies cannot agree on which agency has primary jurisdiction, the Council shall decide which agency is the Supervisory Agency for purposes of Title VIII. 12 U.S.C. 5462(8).

⁵ Proposed Rule 19b-4(l).

Commission.⁶ The information generally shall remain posted on the clearing agency’s website until a determination is made with respect to the Security-Based Swap Submission or the Advance Notice becomes effective. A clearing agency also would be required to post notice on its website of the effectiveness of any change to its rules, procedures, or operations referred to in an Advance Notice within two business days of the effective date determined in accordance with Section 806(e).⁷

As discussed previously, the Commission anticipates that in many cases, a proposed change that a clearing agency intends to make will trigger the requirements of more than one of these processes.⁸ Accordingly, the Commission is proposing to amend Rule 19b-4 to require that Security-Based Swap Submissions and Advance Notices be submitted electronically on Form 19b-4. In addition, the Commission is proposing to amend Form 19b-4 by revising the form and the instructions to the form to allow a clearing agency to indicate whether it is filing under Exchange Act Section 3C, Section 806(e), Exchange Act Section 19(b), or a combination of the three. Such changes are being made to avoid duplicative filings and to streamline the process and burden on clearing agencies and the Commission. However, each filing requirement is distinct and subject to different statutory standards for Commission review.

B. Proposed Rule 3Ca-1

Exchange Act Section 3C states that, after making a determination that a security-based swap (or group, category, type or class of security-based swap) is required to be cleared, the Commission, on application of a counterparty to a security-based swap or on the Commission’s own initiative, may stay the clearing requirement until the Commission completes a review of the terms of the security-based swap and the clearing arrangement.⁹ Proposed Rule 3Ca-1 would establish a procedure for staying the clearing requirement and the Commission’s subsequent review of the terms of the security-based swap and the clearing arrangement.

⁶ Proposed Rule 19b-4(n)(3) and Proposed Rule 19b-4(o)(5).

⁷ Proposed Rule 19b-4(n)(4).

⁸ Title VII contains a clause, which provides in pertinent part, that “[u]nless otherwise provided by its terms, [Subtitle B] does not divest...the Securities and Exchange Commission. . . of any authority derived from any other provision of applicable law.” See Section 771 of the Dodd-Frank Act. Similarly, Section 811 of Title VIII provides that “[u]nless otherwise provided by its terms, this title does not divest any appropriate financial regulator, any Supervisory Agency, or any other Federal or State agency, of any authority derived from any other applicable law, except that any [risk management] standards prescribed by the [Board] under section 805 shall supersede any less stringent requirements established under other authority to the extent of any conflict.”

⁹ See Pub. L. No. 111-203, section 763(a) (adding Exchange Act Section 3C(c)(1)).

C. Amendments to Rule 19b-4 relating to Section 916 of the Dodd-Frank Act

The Commission is proposing to amend Rule 19b-4 and Form 19b-4 to conform to the requirements specified in Exchange Act Section 19(b), as amended by Section 916 of the Dodd Frank Act,¹⁰ which require an SRO inform the Commission of the date on which it posted a proposed rule change on its website (if the posting did not occur on the same day that the SRO filed the proposal with the Commission). Under Exchange Act Section 19(b)(2)(E),¹¹ as amended by the Dodd-Frank Act, the Commission is required to send an SRO notice of a proposed rule change to the Federal Register for publication within 15 days of the date on which the SRO's website publication is made. The Commission is proposing to amend Rule 19b-4 to provide that if an SRO does not post a proposed rule change on its website on the same day that it files the proposal with the Commission, then the SRO shall inform the Commission of the date on which it posted such proposal on its website.

2. Purpose and Use of the Information Collection

A. Proposed Amendments to Rule 19b-4 and Form 19b-4

The information currently required under Rule 19b-4 and reported on Form 19b-4 is used by the Commission to review rule change proposals filed by SROs pursuant to Exchange Act Section 19(b)(1)¹² and to provide notice of the proposals to the general public. The Commission relies upon the information received in SRO filings, as well as public comment regarding the information, in reviewing and reaching decisions about whether to approve a proposed rule change.

The information to be provided by clearing agencies pursuant to the proposed amendments to Rule 19b-4 and Form 19b-4 would be used by the Commission to evaluate Security-Based Swap Submissions and Advance Notices. The Commission would use the information filed on Form 19b-4 related to Security-Based Swap Submissions to determine whether the security-based swap or any group, category, type or class of security-based swaps described in the Security-Based Swap Submission is required to be cleared pursuant to Exchange Act Section 3C(1).

The Commission would use the information on Form 19b-4 related to Advance Notices filed under Section 806(e) to determine the effect on the nature or level of risks that would be presented by a designated clearing agency based on a proposed change to its rules, procedures or operations, and the expected effects on risk to the designated clearing agency, its participants and the market and to determine whether the Commission should make an objection to the proposed change. In addition, the information on the form would be provided to the Board of Governors

¹⁰ Pub. L. No. 111-203, section 916 (amending Exchange Act Section 19(b)(2)).

¹¹ 15 U.S.C. 78s(b)(2)(E).

¹² 15 U.S.C. 78s(b)(1).

of the Federal Reserve System (“Board”) because the Commission is required to provide copies of all Advance Notices and any additional information provided by the designated clearing agency relating to the Advance Notice and to consult with the Board before taking any action on or completing its review of an Advance Notice. In some instances, the Commission also may use the information on the form to determine whether to allow a proposed change to take effect in less than 60 days following the receipt of the Advance Notice and to determine whether a change made on an emergency basis was warranted or whether it should be modified or rescinded.

The information proposed to be filed on Form 19b-4 relating to Exchange Act Section 3C and Section 806(e) also could be used by participants of the clearing agency, market participants, other clearing agencies, or the general public to comment on the proposal, as the Commission is proposing to require that a clearing agency post the information on its website. In addition, pursuant to Exchange Act Section 3C, a clearing agency would be required to provide its members with notice of the Security-Based Swap Submission. As with proposed rule changes under Exchange Act Section 19(b), the Commission would solicit comment from interested parties on proposals filed under Exchange Act Section 3C and Section 806(e). Interested parties could use the information to comment on the proposed change and to provide feedback on the development of the clearing agency’s service offerings and the rules, procedures and operations of the clearing agency.

B. Proposed Rule 3Ca-1

The information provided as required by proposed Rule 3Ca-1 will be used by the Commission to determine whether to grant the stay of the clearing requirement sought by a counterparty and to review whether the clearing requirement will continue to apply to such security-based swap, or group, category, type, or class of security-based swaps.

C. Amendments to Rule 19b-4 relating to Section 916 of the Dodd-Frank Act

The information collected by the Commission with respect to the date on which the SRO posted a proposed rule change on its website (if such posting date is not the same as the filing date) will be used to inform the Commission of the date by which the Commission must send the SRO notice to the Federal Register for publication.

3. Consideration Given to Information Technology and Obstacles to Reducing Burden

The proposed amendments to Rule 19b-4 and Form 19b-4 are designed to facilitate the Security-Based Swap Submission and Advance Notice filing processes and make the processes efficient by utilizing the existing infrastructure for proposed rule changes, thereby conserving both clearing agency and Commission resources. When amended, Form 19b-4 will enable clearing agencies to electronically submit to the Commission Security-Based Swap Submissions, Advance Notices and any amendments thereto.

The Commission has recommended using the Electronic Form 19b-4 Filing System

("EFFS") and Form 19b-4 for Security-Based Swap Submissions and Advance Notice filings. Currently, EFFS is used by SROs, which include registered clearing agencies, to file proposed rule changes electronically with the Commission pursuant to Exchange Act Section 19(b). SRTS is the internal Commission system for SRO proposed rule change filings. The Commission is proposing to require clearing agencies to use EFFS for the filing of Security-Based Swap Submissions and Advance Notices because registered clearing agencies already use EFFS for Exchange Act Section 19(b) filings and because there are similarities between the requirement to file proposed rule changes under Exchange Act Section 19(b) and the new requirements under the Dodd-Frank Act to file Security-Based Swap Submissions and Advance Notices.

4. Duplication

Prior to the enactment of the Dodd-Frank Act, clearing agencies did not submit or file information with the Commission that is required under Exchange Act Section 3C and Section 806(e). As discussed previously, the Commission anticipates that in many cases, a clearing agency may take an action that would trigger more than one of the filings requirements under Exchange Act Section 19(b), Exchange Act Section 3C and Section 806(e).

The Commission seeks to streamline the filing processes for Exchange Act Section 19(b), Exchange Act Section 3C and Section 806(e) by proposing that all such filings be made electronically on Form 19b-4. The amendments to Rule 19b-4 and to Form 19b-4 are being proposed to avoid duplicative filings and to streamline the process and burden on clearing agencies and the Commission. However, the filing requirements of Exchange Act Section 3C, Section 806(e) and Exchange Act Section 19(b) are distinct from each other and subject to different statutory standards for Commission review.

5. Reducing the Burden on Small Entities

Not applicable. None of the SROs subject to the collection of information is a small entity, as that term applies to this Item 5.

6. Consequences of Not Conducting the Collection

The collection of information is required with respect to any proposed rule change, Security-Based Swap Submission, Advance Notice, or stay of clearing application. Any less frequent collection would deprive the Commission of the information on proposed rule changes, Security-Based Swap Submissions, Advance Notices or stay of clearing applications it needs to comply with its statutory obligations under the Exchange Act and Title VII and Title VIII of the Dodd-Frank Act.

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

The information collection is consistent with the general information collection guidelines imposed for public protection as set forth in 5 CFR 1320.5(d)(2).

8. Consultations Outside the Agency

The Commission has issued a release soliciting public comment on the new “collection of information” requirements and associated paperwork burdens. A copy of the release is attached. Comments on Commission releases are generally received from registrants, investors, and other market participants. In addition, the Commission and staff participate in ongoing dialogue with representatives of various market participants through public conferences, meetings and informal exchanges. Any comments received on this proposed rulemaking will be posted on the Commission’s public website, and made available using the following link [Rule 19b-4 Public Comments](#). The Commission will consider all comments received prior to publishing the final rule, and will explain in any adopting release how the final rule responds to such comments, in accordance with 5 C.F.R. 1320.11(f). The Commission has consulted with the Commodity Futures Trading Commission, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Farm Credit Administration and the Federal Housing Finance Agency.

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality

Not applicable. A clearing agency’s Security-Based Swap Submission, Advance Notice, or proposed rule change when filed with the Commission, is public information. While there is a general requirement that information be made publicly available, SROs may request confidential treatment of certain information in accordance with the Freedom of Information Act. 5 U.S.C. 552.

11. Sensitive Questions

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

12. Estimate of Respondent Reporting Burden

In order to estimate the collection of information burdens on the respondents, the Commission received informal comments from some clearing agencies that would be subject to the new requirements in the proposed amendments to Rule 19b-4, Form 19b-4, and proposed Rule 3Ca-1. These clearing agencies emphasized that the estimated burdens would depend in large part on the rules ultimately adopted by the Commission to define and determine how frequently Security-Based Swap Submissions and Advance Notices would be required to be filed and the nature and extent of information that would be required with each filing. In addition, these clearing agencies stated that the burden per filing could vary widely, depending on the complexity of each individual filing. For example, some clearing agency proposals may require more information or analysis to be submitted as part of the filing. These clearing agencies also stated that the annual burden also could vary widely from year to year depending on the number of new proposals the clearing agency makes in a particular year. As a result, the estimates

provided by the clearing agencies are preliminary and may change after the clearing agencies have the opportunity to review and closely evaluate the proposed rules.

The Commission received informal comments from staff of eight clearing agencies. The estimates varied among clearing agencies, and therefore the Commission is using conservative numbers in developing its estimates for the PRA. In addition, in order to provide a conservative estimate, the Commission has calculated the burden for the requirements related to Advance Notices assuming that they would apply to all ten clearing agencies and the burden for the requirements related to Security-Based Swap Submissions assuming they would apply to six clearing agencies.

A. Rule 19b-4 Changes in Estimates

An SRO rule change proposal is generally filed with the Commission after an SRO's staff has obtained approval by its board of directors. The time required to complete a filing varies significantly and is difficult to separate from the time an SRO spends in developing internally the proposed rule change. In 2008, OMB approved a request to extend the existing collection of information provided for in Rule 19b-4 and Form 19b-4. See 73 FR 5245 (January 29, 2008) (Submission for OMB review; comment request). The PRA analysis conducted in 2008 estimated that the average time to complete a proposed rule change filing was 23.22 hours, without differentiating between average and complex rule filings.¹³

In fiscal year 2009, 25 SRO respondents filed 1,405 rule change proposals subject to the current collection of information. Of this total, the Commission estimates that 60 proposed rule changes could be characterized as novel or complex and 1345 proposed rule changes could be characterized as average. The Commission estimates that the total annual reporting burden for filing proposed rule changes with the Commission under the proposed amendments to Rule 19b-4 and Form 19b-4 will be 66,302.8 hours (((1,345/25) average rule change proposals per

¹³ In a PRA analysis conducted in 2004 in connection with amendments to Rule 19b-4 and Form 19b-4, the Commission estimated that 34 hours is the amount of time that would be required to complete an average proposed rule change filing and 129 hours is the amount of time required to complete a novel or complex proposed rule change. See Exchange Act Release No. 50486 (October 4, 2004), 69 FR 60287 (October 8, 2004). In light of the changes made to Exchange Act Section 19(b) pursuant to Section 916 of the Dodd-Frank Act, which provides for new deadlines by which the Commission must publish and act upon proposed rule changes, the Commission has decided to revert to the figures contained in the PRA analysis conducted in 2004 and preliminarily estimates that it will take 34 hours to complete an average proposed rule change filing and 129 hours to complete a complex proposed rule change filing. Specifically, the shortened time period by which proposed rule changes will be reviewed by the Commission is likely to cause the SROs to spend additional time preparing and checking the filing, as there will be less time for them to correct a filing after it has been made, justifying the use of the more conservative estimates.

respondent X 31 respondents¹⁴ X 34 hours) + ((60/25) complex rule change proposals per respondent X 31 respondents X 129 hours)).¹⁵ Thus, on average, the reporting burden for filing proposed rule changes is 38.06 hours (66,302.8 hours/(1668 average rule change proposals + 74 complex rule change proposals)).

The Commission previously estimated that an SRO would take four hours to post proposed rule change proposals, and amendments under Exchange Act Section 19(b) on its website and four hours to update the posted SRO rules on its website once the proposed rules become effective.¹⁶ The Commission believes that these estimates remain valid. In addition, of the 1,405 proposed rule changes filed in fiscal year 2009, 1,071 were approved or non-abrogated. Accordingly, the total annual reporting burden for SROs to post proposed rule changes on their websites and to update their posted rules on their websites once the proposed rules become effective will be 12,280 hours ((1,071/25) average responses per respondent X 31 SRO respondents) approved or non-abrogated rules X four hours = 5312 hours) + ((1,405/25) average responses per respondent X 31 SRO respondents) rule change proposals X four hours) = 6968 hours).

B. Internal Policies and Procedures

The Commission believes that security-based swap clearing agencies could incur some one-time burdens associated with training their personnel about the procedures for submitting Security-Based Swap Submissions and/or Advance Notices in electronic format through EFFS. Based on staff discussions with the clearing agencies, the Commission estimates that each security-based clearing agency will spend approximately 20 hours training all staff members who will use EFFS to submit Security-Based Swap Submissions, Advance Notices and/or proposed rule changes electronically. Accordingly, the Commission estimates that the total one-time burden of training staff members of security-based clearing agencies to use EFFS will be 120 hours (six clearing agencies X 20 hours) or 40 hours annualized over three years.

Going forward, the Commission estimates that each existing SRO (including currently-registered clearing agencies) will spend approximately 10 hours annually training new staff members and updating the training of existing staff members to use EFFS, resulting in a total annual burden of 310 hours ((six securities-based swaps clearing agencies X 10 hours) + (25 SROs X 10 hours)). The Commission believes that only a minimal amount of EFFS training will be submission-specific and that training a person to submit either a proposed rule change, Security-Based Swap Submission or Advance Notice will generally be sufficient to allow such

¹⁴ The number of projected SROs is equal to 31 (25 currently registered SROs + six clearing agencies).

¹⁵ The average number of proposed rule change filings per clearing agency may be overestimated because clearing agencies generally file fewer proposed rule changes as compared to other SROs.

¹⁶ See supra note 13.

person to make one or more of the other types of submissions.

The Commission estimates that there will be a one-time paperwork burden of 130 hours for each clearing agency that makes Security-Based Swaps Submissions to draft and implement internal policies and procedures relating to using EDFS to submit Security-Based Swap Submissions, Advance Notices and proposed rule changes with the Commission, for a total of 780 hours (130 hours X six clearing agencies) or 260 hours annualized over three years. In addition, the Commission estimates that there will be a one-time paperwork burden of 30 hours for each currently-registered clearing agency to draft and implement modifications to existing internal policies and procedures for using EDFS in order to update them for submitting Security-Based Swap Submissions and/or Advance Notices with the Commission for a total of 120 hours (30 hours X four currently-registered clearing agencies), or 40 hours annualized over three years.

C. Proposed Rule 19b-4(o)(1) Security-Based Swap Submissions

The time required by clearing agencies to prepare, review and submit Security-Based Swap Submissions to comply with proposed Rule 19b-4(o)(1) likely will vary significantly based on the unique characteristics of each Security-Based Swap Submission and the submitting clearing agency. The Commission estimates that the amount of time that a clearing agency would require to internally prepare, review and submit a Security-Based Swap Submission is 140 hours. The Commission also estimates that each clearing agency will submit 20 Security-Based Swap Submissions annually. Accordingly, the Commission estimates that the total annual reporting burden for clearing agencies submitting Security-Based Swap Submissions electronically with the Commission under proposed Rule 19b-4(o)(1) will be 16,800 hours (20 Security-Based Swap Submissions X 140 hours X six clearing agencies).

D. Proposed Rule 19b-4(n)(1) Advance Notices and Proposed Rule 19b-4(n)(5) Submission of Copies of Advance Notices to the Board

With respect to Advance Notices, the Commission estimates that the amount of time that designated clearing agency representatives will require to internally prepare, review and electronically file each Advance Notice with the Commission is 90 hours. The Commission estimates that each designated clearing agency will submit 35 Advance Notices to the Commission annually. Accordingly, the Commission estimates that the total annual reporting burden on designated clearing agencies submitting Advance Notices electronically with the Commission under the proposed amendments to Rule 19b-4 and Form 19b-4 will be 31,500 hours (35 Advance Notices X 90 hours X ten clearing agencies).

The Commission estimates that two hours would be required by designated clearing agencies to comply with the requirement to provide to the Board copies of all materials submitted to the Commission relating to an Advance Notice contemporaneously with such submission to the Commission. As noted above, the Commission estimates that each designated clearing agency will submit 35 Advance Notices to the Commission annually. Accordingly, the Commission estimates that the total annual reporting burden on designated clearing agencies to comply with the requirement to provide to the Board copies of all materials submitted to the

Commission relating to an Advance Notice contemporaneously with such submission to the Commission will be 700 hours (35 Advance Notices X 2 hours X ten clearing agencies).

Accordingly, the Commission estimates that the total annual reporting on burden on designated clearing agencies filing Advance Notices electronically with the Commission and providing to the Board copies of all materials submitted to the Commission relating to an Advance Notice contemporaneously with such submission to the Commission under proposed Rule 19b-4(n)(1) proposed Rule 19b-4(n)(5) will be 32,200 hours (31,500 hours + 700 hours).

E. Updating Clearing Agencies Websites to Provide Capability to post Security-Based Swap Submissions, Advance Notices and Proposed Rule Changes on Clearing Agencies Websites

The Commission believes that clearing agencies that make Security-Based Swaps Submissions could incur some one-time costs associated with posting Security-Based Swap Submissions, Advance Notices and proposed rule changes on their websites. The Commission estimates that each clearing agency that makes Security-Based Swaps Submissions will spend approximately 15 hours creating or updating its existing website in order to provide the capability to post these submissions online resulting in a total one-time burden of 90 hours (six clearing agencies X 15 hours), or 30 hours annualized over three years.

F. Proposed Rule 19b-4(o)(5) Website Posting of Security-Based Swap Submissions

The Commission estimates that four hours would be required by a clearing agency to post a Security-Based Swap Submission on its website. The Commission estimates that the total annual reporting burden for clearing agencies to post Security-Based Swap Submissions on their websites will be 480 hours (20 Security-Based Swap Submissions X four hours X six clearing agencies).

G. Proposed Rule 19b-4(n)(3) Posting of Advance Notices on Designated Clearing Agency Websites.

The Commission estimates that four hours would be required by a designated clearing agency to post an Advance Notice on its website. The Commission therefore estimates that the total annual reporting burden for designated clearing agencies to post Advance Notices on their websites will be 1,400 hours (35 Advance Notices X four hours X ten clearing agencies).

H. Proposed Rule 19b-4(n)(4) Designated Clearing Agency Website Posting of Notice of Change to Rules, Procedures, or Operations Referred to in Advance Notices.

The Commission estimates that four hours would be required by a designated clearing

agency to post notice on its website of any change to its rules, procedures or operations referred to in an Advance Notice once it has been permitted to take effect. The Commission therefore estimates that the total annual reporting burden for designated clearing agencies to post Advance Notices on their websites will be 1,400 hours (35 Advance Notices X four hours X ten clearing agencies).

I. Proposed Rule 3Ca-1 Stay of Clearing Requirement

As described above, in order to estimate the collection of information burdens, the Commission received informal comments from a few clearing agencies that would be subject to proposed Rule 3Ca-1. As the comments varied among clearing agencies, the Commission has generally used conservative responses in developing its estimates for the PRA.

The Commission estimates that a clearing agency will spend approximately 18 hours to retrieve, review and submit the information associated with the stay of the clearing requirement. The Commission estimates that each clearing agency will be required to provide information requested by the Commission in the course of its reviews of five requests for a stay of the clearing requirement, resulting in a total annual reporting burden of 540 hours (five stay applications X 18 hours to retrieve, review and submit the stay of clearing information X six clearing agencies).

J. Amendment to Conform to Section 916 of the Dodd-Frank Act

The Commission estimates that the requirement that an SRO inform the Commission of the date on which it posted a proposed rule change on its website (if the posting did not occur on the same day that the SRO filed the proposal with the Commission) will impose only a minimal burden, if any, on an SRO.

Based on its experience receiving and reviewing proposed rule changes filed by SROs, the Commission estimates that SROs will fail to post proposed rule changes on their websites on the same day as the filing was made with the Commission in 1% of all cases, or 14 times each year. Further, the Commission estimates that each SRO will spend approximately one hour preparing and submitting notice to the Commission of the date on which it posted the proposed rule change on its website, resulting in a total annual burden of 14 hours.

K. Summary of Hourly Burdens

The table below summarizes, the Commission’s preliminarily estimates of the total hourly reporting burden for the clearing agencies under the proposed amendments to Rule 19b-4, Form 19b-4 and proposed Rule 3Ca-1.

Nature of Information Collection Burden	Annualized Hourly Burden Estimate
Proposed rule change filings	66,303

Nature of Information Collection Burden	Annualized Hourly Burden Estimate
Posting of proposed rules changes and updating posted rules on websites once the proposed rules become effective	12,280
Preparing, reviewing and submitting Security-Based Swap Submissions	16,800
One-time burdens to train staff to use EFFS	40
Annual training to update staff members on using EFFS	310
One-time burdens to draft and implement procedures related to using EFFS	260
One-time burdens to draft and implement modifications to existing policies and procedures related to EFFS	40
Preparing, reviewing and filing Advance Notices	31,500
Preparing and submitting copies of Advance Notices to the Board	700
Creating or updating existing websites to post Security-Based Swap Submissions, Advance Notices and proposed rule changes	30
Posting Security-Based Swap Submissions on websites	480
Posting Advance Notices on websites	1400
Posting notices of changes to rules, procedures or operations referred to in Advance Notices on websites	1400
Retrieving, reviewing and submitting information to the Commission relating to an application to stay the mandatory clearing requirement	540
Conforming to Section 916 of the Dodd-Frank Act	14
TOTAL	132,097

13. Estimate of Total Annual Cost BurdenA. Rule 19b-4 Changes in Estimates

The Commission does not expect clearing agencies to incur any material additional costs in connection with the electronic submission of proposed rule changes.

B. Internal Policies and Procedures

The Commission does not expect the clearing agencies to incur any one-time or ongoing material additional costs in connection with training their personnel about the procedures for submitting Security-Based Swap Submissions and/or Advance Notices in electronic format through EFFS. In addition, the Commission does not expect the clearing agencies to incur any one-time or ongoing material additional costs in connection with the drafting and implementation of internal policies and procedures relating to using EFFS to submit Security-Based Swap Submissions, Advance Notices, and proposed rule changes with the Commission

C. Proposed Rule 19b-4(o)(1) Security-Based Swap Submissions

The Commission estimates that a clearing agency would require 60 hours of outside legal work to prepare, review and submit a Security-Based Swap Submission. The Commission also estimates that each clearing agency will submit 20 Security-Based Swap Submissions annually. Assuming an hourly cost of \$354 for an outside attorney,¹⁷ the total annual cost in the aggregate for the six clearing agencies to meet these requirements would be \$2,548,800 (60 hours X \$354 per hour for an outside attorney X 20 Security-Based Swap Submissions X six clearing agencies).

D. Proposed Rule 19b-4(n)(1) Advance Notices and Proposed Rule 19b-4(n)(5) Submission of Copies of Advance Notices to the Board

With respect to Advance Notices, the Commission estimates that a designated clearing agency will require 40 hours of outside legal work to prepare, review and electronically file each Advance Notice with the Commission. The Commission estimates that each designated clearing agency will submit 35 Advance Notices to the Commission annually. Assuming an hourly cost of \$354 for an outside attorney,¹⁸ the total annual cost for the ten clearing agencies to meet these requirements would be \$4,956,000 (40 hours X \$354 per hour for an outside attorney X 35 Advance Notices X ten respondents).

¹⁷ The hourly rate for an attorney is from SIFMA's Management & Professional Earnings in the Securities Industry 2010, modified by the Commission's staff to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

¹⁸ See supra Note 17.

The Commission does not expect clearing agencies to incur any material additional costs in connection with the requirement to provide to the Board copies of all materials submitted to the Commission relating to an Advance Notice contemporaneously with such submission to the Commission.

E. Updating Clearing Agencies Websites to Provide Capability to post Security-Based Swap Submissions, Advance Notices and Proposed Rule Changes on Clearing Agencies Websites

The Commission does not expect clearing agencies to incur any material additional costs in connection with creating or updating their existing websites in order to provide the capability to post Security-Based Swap Submissions, Advance Notices, or proposed rule changes on their websites.

F. Proposed Rule 19b-4(o)(5) Website Posting of Security-Based Swap Submissions

The Commission does not expect clearing agencies to incur any material additional costs in connection with posting Security-Based Swap Submissions on their websites.

G. Proposed Rule 19b-4(n)(3) Posting of Advance Notices on Designated Clearing Agency Websites

The Commission does not expect designated clearing agencies to incur any material additional costs in connection with the posting of Advance Notices on their websites.

H. Proposed Rule 19b-4(n)(4) Designated Clearing Agency Website Posting of Notice of Changes to Rules, Procedures, or Operations Referred to in Advance Notices.

The Commission does not expect designated clearing agencies to incur any material additional costs in connection with the posting of notices of changes to rules, procedures or operations referred to in Advance Notices.

I. Proposed Rule 3Ca-1 Stay of Clearing Requirement

The Commission estimates that a clearing agency will require seven hours of outside legal work to retrieve, review and submit the information associated with the stay of the clearing requirement. The Commission estimates that each clearing agency will be required to provide information requested by the Commission in the course of its reviews of five requests for a stay of the clearing requirement. Assuming an hourly cost of \$354 for an outside attorney,¹⁹ the total estimated annual cost in the aggregate for the six clearing agencies to meet these requirements would be \$74,340 (seven hours X \$354 per hour for an outside attorney X five stay of clearing

¹⁹ See *supra* Note 17.

applications X six respondents).

Finally, the Commission estimates that 100 hours of outside legal counsel would be required by a counterparty to a security-based swap to prepare and submit an application requesting a stay of the clearing requirement. The Commission estimates that counterparties to security-based swaps transactions will submit 30 applications requesting stays of the clearing requirement. Assuming an hourly cost of \$354 for an outside attorney,²⁰ the total annual cost in the aggregate for the respondent counterparties to meet these requirements would be \$1,062,000 (100 hours X \$354 per hour for an outside attorney X 30 stay of clearing applications).

J. Amendment to Conform to Section 916 of the Dodd-Frank Act

The Commission does not expect an SRO to incur any material additional costs in connection with informing the Commission of the date on which it posted a proposed rule change on its website (if the posting did not occur on the same day that the SRO filed the proposal with the Commission).

²⁰ See supra Note 17.

K. Summary of Cost Burdens

The table below summarizes, the Commission's preliminarily estimates of the reporting burdens for the clearing agencies under the proposed amendments to Rule 19b-4 and Form 19b-4 and proposed Rule 3Ca-1

Nature of Information Collection Burden	Burden Estimate in Dollars
Preparing, reviewing and submitting Security-Based Swap Submissions	\$2,548,800
Preparing, reviewing and filing Advance Notices	\$4,956,000
Retrieving, reviewing and submitting the information associated with stays of the clearing requirement	\$74,340
Prepare and submitting applications requesting stays of the clearing requirement	\$1,062,000
TOTAL	\$8,641,140

14. Estimate of Cost to the Federal Government

The Commission will incur one-time costs related to programming, testing and deployment in order to enhance and modify EDFS and SRTS to enable Security-Based Swap Submissions, Advance Notice filings and to conform to Section 916 of the Dodd-Frank Act. Third-party contractors will perform most of the work except for some testing and project management, which will be performed by Commission staff. The Commission estimates that the total one-time costs to enhance and modify EDFS and SRTS to enable Security-Based Swap Submissions, Advance Notice filings and to conform to Section 916 of the Dodd-Frank Act will be \$229,836.99 (\$94,558.65 for Security-Based Swap Submissions + \$59,479.92 for Advance Notice filings+ \$75,798.42 to conform with Section 916 of the Dodd-Frank Act) or \$76,612.33 annualized over three years.

15. Explanation of Changes in Burden

As indicated above in Item 12, the Commission staff has revised its estimate of the number of SROs, the overall number of responses expected annually on Form 19b-4, and of the time to complete each response since the collection of information was previously submitted to OMB for approval. The Commission accordingly adjusted the respondent reporting burden to reflect these changes. As discussed above in Item 1, the proposed amendments to Rule 19b-4, Form 19b-4 and proposed rule 3Ca-1 impose new collection of information requirements in connection with Securities-Based Swaps Submissions, Advance Notices, stay of mandatory clearing applications and Section 916 of the Dodd-Frank Act.

16. Information Collections Planned for Statistical Purposes

Not applicable. The information collections above are not planned for statistical purposes.

17. Display of OMB Approval Date

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

18. Exceptions to Certification for Paperwork Reduction Act Submissions

None. This collection complies with the requirements in 5 CFR 1320.9.

B. Collection of Information Employing Statistical Methods

Not applicable. The collection of information does not involve statistical methods.