

Rule 17a-3 requires registered broker-dealers to make certain records.

Rule 17a-3(a)(16) defines internal broker-dealers systems and requires such systems to make records, including daily trading summaries of trading activities, identity of parties involved, and securities traded. The rule serves to standardize business practice.

To simplify the ICR process, we are adding Rule 17a-3(a)(16) to the larger information collection Rule 17a-3 in its entirety, and will discontinue ICR 3235-0508 for Rule 17a-3(a)(16). This will add 2,835 hours additional hours to Rule 17a-3. ($2,723,970 + 2,835 = 2,726,807$)

By using past data to determine the proportional relationship between record making and record preservation, the Commission estimates that 27 hours per respondent need be allotted to recordkeeping under Rule 17a-3(a)(16) to be performed by a Compliance Manager at a cost of \$269 per hour.¹ The Commission thus estimates the annual internal cost of compliance for this hour burden per respondent at approximately \$7,263 ($\$269 \text{ per hour} \times 27 \text{ hours} = \$7,263$). The Commission estimates that there are approximately 105 active broker-dealer respondents registered with the Commission.

Thus the Commission estimates that the total annual hour burden for compliance with this rule is 2,835 hours ($105 \text{ respondents} \times 27 \text{ burden hours per respondent} = 2,835 \text{ total burden hours}$), and the associated total annual internal cost of compliance is \$762,615 ($2,835 \text{ burden hours} \times \$269 \text{ per hour} = \$762,615$).

¹ The hourly cost figure for a Compliance Manager is from SIFMA's Management & Professional Earnings in the Securities Industry 2012, modified by Commission staff to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead.