

PAPERWORK REDUCTION ACT SUBMISSION
Supporting Statement
“Rule 17a-6”

A. Justification

1. Information Collection Necessity

National securities exchanges, national securities associations, registered clearing agencies, and the Municipal Securities Rulemaking Board (“MSRB”) (collectively, “SROs”) are required to maintain certain records for a period of not less than five years. Rule 17a-6 under the Securities Exchange Act of 1934 (“Act”), however, permits SROs to destroy or convert to microfilm or other recording media records maintained under Rule 17a-1, if they have filed a record destruction plan with the Commission and the Commission has declared such plan effective. Rule 17a-6 is designed to reduce the burden of the five-year record retention requirements of Rule 17a-1.

2. Purposes and Use of the Information Collection

The record destruction plans submitted by SROs to the Commission list those documents that the SRO proposes to destroy prior to the end of the five-year retention period in Rule 17a-1. No plan need be filed if an SRO does not wish to destroy any class of documents in less than five years. The Commission reviews any record destruction plan filed by an SRO to ensure that the plan designates documents that the Commission believes appropriate for early destruction or conversion.

3. Information Technology Consideration

The SEC's electronic filing project, called EDGAR (Electronic Data Gathering, Analysis & Retrieval) is designed to automate the filing, processing and dissemination of full disclosure filings. EDGAR permits publicly-held companies to transmit their filings to the Commission directly over telephone lines or by sending a magnetic tape or word processing diskette. Ultimately, all SEC filings including plans submitted under Rule 17a-6 will be considered for electronic submission. Such automation will increase the speed, accuracy and availability of information, generating benefits to investors and financial markets.

4. Duplication

Not applicable. This information cannot be obtained in any other manner.

5. Effect on Small Entities

The collection of information does not involve small entities.

6. Consequences of Not Conducting Collection

Record destruction plans do not need to be filed, unless an SRO wishes to destroy or convert to

microfilm or other recording media any class of documents before the end of the five-year retention period specified in Rule 17a-1. Further, once the Commission declares effective an SRO's record destruction plan, no further information need be filed with the Commission under Rule 17a-6.

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

There are no special circumstances. This collection is consistent with the guidelines in 5 CFR 1320.5(d)(2).

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

The respondents receive no payments or gifts.

10. Confidentiality

There is no assurance of confidentiality provided by Rule 17a-6.

11. Sensitive Questions

No information of a sensitive nature is required to be disclosed by Rule 17a-6.

12. Burden of Information Collection

Currently, there are 26 SROs required to maintain records under Rule 17a-1: 15 national securities exchanges, 1 national securities association, the MSRB, and 9 registered clearing agencies. Rule 17a-6 is not a mandatory filing requirement. SROs are required to file a record destruction plan only if they wish to destroy or convert records to microfilm or other recording media before the end of the five year retention period in Rule 17a-1. Only two SROs have ever filed a record retention plan. The staff calculates that the preparation and filing of a new record destruction plan should take 160 hours. However, the staff notes that an SRO's record destruction plan may require revision, over time, in response to, for example, changes in document retention technology, which the staff estimates will take much less than the 160 hours estimated for a new plan. Given our experience to date with the number of plans that have been filed, 2 SROs, and the effort among SROs to revisit their existing record destruction plans, the staff estimates that the total number of hours required for 2 SRO respondents to comply with Rule 17a-6 is 60 annually, based on 30 hours per year per SRO respondent. Therefore, we estimate the annual reporting burden to be approximately 60 hours per year. The approximate cost of compliance for respondents is \$305 per hour, for an annualized cost burden of \$18,300 (\$305 per hour times 60 hours per year).

13. Costs to Respondents

There is no annual cost burden other than that specified in item 12.¹

14. Costs to Federal Government

Estimated cost of staff time is \$900 per year on average, for preparation, review, and submission of Paperwork Reduction Act documents related to the Rule. (Approximately 12 hours of staff time, at approximately \$75/hour per staff member.)

15. Changes in Burden

Not applicable.

16. Information Collection Planned for Statistical Purposes

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

17. OMB Expiration Date Display Approval

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

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

The collection of information does not employ statistical methods.

¹ There is no annualized cost burden associated with collection of information because documents are prepared by respondents' in-house attorneys.