

**SUPPORTING STATEMENT**  
**for the Paperwork Reduction Act Information Collection Submission**  
**“Rule 17Ac2-1 and Form TA-1”**

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**

Subsection (c)(1) of Section 17A of the Securities Exchange Act of 1934 (“Act”) provides in essence that transfer agents may not perform statutory transfer agent functions, as defined in Section 3(a)(25) of the Act, with respect to any security registered under Section 12 of the Act, subject to certain exceptions, unless the transfer agents are registered with the appropriate regulatory agency (“ARA”), as defined in Section 3(a)(34) of the Act. Subsection (c)(2) of Section 17A authorizes each ARA, including the Commission, to adopt by rule an application for registration in such form and containing such information and documents concerning transfer agents as each ARA may prescribe as necessary or appropriate in furtherance of the purpose of the Act.

In order to implement Section 17A(c)(2) of the Act, which governs the registration of transfer agents, the Commission, in 1975, adopted Form TA-1 and Rule 17Ac2-1. Form TA-1 was amended in by the Commission in 1980, 1985, and 2007; Rule 17Ac2-1 was amended by the Commission in 1986 and 2006. The amendments, pursuant to the statutory authority cited above, generally are based on determinations by the Commission that additional information would enable a more thorough review of transfer agents registering with the Commission and thereby provide greater protection to the investing public. Additionally, in 2008, Form TA-1 was amended to permit electronic filing of Form TA-1 with the Commission by the Commission’s computer system known as EDGAR under the requirements of Regulation S-T (17 CFR 232).

**2. Purpose and Use of the Information Collection**

The information submitted pursuant to Rule 17Ac2-1 and Form TA-1 is required to register transfer agents with the appropriate ARA. Without this information, transfer agents would function, if at all, without statutorily-mandated regulation by their ARAs.

**3. Consideration Given to Information Technology**

The Commission’s electronic system called EDGAR (Electronic Gathering, Analysis & Retrieval) provides electronic automation for filings. With limited exceptions, Form TA-1 applications for registration as a transfer agent with the Commission are required to be filed electronically on EDGAR. Such automation has increased the speed, accuracy, and availability of information, which provides benefits to investors and the financial markets.

**4. Duplication**

Not applicable, insofar as transfer agents are required by statute to register with their ARAs.

## **5. Effect on Small Entities**

Rule 17Ac2-1 and Form TA-1 do not disproportionately affect small entities. There are no other alternative sources of the required information that could be used to satisfy the registration requirements of the Act. Form TA-1 was designed to be as minimally burdensome as possible and still obtain the necessary information for registration. Likewise, the electronic filing system was designed to be as cost-effective as possible so as not to unduly burden small entities.

## **6. Consequences of Not Conducting the Collection**

The information required by Rule 17Ac2-1 and Form TA-1 is submitted by transfer agents to satisfy a precondition (i.e., registration), as established by the Commission pursuant to Congressional authority, to commencement of transfer agent activities. The information to be filed on Form TA-1 is a one-time requirement to provide data bases of information for the transfer agents' respective ARAs. Thus, the information could not be collected less frequently. The updated information required by Paragraph (c) of Rule 17Ac2-1 is sought only when the previously filed information has become inaccurate, misleading, or incomplete.

## **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 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 to Respondents**

Not applicable. No payments or gifts have been given to respondents in connection with this collection of information.

## **10. Confidentiality**

Completed transfer agent registration forms are public information. Therefore, no assurances of confidentiality may be given.

## **11. Sensitive Questions**

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

## **12. Estimate of Respondent Reporting Burden**

The Commission receives approximately 190 applications annually for registration on Form TA-1 from transfer agents required to register as such with the Commission. Included in this figure are amendments made to Form TA-1 as required by Rule 17Ac2-1(c). Beginning in 2007 the Commission has required all transfer agent forms filed with the Commission to be submitted electronically on EDGAR, unless the transfer agent has been granted a continuing hardship exemption from electronic filing under Rule 202 of Regulation S-T (17 CFR 232).

In view of the easily available nature of most of the information requested by Form TA-1, the relatively simple presentation of the form, and the past experience of the staff regarding Form TA-1, we estimate that an average of approximately one and one-half hours are required for the initial completion of, and amendment to, Form TA-1 by each such firm, or a cumulative total of 285 burden hours per year.

## **13. Estimate of Total Annual Cost Burden**

In order to file electronically on EDGAR, transfer agents will be required to have a personal computer, internet access, and MS InfoPath software. The Commission believes that as part of their business operations, all transfer agents have computers and access to the Internet, and that any new transfer agent seeking to register as a transfer agent with the Commission would likewise have such equipment. Approximately 15 new transfer agents register with the Commission each year, and the cost of MS InfoPath is approximately \$50 (if it or similar equipment has not already been acquired). Accordingly, we estimate that the proposal would cause a cost to each new transfer agent of a maximum of \$50 in the initial year only for an aggregate start-up cost of \$750 for all new transfer agents (however, if the transfer agent has already purchased Microsoft Office 2000 Professional Enterprise Edition™ it will not need to purchase MS InfoPath™). Further, if a transfer agent can demonstrate that the electronic filing requirement would cause it undue burden or expense, the Commission could grant it a continuing hardship exemption from the electronic filing requirement pursuant to Rule 202 of Regulation S-T. (17 CFR 232).

## **14. Costs to Federal Government**

Cost to the federal government results from ARA staff time and related overhead cost

devoted to assuring compliance by transfer agents with the requirements of Rule 17Ac2-1 and Form TA-1. The staff estimates that approximately 95 hours of staff time per year will be devoted to assuring that transfer agents comply with these rules at a cost of \$4,750 per year.

**15. Changes in Burden**

Since the previous Paperwork Reduction Act submission to OMB in 2008, the number of new transfer agents registering with the Commission each year has decreased from 25 to 15, and the cost of MS InfoPath software has decreased from approximately \$200 to approximately \$50, resulting in a decrease in the start-up cost burden to respondents from \$5,000 to \$750. The total annual reporting burden has increased from 150 to 286 hours per year due to an increase in the total number of transfer agents that are registered with the Commission.

**16. Information Collections Planned for Statistical Purposes**

Not applicable. The information collection is not used for statistical purposes.

**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. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

This collection does not involve statistical methods.