

SUPPORTING STATEMENT
For the Paperwork Reduction Act Information Collection Submission for
Rule 203-2 and Form ADV-W

A. JUSTIFICATION

1. Necessity of Information Collections

Rule 203-2 under the Investment Advisers Act of 1940 establishes procedures for an investment adviser to withdraw its registration, or a pending registration application, with the Securities and Exchange Commission (“Commission” or “SEC”), and requires every person withdrawing from investment adviser registration with the Commission to file Form ADV-W electronically on the Investment Adviser Registration Depository (“IARD”).

The potential respondents to this information collection are all investment advisers registered with the Commission that withdraw their registrations with the Commission. The collection of information is necessary to ensure that the Commission and the public are notified when each of these investment advisers withdraws its SEC registration.

The title of the affected collection of information is: “Rule 203-2 and Form ADV-W under the Investment Advisers Act of 1940.” Its OMB control number is 3235-0313. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. This collection of information is found at 17 CFR 275.203-2 and 17 CFR 279.2 and is mandatory.

2. Purposes of Information Collection

Form ADV-W is used to withdraw an investment adviser's registration with the Commission. The purpose of the information collection is to notify the Commission and the public when each investment adviser withdraws its SEC registration.

3. Consideration Given to Information Technology

All SEC-registered investment advisers are required to file Part 1 and Part 2A of Form ADV, the form used to register as an investment adviser, electronically through the IARD. The IARD is an Internet-based system that investment advisers access through computers in their offices, without the need for specialized software or hardware. The information investment advisers submit to the IARD is stored in a database, and the general public has Internet-access to the data. The IARD also permits investment advisers to meet state notice filing requirements electronically.

In conjunction with mandating electronic filing of investment adviser registration forms, the Commission also mandated electronic filing of the form used to withdraw from registration. To withdraw an investment adviser registration, rule 203-2 requires the electronic filing of Form ADV-W on the IARD.

4. Duplication

The collection of information requirements of the rule and form are not duplicated elsewhere.

5. Effect on Small Entities

The requirements of rule 203-2 and Form ADV-W are the same for all investment advisers registered with the Commission, including small entities. It would defeat the purpose of the rule to exempt small entities from these requirements.

6. Consequences of Not Conducting Collection

Rule 203-2 requires an adviser to notify the Commission when it is withdrawing its SEC registration. If the Commission did not collect this information, the Commission and the public would be unaware that an adviser had gone out of business or was ineligible to remain registered with the Commission.

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

The collection of information imposes no additional requirements regarding record retention.

8. Consultations Outside of the Agency

The Commission and the staff of the Division of Investment Management continue to participate in an ongoing dialogue with representatives of the investment adviser profession through public conferences, meetings, and informal exchanges. These various forums provide the Commission and the staff with a means of ascertaining and acting upon paperwork burdens facing the industry.

The Commission requested public comments on the collection of information requirements in rule 203-2 and Form ADV-W before submitting this request for extension and approval to the OMB. The Commission received no comments in response to its request.

9. Payment or Gift

None.

10. Confidentiality

The information collected pursuant to rule 203-2 and Form ADV-W are filings with the Commission. These filings are not kept confidential.

11. Sensitive Questions

Form ADV-W collects information on the investment adviser's name, SEC file number, CRD number (if applicable), and business address. Form ADV-W does not collect Social Security Numbers. A System of Records Notice has been published in the Federal Register at [\(SEC-50\) 66 FR 7820](#) and can also be found at <http://www.sec.gov/about/privacy/secprivacyoffice.htm>.^[1]

12. Burden of Information Collection

The current approved total estimated collection of information burden imposed by rule 203-2 and Form ADV-W is 1,313 hours per year. This burden was based on estimates, derived from past filing volume, that approximately 1,000 respondents filed Form ADV-W annually, that approximately 50 percent of those advisers ceased operations and completed the entire form to withdraw from all jurisdictions in which they are registered (full withdrawal), and that the remaining 50 percent withdrew from some, but not all, of the jurisdictions in which they were registered and omitted certain items from the form (partial withdrawal). Compliance with the requirement to complete Form ADV-W imposes a total burden of approximately 0.75 hours (45 minutes) for an adviser filing for full withdrawal and approximately 0.25 hours (15 minutes) for an adviser filing for partial withdrawal, for a total of 500 hours. We then estimated that approximately 3,200 mid-sized advisers and approximately 50 advisers relying on the pension consultant exemption would be required to withdraw their SEC registration by filing Form ADV-W

^[1] See "(SEC-1) Registration Statements Filed Pursuant to Provisions of the Securities Act of 1933, Securities Exchange Act of 1934, Public Utility Holding Company Act of 1935, and Investment Company Act of 1940."

as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”).¹ We anticipated that these advisers would partially withdraw from registration because they will be registered with the states. We estimated, at the time, that the revised rule associated with filing Form ADV-W would generate an additional burden of 813 hours, for a total burden of 1,313 hours.²

We anticipate that the burden for this information collection is expected to decrease due to a lower number of respondents filing Form ADV-W since the deadline for mid-sized advisers and pension consultants to withdraw their registration as required by the Dodd-Frank Act has passed.

For purposes of this Paperwork Reduction Act extension, the Commission staff estimates that approximately 800 advisers file Form ADV-W each year. Of those advisers, approximately 600 advisers (75%) filing for withdrawal file for full withdrawal and approximately 200 advisers (25%) file for partial withdrawal.³ Compliance with the requirement to complete Form ADV-W imposes a total burden of approximately 0.75 hours (45 minutes) for an adviser filing for full withdrawal and approximately 0.25 hours

¹ Pub. L. No. 111-203, 124 Stat. 1376 (2010). After the Dodd-Frank Act, state securities authorities have primary responsibility for the regulatory oversight of most investment advisers with assets under management between \$25 million and \$100 million (*See* section 410 of the Dodd-Frank Act), and the Commission has such responsibility for most investment advisers with assets under management over \$110 million (Rule 203A-1(a)(1) raises the threshold above which a mid-sized investment adviser must register with the Commission to \$110 million; but, once registered with the Commission, an adviser need not withdraw its registration until it has less than \$90 million of assets under management).

² $500 \text{ hours} + (3,250 \text{ advisers} \times 0.25 \text{ hours}) = 500 \text{ hours} + 813 \text{ hours} = 1313 \text{ hours}.$

³ This information was based on data collected from Form ADV-Ws filed through the IARD during 2013.

(15 minutes) for an adviser filing for partial withdrawal. Based on these estimates and estimated total responses, we estimate the total annual hours requested at 500 hours.⁴

We anticipate that investment advisers would likely utilize a combination of compliance professionals and clerical staff to complete Form ADV-W and file it with the Commission. The Commission estimates the hourly wage rate for compliance professionals to be \$264 per hour,⁵ including benefits, and the hourly wage rate for clerical staff to be \$53 per hour, including benefits.⁶ An investment adviser filing for full withdrawal would utilize an estimated 50% professional time and 50% clerical time. For each full withdrawal, the estimated cost would be \$118.85 per withdrawal,⁷ or \$71,310 total.⁸ It is estimated that an investment adviser filing for partial withdrawal would utilize only clerical staff. For each partial withdrawal, the estimated cost would be \$13.25 per withdrawal,⁹ or \$2,650 total.¹⁰ Accordingly, the Commission staff estimates the total annual cost of Form ADV-W to be \$73,960.¹¹

⁴ (600 full ADV-Ws x 0.75 hours) + (200 partial ADV-Ws x 0.25 hours) = 450 + 50 = 500 hours.

⁵ Data from the Securities Industry and Financial Markets Association's Office Salaries in the Securities Industry 2013 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, suggest that the cost for this position is \$264 per hour.

⁶ Data from the Securities Industry and Financial Markets Association's Office Salaries in the Securities Industry 2013 modified by Commission staff to account for an 1800-hour work-year and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead, suggest that cost for this position is \$53 per hour.

⁷ ((.75 hours x .5) x \$264/hour) + ((.75 hours x .5) x \$53/hour) = \$99 + \$19.85 = \$118.85.

⁸ \$118.85 x 600 = \$71,310.

⁹ .25 hours x \$53/hour = \$13.25.

¹⁰ \$13.25 x 200 = \$2,650.

13. Costs to Respondents

\$0.

14. Costs to Federal Government

\$0.

15. Changes in Burden

The revised total annual collection of information burden for rule 203-2 and Form ADV-W is estimated to be 500 hours. This burden represents a decrease of 813 hours from the current approved burden, which is attributable primarily to the fact that the deadline for mid-size advisers and pension consultants to withdraw from SEC registration by the Dodd-Frank Act has passed.¹²

16. Information Collections Planned for Statistical Purposes

Not applicable.

17. Approval to Display Expiration Date

The Commission is not seeking approval to omit the expiration date.

18. Exception to Certification Requirement

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.

¹¹ \$71,310+ \$2,650= \$73,960.

¹² 1,313 current burden hours – 500 revised approved burden hours = 813 hours.