

PAPERWORK REDUCTION ACT SUBMISSION

SUPPORTING STATEMENT

for the Paperwork Reduction Act New Information Collection Submission for The Permanent Registration of Municipal Advisors

A. Justification

1. Necessity of Information Collection

The Dodd-Frank Act amended Section 15B of the Securities Exchange Act of 1934 (“Exchange Act”) to require municipal advisors to register with the Commission. On December 20, 2010, the Commission proposed Rules 15Ba1-1 to 15Ba1-7 under the Exchange Act to establish a permanent registration regime for municipal advisors and impose certain record-keeping requirements for such advisors.

Rule 15Ba1-2 provides that municipal advisors other than natural persons must register with the Commission by electronically filing Form MA, and that natural person municipal advisors must register with the Commission by electronically filing Form MA-I. The proposed titles for these collections of information are “Form MA: Application for Municipal Advisor Registration” and “Form MA-I: Application for Municipal Advisor Registration for Natural Persons.”

Rule 15Ba1-3 provides that notice of withdrawal from registration as a municipal advisor must be filed electronically on Form MA-W. The proposed title for this collection of information is “Form MA-W: Notice of Withdrawal from Registration as a Municipal Advisor.”

Rule 15Ba1-4 provides for the filing of annual updates to Form MA, as well as the filing of amendments other than annual updates to Forms MA and MA-I when certain information on the forms becomes inaccurate. The rule additionally provides that a registered municipal advisor must complete a self-certification. The proposed title for this collection of information is “Rule 15Ba1-4: Amendments to Application for Registration and Self-Certification.”

Rule 15Ba1-5 provides that each non-resident municipal advisor and non-resident general partner or managing agent of a municipal advisor shall furnish to the Commission Form NA-NR at the time of its application, which appoints an agent in the

U.S. for the service of process.¹ The proposed title for this collection of information is “Form MA-NR: Designation of U.S. Agent for Service of Process.”

Rule 15Ba1-7 sets out the books and records requirements for municipal advisors other than natural persons. The proposed title for this collection of information is “Rule 15Ba1-7: Books and Records to be Maintained by Municipal Advisors.”

2. Purpose and Use of the Information Collection

The proposed requirement that a municipal advisor must register with the Commission on Forms MA and MA-I in order to continue to engage in municipal advisory activities would help ensure that the Commission has information to effectively oversee respondents and their activities in the municipal securities market. In particular, the information provided in Forms MA and MA-I would be used to determine whether to grant the applicant’s application for registration, institute proceedings to determine whether registration should be denied, and place limitations on the applicant’s activities as a municipal advisor. The information would also be used to focus on-site examinations and aid in risk-based examination targeting. Further, the information would enable the Commission to obtain an accurate estimate of the number of municipal advisors, by size and by municipal advisory activity; analyze data regarding the various types of municipal advisory activities; and evaluate the disciplinary history of all advisors and associated persons. The proposed registration requirement would also help to ensure that the Commission can make such information transparent and easily accessible to the investing public, including municipal entities and obligated persons who engage municipal advisors, investors who may purchase securities from offerings in which municipal advisors participated, and other regulators.

The proposed requirement that a municipal advisor file amendments to Forms MA and MA-I would be important for obtaining updated information on each municipal advisor so that the Commission would be able to assess whether each municipal advisor continues to be in compliance with the federal securities laws and the rules and regulations thereunder. Obtaining updated information would also assist the Commission in its inspection and examination of a municipal advisor, and better inform the MSRB’s regulation of municipal advisors. In addition, the Commission believes it is important for municipal entities and obligated persons, as well as the public generally, to have access to current information regarding advisors registered with the Commission.

¹ Rule 15Ba1-5 also provides that each non-resident municipal advisor, other than a natural person, applying for registration must provide an opinion of counsel in Form MA stating that the municipal advisor can, as a matter of law, provide the Commission with access to its books and records as required by law, and that it can, as a matter of law, submit to onsite inspection and examination by the Commission. Because this requirement pertains to the collection of information for Form MA instead of the collection of information for Form MA-NR, the burden and labor cost associated with this requirement will be included in the collection of information “Form MA: Application for Municipal Advisor Registration.” See infra Section 12.a.

The proposed requirement that a non-resident municipal advisor, a non-resident general partner or non-resident managing agent of a municipal advisor file Form MA-NR in connection with the municipal advisor's initial application would help minimize legal or logistical obstacles that the Commission may encounter when attempting to effect service, to conserve Commission resources, and to avoid potential conflicts of law.

The proposed requirement that a non-resident municipal advisory firm provide an opinion of counsel on Form MA would help ensure that such non-resident municipal advisory firm could provide access to its books and records and submit to onsite inspection and examination by the Commission.

The proposed requirement that a municipal advisor file Form MA-W for withdrawal from registration is appropriate for the protection of investors and those who do business with municipal advisors because it would put them on notice that the municipal advisor would no longer be registered and, therefore, would not be able to engage in municipal advisory activities without violating federal securities laws. Such information would also alert clients and prospective clients as to the financial stability of the municipal advisor. In addition, the information would help investigative and enforcement efforts on the part of regulators.

The proposed requirement that a municipal advisory firm make and keep books and records would help to ensure that records exist of the respondent's primary municipal advisory activities and of its associated persons, and could potentially be requested by Commission staff during an examination to evaluate the municipal advisory firm's compliance with the proposed rules.

3. Consideration Given to Information Technology

The proposed rules would require applicants and registered municipal advisors to electronically file Forms MA, MA-I, MA-NR, and MA-W on the Commission's public website. Similarly, the Commission's registration forms for broker dealers and investment advisers – Forms BD and ADV – are currently filed electronically.

The proposed rules would also require municipal advisors to make and keep books and records relating to its municipal advisory activities. Rule 15Ba1-7(d) permits municipal advisors to maintain and preserve the required records on electronic storage media.

4. Duplication

The Commission recognizes that some of the information that respondents would collect under the proposed recordkeeping rules and in the relevant proposed registration forms would overlap with information previously collected under other registration regimes or recordkeeping rules. The Commission recognizes that persons who have registered on Form MA-T or have completed a Form BD, ADV or U4 could expend less

time to research and complete the proposed permanent registration forms to the extent information contained in those other forms can be incorporated by reference or used to assist in completing information on Forms MA or MA-I. Persons who are Commission-registered investment advisers or broker-dealers may also expend less time to comply with the proposed books and records requirements, to the extent that the proposed books and records requirements overlap with investment adviser and/or broker-dealer books and records requirements.

5. Reducing the Burden on Small Entities

The Commission's rules do not define "small business" or "small organization" for purposes of municipal advisors. The Small Business Act ("SBA") defines small business, for purposes of entities that provide financial investments and related activities, as a business that had annual receipts of less than \$7 million during the preceding fiscal year and is not affiliated with any person that is not a small business or small organization.² The Commission is using the SBA's definition of small business to define municipal advisors that are small entities for purposes of the RFA and estimates that approximately 170 municipal advisory firms that would be required to register would be small entities.

The Commission notes that municipal advisors are required by statute to register with the Commission. As such, all municipal advisors must register with the Commission, including small entities, and would be subject to the proposed rules. The Commission believes that compliance burdens would not disproportionately affect small entities. The Commission further notes that the proposed rule and forms strike the appropriate balance between minimizing the burden on small municipal advisors and allowing the Commission to meet its mandate under Section 15B of the Exchange Act to establish a permanent registration regime for municipal advisors.

6. Consequences of Not Conducting Collection

Section 15B of the Exchange Act requires municipal advisors to register with the Commission. Municipal advisors generally are required to file Form MA or MA-I only once to register. They are required to file amendments to Form MA annually, and to file amendments to both forms when certain information originally reported in the forms becomes inaccurate. Non-resident municipal advisors and non-resident general partners or managing agents of municipal advisors are required to file Form MA-NR only upon registration to designate a U.S. agent for service of process or to update such a designation. Municipal advisors are required to file Form MA-W only when they wish to withdraw from

² Under Section 601(3) of the RFA, the term "small business" is defined as having "the same meaning as the term 'small business concern' under section 3 of the Small Business Act, unless an agency, after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition(s) in the Federal Register."

registration. Therefore, the failure to collect the required information or less frequent collection of the required information would impair the accuracy of the information available to investors, issuers and the Commission.

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

Since proposed Rule 15Ba1-4 requires registered municipal advisors to file amendments to Form MA or MA-I if certain information contained in the forms become inaccurate, it is possible for a registered municipal advisor to report information to the Commission more often than quarterly. However, this collection of information is necessary to ensure that the Commission, municipal entities, obligated persons, as well as the public have access to current information regarding advisors registered with the Commission.

Proposed Rule 15Ba1-7 requires registered municipal advisors other than natural persons to maintain and preserve books and records for a period of not less than five years, the first two in an easily accessible place. This proposed rule is modeled on Rule 204-2 under the Investment Advisers Act, and OMB has previously approved that collection with the same five-year retention period. The proposed collection of information would help to ensure that records exist of the respondent's primary municipal advisory activities and of its associated persons, and that the records could potentially be requested by Commission staff during an examination to evaluate the municipal advisory firm's compliance with the proposed rules.

8. Consultations Outside the Agency

The Commission has issued a release soliciting 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 through <http://www.sec.gov/rules/proposed.shtml>. 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).

9. Payment or Gift

Not applicable.

10. Confidentiality

The Commission proposes to collect social security numbers of natural persons in Form MA-I, sole proprietors in Form MA, and control persons of municipal advisory firm applicants who do not have a CRD number in Form MA. An applicant's social security number would not be made publicly available. This information is necessary in connection with the Commission's enforcement and examination functions pursuant to Section 15B(c) of the Exchange Act. Specifically, the Commission is proposing to ask for social security numbers to permit the electronic system to distinguish between persons who share the same name. Additionally, Form MA requires sole proprietor applicants to report their home addresses. However, the public disclosure system would not report the home address of a sole proprietor who reports its home address as its principal office and place of business.

11. Sensitive Questions

Not applicable; no information of a sensitive nature is required under the rule.

12. Burden of Information Collection

The proposed collection of information "Form MA: Application for Municipal Advisor Registration" would apply to approximately 1,000 municipal advisory firms during the first year. This estimate is based on the number of municipal advisors that have registered with the Commission under Rule 15Ba2-6T. The Commission estimates that for each subsequent year after the first one, the average number of new Form MA applicants would be approximately 100. This estimate is based on investment adviser registration data. Over the three years of the information collection, the total estimated number of Form MA applicants would be 1,200.³

The proposed collection of information "Form MA-I: Application for Municipal Advisor Registration for Natural Persons" would apply to approximately 21,800 natural persons during the first year. The natural persons estimate is based on the number of FINRA Form U4 filers, the number of individual employees employed at financial advisor firms, and the number of individual solicitors among the municipal advisors that have registered with the Commission under Rule 15Ba2-6T. The Commission estimates that for each subsequent year after the first one, the average number of new Form MA-I applicants would be approximately 1,800. This estimate is based on FINRA registration data. Over the three years of the information collection, the total estimated number of Form MA-I applicants would be 25,400.⁴

³ 1,000 (estimated number of Form MA applicants, Year 1) + 100 (estimated number of Form MA applicants, Year 2) + 100 (estimated number of Form MA applicants, Year 3) = 1,200.

⁴ 21,800 (estimated number of Form MA-I applicants, Year 1) + 1,800 (estimated number of Form MA-I applicants, Year 2) + 1,800 (estimated number of Form MA-I applicants, Year 3) = 25,400.

The proposed collection of information “Rule 15Ba1-4: Amendments to Application for Registration and Self-Certification” would apply to approximately 1,000 municipal advisory firms and 21,800 natural persons every year. The municipal advisory firms estimate is based on the number of municipal advisors that have registered with the Commission under Rule 15Ba2-6T, and the natural persons estimate is based on FINRA Form U4 registration data.

The Commission estimates that for the proposed collection of information “Form MA-W: Notice of Withdrawal from Registration as a Municipal Advisor,” there would be approximately 60 withdrawals from Form MA registration annually, and there would be approximately 2,700 withdrawals from Form MA-I registration annually. The Form MA withdrawal estimate is based on investment adviser registration data, and the Form MA-I withdrawal estimate is based on FINRA Form U4 registration data.

The Commission estimates that for the proposed collection of information “Form MA-NR: Designation of U.S. Agent for Service of Process,” there would be approximately 3 non-resident municipal advisory firm applicants and approximately 16 non-resident general partner or managing agent applicants who would be required to complete Form MA-NR during the first year. The municipal advisory firms estimate is based on Form MA-T registration data, and the general partners and managing agents estimate is based on investment adviser registration data. For the ongoing annual number of new Form MA-NR filers, the Commission estimates that approximately 1 municipal advisor each year would have a non-resident general partner or managing agent that would be required to complete Form MA-NR. This estimate is based on investment adviser registration data. Over three years, the total estimated number of non-resident municipal advisory firm applicants would be 22.⁵

The proposed collection of information “Rule 15Ba1-7: Books and Records to be Maintained by Municipal Advisors” would apply to approximately 1,000 municipal advisory firms each year. The municipal advisory firms estimate is based on the number of municipal advisors that have registered with the Commission under Rule 15Ba2-6T.

a. Form MA: Application for Municipal Advisor Registration

The initial application for municipal advisor registration is a one-time reporting burden. The Commission estimates that the average amount of time for a municipal advisory firm to complete Form MA would be 3.5 hours. This figure is based on the estimated amount of time for a municipal advisory firm to complete Form MA-T. Pursuant to proposed Rule 15Ba1-4(e)(1), a municipal advisory firm would be required, at the time it

⁵ 20 (estimated number of Form MA-NR applicants, Year 1) + 1 (estimated number of Form MA-NR applicants, Year 2) + 1 (estimated number of Form MA-NR applicants, Year 3) = 22.

initially files Form MA, to conduct an initial review of its business and certify that, among other things, it and every natural person associated with it meet standards required by the Commission, the MSRB, and any other relevant SRO to engage in municipal advisory activities. The Commission estimates that the initial amount of time for a municipal advisory firm to comply with this self-certification requirement would be 3 hours. This estimate is based on the estimated amount of time for the self-certification required by Form N-CSR (“Certified Shareholder Report of Registered Management Investment Companies”) and Form N-Q (“Quarterly Schedule of Portfolio Holdings of Registered Management Investment Company”). The total one-time reporting burden per municipal advisory firm would be 6.5 hours.

In addition, the Commission estimates that initially, 3 non-resident municipal advisory firms that would be required to complete Form MA-NR⁶ would be required to provide an opinion of counsel in order to complete Form MA. For each subsequent year after the first year, the Commission expects that 1 additional non-resident municipal advisory firm would be required to complete the Form MA-NR. Therefore, a total of 5 non-resident municipal advisory forms would be required to provide an opinion of counsel over a three-year period. The Commission estimates that the average reporting burden for providing such opinion of counsel, per non-resident municipal advisory firm, would be 3 hours.

The Commission estimates that, over a three-year period, the total one-time reporting burden for the completion and submission of Form MA would be 7,815 hours,⁷ or 2,605 hours per year when amortized over 3 years. **The reporting burden per respondent would be approximately 6.51 hours,⁸ or approximately 2.17 hours per year when amortized over 3 years.⁹**

⁶ See *infra* Section 12.e; see also *supra* note Error: Reference source not found.

⁷ 1,200 (municipal advisory firms required to file Form MA, over three years) x 6.5 hours (average estimated time to complete Form MA and provide self-certification) + 5 (non-resident municipal advisory firms required to provide opinion of counsel to complete Form MA, over three years) x 3.0 hours (average estimated time to provide opinion of counsel) = 7,815 hours.

⁸ 7,815 hours (total burden to complete Form MA, over three years) / 1,200 (municipal advisory firms required to file Form MA, over three years) = 6.5125 hours.

⁹ The Commission additionally estimates that, over a three-year period, the total labor cost for all municipal advisory firms to complete Form MA would be \$1,328,550, or \$442,850 per year when amortized over 3 years. 7,815 hours (total burden to complete Form MA, over three years) x \$170 (combined hourly rate for a Compliance Manager and Compliance Clerk) = \$1,328,550. The Commission expects that Form MA completion would most likely be performed equally by compliance managers and compliance clerks. Dividing the hourly rate evenly between a compliance manager of \$273 per hour and a compliance clerk of \$67

b. Form MA-I: Application for Municipal Advisor Registration for Natural Persons

The initial application for municipal advisor registration is a one-time reporting burden. The Commission estimates that the average amount of time for a municipal advisor natural person to complete Form MA-I would be 3 hours. This figure is based on the estimated amount of time for a municipal advisor to complete Form MA-T. **The reporting burden per respondent would be 3 hours, or 1 hour per year when amortized over 3 years.**

The Commission estimates that, over a three-year period, the total one-time reporting burden for the completion and submission of Form MA-I would be 76,200 hours,¹⁰ or 25,400 hours per year when amortized over three years.¹¹

c. Rule 15Ba1-4: Amendments to Application for Registration and Self-Certification

Updates to registration and self-certification are ongoing annual reporting burdens. The Commission estimates that the average amount of time for a municipal advisor to prepare an annual update to Form MA, including the annual self-certification, would be 2.5 hours. This figure is based in part on the burden estimates for Form N-CSR and Form N-Q. The Commission further estimates that the average amount of time necessary to prepare any amendment to Form MA other than the required annual amendment would be 0.5 hours.

per hour results in a cost per hour of \$170. $(\$273 \times 0.5) + (\$67 \times 0.5) = \$170$. The \$273 per hour figure for a Compliance Manager and the \$67 per hour figure for a Compliance Clerk are from the SIFMA publication titled Management & Professional Earnings in the Securities Industry 2010, as modified by Commission staff to account for an 1,800 hour work year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

¹⁰ 25,400 (Form MA-I applicants, over three years) x 3.0 hours (average estimated time to complete Form MA-I and provide self-certification) = 76,200 hours.

¹¹ The Commission estimates that, over a three-year period, the total initial labor cost for all natural person municipal advisors to complete Form MA-I would be approximately \$12,954,000, or \$4,318,000 per year when amortized over 3 years. 76,200 hours (total burden to complete Form MA-I, over three years) x \$170 (combined hourly rate for a Compliance Manager and Compliance Clerk) = \$12,954,000. See supra note Error: Reference source not found. The Commission recognizes that instead of using a Compliance Manager or Compliance Clerk, most Form MA-I registrants would fill out the form themselves. The Commission believes, however, that the average compliance rate used to calculate the labor cost for Form MA would be a reasonable proxy for the compliance rate used to calculate the labor cost for Form MA-I.

This figure is based on the burden estimates for an interim updating amendment for Form ADV. The annual reporting burden per Form MA respondent would be 3.0 hours.

The Commission estimates that for every year subsequent to the first year of the information collection, the total annual reporting burden for updating Form MA per year, including compliance with the annual self-certification requirement, would be 3,000 hours.¹²

The Commission estimates that the average amount of time for a natural person to prepare updates to Form MA-I, including the required annual amendment, would be 0.85 hours. This figure is based on the burden estimates for an updating amendment to Form ADV, and estimates of the average number of Form U4 amendments filings per year. The Commission further estimates that the average amount of time for a municipal advisor to complete the Form MA-I self-certification would be 0.1 hours. The annual reporting burden per Form MA-I respondent would be approximately 0.95 hours.

The Commission estimates that for every year subsequent to the first year of the information collection, the total annual reporting burden for Form MA-I amendments, including compliance with the self-certification requirement, would be approximately 20,700 hours.¹³

¹² 1,000 (persons required to amend Form MA) x 2.5 (average estimated time to amend Form MA and complete self-certification annually) x 1.0 (number of annual amendments per year) + 1,000 (persons required to amend Form MA) x 0.5 (average estimated time to prepare an interim updating amendment for Form MA) x 1.0 (number of interim updating amendments per year) = 3,000 hours per year. Meanwhile, the total labor cost for all municipal advisory firms to prepare an annual update to Form MA, including the annual self-certification, would be \$510,000. 3,000 hours (total burden to amend Form MA and complete self-certification annually) x \$170 (combined hourly rate for a Compliance Manager and Compliance Clerk) = \$510,000. See supra note Error: Reference source not found for the calculation of the combined hourly rate.

¹³ 21,800 (persons required to amend Form MA-I during any given year) x 0.5 (average estimated time to prepare any updating amendment for Form MA-I) x 1.7 (average number of amendments per year) = 18,530 hours per year to prepare updating amendment for Form MA-I. 21,800 (persons required to complete annual self-certification on Form MA-I) x 0.1 (average estimated time to complete self-certification) = 2,180 hours per year to complete the self-certification on Form MA-I. 18,530 (total annual burden for Form MA-I amendments) + 2,180 (total annual burden attributable to the self-certification requirement) = 20,710 hours per year. Meanwhile, the total labor cost for all natural persons to prepare an annual update to Form MA-I, including the annual self-certification, would be \$3,519,000. 20,700 hours (total burden to amend Form MA-I and complete self-certification annually) x \$170 (combined hourly rate for a Compliance Manager and Compliance Clerk) = \$3,519,000. See supra note Error: Reference source not found for the calculation of the combined hourly rate.

For every year after the first year, the total annual paperwork burden for the information collection would be 23,700 hours (3,000 hours for Form MA + 20,700 hours for Form MA-I).¹⁴ **The total annual reporting burden per respondent would be approximately 1.04 hours per respondent.**¹⁵

d. Form MA-W: Notice of Withdrawal from Registration as a Municipal Advisor

Withdrawal from municipal advisor registration is a one-time reporting burden. The Commission estimates that the average amount of time for a municipal advisor to complete Form MA-W would be 0.5 hours. This figure is based on the burden estimates for completing Form ADV-W. **The one-time reporting burden would be 0.5 hours per respondent, or approximately 0.17 hours per year when amortized over three years.**

The total one-time burden for withdrawals from Form MA registration would be 30 hours,¹⁶ and the total one-time burden for withdrawals from Form MA-I registration would be 1,350 hours.¹⁷ The total one-time reporting burden for the information collection would be approximately 1,380 hours per year.¹⁸

e. Form MA-NR: Designation of U.S. Agent for Service of Process

Designation of a U.S. agent for service of process is a one-time reporting burden. The Commission estimates that the average amount of time for a non-resident municipal advisor, a non-resident general partner, or a non-resident managing agent to complete Form MA-NR would be 1.5 hours. This figure is based on the burden estimates for completing Form ADV-NR. **The one-time reporting burden would be 1.5 hours per respondent, or 0.5 hours per year when amortized over three years.**

The Commission estimates that, over a three-year period, the total one-time reporting burden for the completion of Form MA-NR would be 33 hours,¹⁹ or 11 hours per year when amortized over three years.²⁰

¹⁴ The total labor cost for the information collection would be \$4,029,000 (\$510,000 for Form MA + \$3,519,000 for Form MA-I).

¹⁵ $23,700 \text{ hours (total annual paperwork burden for the information collection)} / 22,800 \text{ (1,000 Form MA respondents + 21,800 Form MA-I respondents)} = 1.03947368 \text{ hours per respondent.}$

¹⁶ $60 \text{ (estimated number of persons withdrawing from Form MA registration each year)} \times 0.5 \text{ hours (average estimated time to complete Form MA-W)} = 30 \text{ hours.}$

¹⁷ $2,700 \text{ (estimated number of persons withdrawing from Form MA-I registration each year)} \times 0.5 \text{ hours (average estimated time to complete Form MA-W)} = 1,350 \text{ hours per year.}$

f. Rule 15Ba1-7: Books and Records to be Maintained by Municipal Advisors

The maintenance of books and records is an ongoing annual record-keeping burden. The Commission estimates that the average amount of time for a municipal advisory firm to comply with the books and records requirements would be 181 hours annually. This estimate is based on the estimated annual burden for broker-dealers to comply with Exchange Act Rules 17a-3 and 17a-4, and for investment advisors to comply with Investment Advisers Act Rule 204-2. **The annual record-keeping burden per respondent would be 181 hours.** The Commission estimates that the total annual record-keeping burden would be 181,000 hours.²¹

¹⁸ Over a three-year period, the one-time labor cost for all municipal advisory firms to complete Form MA-W to withdraw from Form MA registration would be approximately \$15,300. 90 hours (total estimated hourly burden under the proposed rules for all municipal advisors to withdraw from Form MA registration, over three years) x \$170 (combined hourly rate for a Compliance Manager and Compliance Clerk) = \$15,300. See *supra* note Error: Reference source not found for the calculation of the combined hourly rate. The ongoing annual labor cost for all natural person municipal advisors to complete Form MA-W to withdraw from Form MA-I registration would be approximately \$688,500. 4,050 hours (total estimated hourly burden under the proposed rules for all municipal advisors to withdraw from Form MA-I registration) x \$170 (combined hourly rate for a Compliance Manager and Compliance Clerk) = \$688,500. See *supra* note Error: Reference source not found for the calculation of the combined hourly rate. The total annual labor cost for the information collection would be \$703,800, or \$234,600 per year when amortized over three years.

¹⁹ 22 (persons expected to file Form MA-NR, over three years) x 1.5 hours (average estimated time to complete Form MA-NR) = 33 hours.

²⁰ The Commission estimates that, over a three-year period, the labor cost for non-resident municipal advisory firms, non-resident general partners or non-resident managing agents to complete the Form MA-NR would be approximately \$5,610, or \$1,870 per year when amortized over three years. 33 hours (estimated hourly burden for all respondents to complete a Form MA-NR, over three years) x \$170 (combined hourly rate for a Compliance Manager and Compliance Clerk) = \$5,610. See *supra* note Error: Reference source not found for the calculation of the combined hourly rate.

²¹ 1,000 (estimated number municipal advisors) x 181 hours (estimated time spent by municipal advisors to ensure annual compliance with the books and records requirement) = 181,000 hours. Further, the Commission estimates that the ongoing annual labor cost for all municipal advisory firms to comply with the proposed requirement would be approximately \$9,050,000. 181,000 hours (total estimated hourly burden under the proposed rules for all municipal advisory firms to annually comply with the books and records requirement) x \$50 (hourly rate for a General Clerk) = \$9,050,000. The \$50 per hour figure for a General Clerk

13. Costs to Respondents

a. Form MA: Application for Municipal Advisor Registration

The Commission believes that some municipal advisory firms would seek outside counsel to help them comply with the requirements of the proposed rules and to complete Form MA. **For PRA purposes, the Commission assumes that 1,000 municipal advisory firms registering on Form MA would, on average, consult with outside counsel for 1 hour, and would cost \$400,000 for all municipal advisory firms.²² Therefore, the average cost for outside counsel for 1,200 municipal advisory firms would equal \$333.33,²³ or approximately \$111.11 per year when amortized over three years.**

The Commission estimates that the total one-time cost for all municipal advisory firms to hire outside counsel to review their compliance with the requirements of the proposed rules and forms would be approximately \$400,000, or \$133,333 per year when amortized over three years.²⁴

b. Non-Resident Municipal Advisors

Non-resident municipal advisors will seek outside counsel to comply with the opinion of counsel requirements of proposed Rule 15Ba1-5(d). The Commission estimates that this burden would add approximately 2.25 hours and \$900 in outside legal costs per respondent.²⁵ This estimate is based on the burden estimates for Form 20-F, a

is from the SIFMA publication titled Management & Professional Earnings in the Securities Industry 2010, as modified by Commission staff to account for an 1,800 hour work year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

²² 1,000 estimated number of municipal advisors consulting with outside counsel x \$400 = \$400,000. The hourly cost estimate is \$400 on average for an attorney, and is based on Commission staff conversations with law firms that regularly assist regulated financial firms with compliance matters.

²³ \$400,000 total cost / 1,200 municipal advisory firms = \$333.33 average weighted cost of outside counsel per municipal advisory firm.

²⁴ 1,200 (estimated number of municipal advisory firms that would hire outside counsel) x \$111.11 (approximate amortized cost per year) = \$133,333.

²⁵ The \$900 figure is based on an hourly cost estimate of \$400 on average for an outside attorney, which is based on Commission staff conversations with law firms that regularly assist regulated financial firms with compliance matters. Based on previous burden estimates, the Commission estimates that outside counsel would take, on average, 2.25 hours to assist in preparation of the opinion of counsel, for an average cost of \$900 per respondent.

form submitted by certain foreign private issuers, which has a similar opinion of counsel requirement.

The Commission estimates that, over a three-year period, the total one-time cost for all non-resident municipal advisory firms to hire counsel as part of providing an opinion of counsel would be approximately \$4,500,²⁶ or \$1,500 per year when amortized over three years. This additional outside counsel expense applies only to a small subset of the respondents for “Form MA-NR: Designation of U.S. Agent for Service of Process” (i.e., 5 respondents out of 22 total respondents for the information collection). **For PRA purposes, the Commission estimates that when averaged across all respondents, the cost to consult with outside legal counsel would be approximately \$205,²⁷ or approximately \$68 per year when amortized over three years.**

14. Costs to Federal Government

There would be no additional costs to the Federal Government.

15. Reason for Change

Not applicable. Proposed Rules 15Ba1-2 to 15Ba1-7 would be new rules.

16. Information Collection Planned for Statistical Purposes

Not applicable.

17. Display of OMB Approval Date

Not applicable.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

Not applicable.

²⁶ 3 (non-resident municipal advisory firms expected to provide opinion of counsel, first year) x \$900 (average estimated cost to hire outside counsel for providing an opinion of counsel) + 2 (non-resident municipal advisory firms expected to provide opinion of counsel, second and third years) x \$900 (average estimated cost to hire outside counsel for providing an opinion of counsel) = \$4,500.

²⁷ \$4,500 (total one-time cost for all non-resident municipal advisory firms to hire counsel as part of providing an opinion of counsel, over three years) / 22 (total number of respondents in the information collection) = \$204.54545.

B. Collection of Information Employing Statistical Methods

The collection of information does not employ statistical methods, nor would the implementations of such methods reduce the burden or improve the accuracy of results.