

SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission for
Rule 15b6-1 and Form BDW

A. JUSTIFICATION

1. Necessity of Information Collection

Section 15(b)(5) of the Securities Exchange Act of 1934 ("Exchange Act") provides that any broker-dealer may, upon such terms and conditions as the Securities and Exchange Commission ("Commission") deems necessary or appropriate in the public interest or for the protection of investors, withdraw from registration by filing a written notice of withdrawal with the Commission. Similarly, Section 15B(c)(3) of the Exchange Act provides that municipal securities dealers may, upon such terms and conditions as the Commission deems necessary or appropriate in the public interest or for the protection of investors, withdraw from registration by filing a written notice of withdrawal with the Commission. In addition, Section 15C(c)(1)(B) of the Exchange Act provides that any government securities broker or government securities dealer may, upon such terms and conditions as the Commission deems necessary or appropriate in the public interest or for the protection of investors, withdraw from registration by filing a written notice of withdrawal with the Commission.

To implement the foregoing statutory provisions of the Exchange Act, the Commission has promulgated Rules 15b6-1, 15Bc3-1 and 15Cc1-1,¹ as well as Form BDW, the uniform request for withdrawal from registration under the Exchange Act.² Rules 15b6-1, 15Bc3-1 and 15Cc1-1 require brokers or dealers, municipal securities dealers, and government securities brokers or government securities dealers, respectively, to file a notice of withdrawal on Form BDW in accordance with the instructions contained therein with the Central Registration Depository ("CRD") a computer system operated by the Financial Industry Regulatory Authority, Inc. ("FINRA") that maintains information regarding broker-dealers and their registered personnel. Withdrawal from broker-dealer registration becomes effective 60 days after the filing of Form BDW, unless the broker-dealer consents to delay, or the Commission institutes a proceeding to delay or otherwise impose terms or conditions upon such withdrawal.

In addition, a notice-registered broker-dealer³ submitting a request to withdraw its registration must file a notice of withdrawal on Form BDW in accordance with the instructions contained therein with the National Futures Association ("NFA"), which maintains information regarding notice-registered broker-dealers on behalf of the Commission.

¹ 17 CFR 240.15b6-1, 17 CFR 240.15Bc3-1, and 17 CFR 240.15Cc1-1.

² 17 CFR 249.501a.

³ 15 U.S.C. 15(b)(11) describes of class of notice-registered broker-dealers and the statutory requirements that such broker-dealers must satisfy in order to file by notice with the Commission as a broker-dealer for the purpose of trading security futures products.

The information collected on Form BDW is used by the Commission in determining whether it is in the public interest to permit a broker-dealer or notice-registered broker-dealer to withdraw from registration. The Commission also uses the information for other purposes, such as referrals to other government authorities or to self-regulatory organizations (“SROs”) for investigatory purposes in connection with securities litigation.

Currently, the CRD is used to facilitate registration as a fully registered broker-dealer and termination with federal and state securities regulators. 39447 provides the option of filing Form BDW and related forms via the Internet. The Form BDW covered by this request received OMB approval in accordance with the Paperwork Reduction Act on April 30, 1999.

In addition, the NFA facilitates registration as a notice-registered broker-dealer. Notice-registered broker-dealers file for withdrawal on Form BDW by sending the completed Form BDW to the National Futures Association, which maintains information regarding notice-registered broker-dealers on behalf of the Commission.

2. Purpose and Use of the Information Collection

The Commission uses the information disclosed by applicants in Form BDW, as required by Rules 15b6-1, 15Bc3-1 and 15Cc1-1, to: (1) determine whether it is in the public interest to permit broker-dealers and notice-registered broker-dealers to withdraw from registration; (2) develop central information resources where the Commission and other government agencies and SROs may obtain information for investigatory purposes in connection with securities litigation; and (3) to develop statistical information about broker-dealers, notice-registered broker-dealers, municipal securities dealers, and government securities broker-dealers. Without Form BDW, the Commission, SROs, state regulators, the Commodity Futures Trading Commission, and the public would be without an important source of information regarding broker-dealers and notice-registered broker-dealers that are seeking to withdraw from registration.

3. Consideration Given to Information Technology

As required by Rules 15b6-1, 15Bc3-1, 15Cc1-1, and the instructions to Form BDW, fully registered broker-dealers requesting to withdraw registration with the Commission currently file Form BDW with the FINRA electronically through [Web CRD](#). The FINRA then enters the information into the CRD system and forwards it electronically to the Commission. This method of collecting information reduces the regulatory burden upon broker-dealers by permitting them to file applications for registration, and amendments thereto, at one central location, rather than filing Form BD separately with the Commission, certain SROs, and the states.

Notice-registered broker-dealers requesting to withdraw registration with the Commission file a completed Form BDW with the NFA. The NFA maintains these records on behalf of the Commission. This method of collecting information reduces the regulatory burden upon notice-registered broker-dealers, by permitting them to file

applications for registration on Form BD-N, amendments thereto, and withdraw requests on Form BDW at one central location.

4. Duplication

As noted above, Rules 15b6-1, 15Bc3-1 and 15Cc1-1 require that fully registered broker-dealers use Form BDW to withdraw from registration with the Commission. However, this Form was developed jointly with the state securities commissions and the SRO. Consequently, filing Form BDW with the CRD system provides "one-stop" filing for fully registered broker-dealer applicants, who no longer are required to file multiple copies of Form BDW with multiple regulators. The information disclosed in Form BDW is not available to the Commission or investors from any other source. The requirements to disclose information in Form BDW do not duplicate any other federal statute or rule.

In addition, notice-registered broker-dealers file Form BDW with the NFA to withdraw from registration with the Commission. The information disclosed in Form BDW is not available to the Commission or investors from any other source. The requirements to disclose information in Form BDW do not duplicate any other federal statute or rule.

5. Effect on Small Entities

All fully-registered broker-dealers and notice-registered broker-dealers, regardless of their size, are required to disclose the information requested in Form BDW. Thus, Form BDW affects small broker-dealers requesting withdrawal from registration. The Commission believes, however, that the disclosure requirements of Form BDW are not unduly burdensome, particularly in relation to the important objectives served by the disclosure of information called for by Form BDW.

6. Consequences of Not Conducting Collection

Rules 15b6-1, 15Bc3-1 and 15Cc1-1 require that fully-registered broker-dealers and notice-registered broker-dealers to file Form BDW only once to withdraw from registration with the Commission. Thus, less frequent collections of Form BDW information is not possible.

7. Inconsistencies with Guidelines in 5 CFR 1320.8(d)

There are no special circumstances. This collection is consistent with the guidelines in 5 CFR 1320.8(d).

8. Consultations Outside the Agency

The Form BDW to which this request for extension relates is a form jointly developed and administered between the staff of the Commission, the North American Securities Administrators Association's CRD Project Committee (formerly the CRD/Forms Revision Committee), the FINRA, the New York Stock Exchange, Inc., the NFA and representatives of the securities industry. The required Federal Register notice

with a 60-day comment period soliciting comments on this collection of information was published. No public comments were received.

9. Payment or Gift

No payments or gifts were provided.

10. Confidentiality

The information filed in Form BDW generally is available to the public and therefore no assurance of confidentiality is given.

11. Sensitive Questions

Form BDW asks no questions of a sensitive nature.

12. Information Collection Burden

The time necessary to complete Form BDW will vary depending on the nature and complexity of the applicant's securities business. On average, the Commission estimates that it would take a broker-dealer approximately one hour to complete and file a Form BDW to withdraw from Commission registration as required by Rule 15b6-1. The Commission further estimates that approximately 515 broker-dealers withdraw from Commission registration annually⁴ and, therefore, file a Form BDW. Therefore, the 515 broker-dealers that withdraw from registration by filing Form BDW would incur an aggregate annual reporting burden of approximately 515 hours.⁵

The Commission believes that a broker-dealer would have a Compliance Manager, at \$295 per hour;⁶ complete and file the Form BDW to withdraw from Commission registration. Therefore, the estimated annual cost to respondents of the burden hours associated with Rule 15b6-1 and Form BDW is approximately \$151,925.⁷

13. Costs to Respondents

Form BDW is filed via the Internet with Web CRD by fully registered broker-dealers seeking to withdraw from registration. Access to the Internet currently requires a

⁴ This estimate is based on Form BDW data collected over the past three years. In fiscal year (from 10/1 through 9/30) 2008, 503 broker-dealers withdrew from registration. In fiscal year 2009, 533 broker-dealers withdrew from registration. In fiscal year 2010, 510 broker-dealers withdrew from registration. $(503 + 533 + 510) / 3 = 515$.

⁵ $(515 \times 1 \text{ hour}) = 515 \text{ hours}$.

⁶ According to the SIFMA publication titled Management & Professional Earnings in the Securities Industry 2009, 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, the hourly cost of a Compliance Manager is approximately \$295/hour.

⁷ $515 \text{ hours} \times \$295 = \$151,925$.

computer, a browser, and an Internet service provider. The Commission's staff believes that most, if not all, broker-dealers maintain access to the Internet as a normal part of their business operations.

14. Costs to the Federal Government

The only costs to the Federal Government are internal labor costs.

15. Changes in Burden

The annual burden of 515 hours listed on Item 13 of the Rule 15b6-1 reflects a 331 hour increase over the current OMB inventory of 184 hours. This change incorporates three changes - a decrease in the number of respondents from 737 to 515, an elimination of the assessment of possible third party submissions, and an increase in estimated timeframe necessary to review, complete and file the Form BDW.

The staff has determined that to access the CRD system, a firm must obtain sign-on authorization from FINRA. FINRA has indicated that it provides sign-on authorization to broker-dealers, but not to third-parties. While FINRA has indicated that a broker-dealer may grant a third-party access to the CRD system so that it can file Forms on the broker-dealer's behalf, there is no independent manner to identify or quantify such third-parties. Consequently, until the staff has more than anecdotal data, we will no longer estimate the number of possible third-party filers of Forms BDW.

The staff previously estimated the time to complete Form BDW to be approximately fifteen minutes. Even though this Form is only one page long, we presently believe this amount of time would not be sufficient for a broker-dealer to review, complete and file Form BDW. Thus, based on present staff experience, we have increased this estimate to one hour.

The staff previously included in its justification internal labor costs for the Federal Government. We have since determined it is inappropriate to include those costs in the justification.

16. Information Collected Planned for Statistical Purposes

This provision is not applicable because compliance with Rules 15b6-1, 15Bc3-1, 15Cc1-1, and Form BDW will not employ statistical methods. There also are no plans to publish the information collected on Form BDW for statistical use.

17. Display of OMB Approval Date

We request authorization to omit the expiration date on the electronic version of the form for design and IT project scheduling reasons. The OMB control number will be displayed.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

This collection complies with the requirements in 5 CFR 1320.9.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.