

SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission for
Regulation SBSR – Reporting and Dissemination of Security-Based Swap Information

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 for the Information Collection

On July 21, 2010, the President signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”).¹ The Dodd-Frank Act amended the Exchange Act to require the Commission to adopt rules providing for, among other things (i) the reporting of security-based swaps to a registered security-based swap data repository (“SDR”) or to the Commission; and (ii) real-time public dissemination of security-based swap transaction, volume, and pricing information. On November 19, 2010, pursuant to Sections 763 and 766 of Title VII of the Dodd-Frank Act, the Commission proposed Regulation SBSR to fulfill these requirements.² In May 2013, the Commission re-proposed the entirety of Regulation SBSR as part of the Cross-Border Proposing Release³ and re-opened the comment period for all of its other outstanding Title VII rulemakings.⁴

After reviewing comments submitted to the Commission, including not only those comments specifically addressing Regulation SBSR, but also comments addressing cross-border issues generally, as well as comments germane to regulatory reporting and/or public dissemination of security-based swaps that were submitted in other contexts, the Commission adopted Regulation SBSR, with certain revisions suggested by commenters or designed to clarify the rules (“Regulation SBSR Adopting Release”). In addition, in a separate release, the Commission proposed certain rules, amendments, and guidance relating to Regulation SBSR (“Regulation SBSR Proposed Amendments Release”).

¹ The Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. No. 11-203, H.R. 4173).

² Regulation SBSR—Reporting and Dissemination of Security-Based Swap Information, Securities Exchange Act Release No. 63346 (November 19, 2010), 75 FR 75208 (December 2, 2010) (“Regulation SBSR Proposing Release”).

³ See Securities Exchange Act Release No. 69490 (May 1, 2013), 78 FR 30967 (May 23, 2013) (“Cross-Border Proposing Release”).

⁴ See Securities Exchange Act Release No. 69491 (May 1, 2013), 78 FR 30799 (May 23, 2013).

On February 11, 2015, the Commission adopted Regulation SBSR.⁵ Regulation SBSR, as adopted, consists of ten rules, Rules 900 to 909 under the Exchange Act. Regulation SBSR provides generally for the reporting of security-based swap information to a registered security-based swap data repository (“registered SDRs”) or the Commission, and the public dissemination of security-based swap transaction, volume, and pricing information by registered SDRs. Rule 901 specifies, with respect to each reportable event pertaining to covered transactions, who is required to report, what data must be reported, when it must be reported, where it must be reported, and how it must be reported. Rule 901(a), as adopted, establishes a “reporting hierarchy” that specifies the side that has the duty to report a security-based swap that is a “covered transaction,” as defined in the Regulation SBSR Adopting Release.⁶ The reporting side, as determined by the reporting hierarchy, is required to submit the information required by Regulation SBSR to a registered SDR. The reporting side may select the registered SDR to which it makes the required report.

In addition, under Regulation SBSR, as adopted, registered SDRs are required to establish and maintain certain policies and procedures regarding how transaction data are reported and disseminated, and participants⁷ of registered SDRs that are registered security-based swap dealers or registered major security-based swap participants are required to establish and maintain policies and procedures that are reasonably designed to ensure that they comply with applicable reporting obligations. Regulation SBSR contains provisions that address the application of the regulatory reporting and public dissemination requirements to cross-border security-based swap activity as well as provisions authorizing the Commission to permit market participants to satisfy these requirements through substituted compliance. Finally, Regulation SBSR requires a registered SDR to register with the Commission as a securities information processor.

The Commission revised many of the burdens associated with Regulation SBSR in its proposal of Regulation SBSR in the Cross-Border Proposing Release and further revised these burdens in the context of its adoption of Regulation SBSR in the Regulation SBSR Adopting

⁵ See Regulation SBSR—Reporting and Dissemination of Securities-Based Swap Information, Securities Exchange Act Release No. 74244 (February 11, 2015), 80 FR 14563 (March 19, 2015). The OMB control number is 3235-0718.

⁶ “Covered transactions,” as the term is used in the Regulation SBSR Adopting Release, encompasses all security-based swaps except for the following: (1) clearing transactions; (2) security-based swap transactions executed on a platform that will be submitted to clearing; (3) transactions where there is no U.S. person, registered security-based swap dealer, or registered major security-based swap participant on either side; and (4) transactions where there is no registered security-based swap dealer or registered major security-based swap participant on either side and there is a U.S. person on only one side.

⁷ Rule 900(u) defines “participant” as “with respect to a registered security-based swap data repository, means a counterparty, that meets the criteria of § 242.908(b), of a security-based swap that is reported to that registered security-based swap data repository to satisfy an obligation under § 242.901(a).”

Release. In both cases, these burdens were revised primarily as a result of the Commission obtaining additional and more granular data regarding participation in the security-based swap market from the Depository Trust and Clearing Corporation's Trade Information Warehouse ("DTCC-TIW"). In addition, all hourly cost figures have been updated to reflect data from SIFMA's *Management & Professional Earnings in the Securities Industry 2013* and SIFMA'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 or 2.93, as appropriate, to account for bonuses, firm size, employee benefits, and overhead.

Most of the changes to the burdens detailed below are the result of the Commission revising its estimate of the number of entities that will be required to report security-based swap transactions from 1,000 reporting parties in the original proposal to 300 reporting sides in the Regulation SBSR Adopting Release. In addition, the burdens were impacted by the Commission revising the number of reportable events down from 15.5 million per year estimated in the original proposal, to the 3 million per year estimated in the Regulation SBSR Adopting Release. In the Regulation SBSR Adopting Release, the Commission estimated that approximately 2 million of these reportable events will consist of uncleared transactions (*i.e.*, those transactions that will be reported to a registered SDR by the reporting sides). The Commission further estimated that of the 2 million reportable events, approximately 900,000 would involve the reporting of new security-based swap transactions, and approximately 1,100,000 would involve the reporting of life cycle events. The remaining one million reportable events relate to platform-executed security-based swaps that will be submitted to clearing and are addressed in the Regulation SBSR Proposed Amendments.⁸

2. Purpose of the Information Collection

The security-based swap information reported pursuant to Regulation SBSR will fulfill the Congressional mandate that the Commission to provide for, among other things: (i) the reporting of security-based swaps to a registered SDR or to the Commission; and (ii) real-time public dissemination of security-based swap transaction, volume, and pricing information. The reporting pursuant to Regulation SBSR will: provide insight about the size and operation of the security-based swap market and a benchmark against which to assess the development of the security-based swap market over time; provide the Commission information to assist with its analysis of the security-based swap market; be used to assess activities and risks in the security-based swap market or securities markets more generally; facilitate general market oversight; and facilitate the reports the Commission is required to provide to Congress on security-based swaps and the security-based swap marketplace.⁹

3. Role of Improved Information Technology

Regulation SBSR, as adopted, has been drafted to utilize information technology in the

⁸ At the same time that the Commission adopted the Regulation SBSR Adopting Release, the Commission also proposed certain amendments to Regulation SBSR.

⁹ See Section 719 of the Dodd-Frank Act.

collection of information. Reporting sides will electronically report security-based swap transaction data to registered SDRs and registered SDRs will disseminate transaction data and corrections electronically. Further, registered SDRs must make their policies and procedures, along with other information, publicly available on their websites. Regulation SBSR contemplates a phased-in approach to public dissemination in order to allow market participants sufficient time to effectively implement necessary technology systems and make necessary technological preparations for Regulation SBSR. Over time, the Commission expects that the burden will be reduced due to future technology enhancements. The Commission is not aware of any technical or legal obstacles to reducing the burden through the use of improved information technology.

4. Efforts to Identify Duplication

Section 712(a)(2) of the Dodd-Frank Act provides that, before commencing any rulemaking regarding, among other things, security-based swaps or registered SDRs, the Commission must consult and coordinate with the Commodity Futures Trading Commission (“CFTC”) and other prudential regulators for the purposes of assuring regulatory consistency and comparability, to the extent possible. As a result, the Commission staff and the CFTC staff have consulted and coordinated with one another regarding their respective Commissions’ rules regarding regulatory reporting and public dissemination of swaps and security-based swaps. The Commission staff has also consulted and coordinated with other prudential regulators.

5. Effect on Small Entities

Not applicable. Regulation SBSR, as adopted, will not have a significant economic impact on a substantial number of small entities.

6. Consequences of Less Frequent Collection

Collecting the information on a less frequent basis would frustrate the purposes of the Congressional mandate to provide for regulatory reporting and public dissemination of security-based swap volume and pricing information on a transaction-by-transaction basis.

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

5 CFR 1320.5(d)(2) requires an agency to demonstrate, in its submission for OMB clearance, that the reporting of information more often than quarterly is necessary to satisfy statutory requirements or other substantial need. Sections 763 and 766 of the Dodd-Frank Act amend the Exchange Act to require the Commission to adopt rules providing for, among other things (i) the reporting of security-based swaps to an SDR or to the Commission; and (ii) real-time public dissemination of security-based swap transaction, volume, and pricing information. Although the Dodd-Frank Act did not stipulate how often the reporting of security-based swaps to an SDR or to the Commission must occur, the Dodd-Frank Act did stipulate that real-time public dissemination must occur “as soon as technologically practicable after the time at which the [SBS] transaction has been executed.”¹⁰ As a result, reporting more often than quarterly is

¹⁰ See Section 763(i) of the Dodd-Frank Act.

required by the Dodd-Frank Act.

8. Consultation Outside the Agency

The Commission has coordinated extensively with the CFTC, other federal financial regulators, as well as various participants in the swaps industry in formulating Regulation SBSR. Further, the Commission has consulted with industry participants for many of the collections of information that will be required by Regulation SBSR and has incorporated what it has learned as a result of these consultations into its burden estimates.

The Commission has issued multiple releases soliciting comments on the “collection of information” requirements and associated paperwork burdens. Comments on Commission releases are generally received from registrants, market participants, and members of the public. In addition, the Commission and staff participate in ongoing dialogue with representatives of various market participants through public conferences, meetings, and informal exchanges. Any comments received on this rulemaking were posted on the Commission’s public website, and made available through <http://www.sec.gov/comments/s7-34-10/s73410.shtml>. The Commission considered all comments received prior to publishing this final rule, and explained in the Regulation SBSR Adopting Release how the final rule responds to such comments, in accordance with 5 C.F.R. 1320.11(f).

Although the Commission received numerous comments on the substantive aspects of the proposal and re-proposal, it received only one comment that specifically addresses the new collection of information requirements and associated paperwork burdens and which generally supports the Commission’s analysis.¹¹

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality

Some information collected pursuant to Regulation SBSR, as adopted, will be widely available to the extent it is information that is required to be publicly disseminated by a registered SDR. However, registered SDRs are generally under an obligation to maintain the confidentiality of the other reported information collected pursuant to Rule 901(d), and pursuant to Section 13(n)(5) of the Exchange Act and Rule 13n-9 thereunder. To the extent that the Commission receives confidential information pursuant to Regulation SBSR, such information will be kept confidential, subject to the provisions of the Freedom of Information Act.

11. Sensitive Questions

As discussed above in Item 10, the collection of information will not include Personally Identifiable Information (“PII”).¹²

12. Estimate of Reporting Burden

¹¹ See letter from Chris Barnard, dated December 3, 2010, at 4.

The total reporting burden for Regulation SBSR, as adopted, for all respondents is approximately 484,000 hours initially, with a total annual burden thereafter of approximately 1,800,000 hours. This burden is broken down by collection of information below.

a. Reporting Obligations

Rule 901 – Reporting Sides

The Commission believes that reporting sides that fall under the reporting hierarchy in Rule 901(a)(2)(ii) will incur certain burdens as a result thereof with respect to their reporting of covered transactions. Specifically, the Commission believes that the requirement to report covered transactions to a registered SDR or to the Commission pursuant to Rule 901 will impose a one-time burden on each reporting side respondent of approximately 707 burden hours. In the original proposing release, the Commission estimated that 1,000 entities would be subject to this burden. Under the re-proposal in the Cross-Border Proposing Release and as adopted in the Regulation SBSR Adopting Release, the Commission now estimates that 300 reporting sides will be subject to this burden. Accordingly, the Commission now estimates that the one-time initial reporting obligation burden for all reporting sides will be approximately 212,100 hours, which includes development of an internal order and trade management system (“OMS”) capable of capturing relevant security-based swap transaction information, implementation of a reporting mechanism, and establishment of an appropriate compliance program and support for the operation of the OMS and reporting mechanism.¹³ Further, the Commission estimates that the

¹² The term “Personally Identifiable Information” refers to information which can be used to distinguish or trace an individual’s identity, such as their name, social security number, biometric records, etc. alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother’s maiden name, etc.

¹³ Based on this estimate, the total one-time labor cost for all respondents to establish systems and compliance programs to report security-based swap transactions pursuant to Rule 901 will be approximately \$61,500,000. This figure is based on the following: **[Costs associated with developing an OMS System ((Sr. Programmer (160 hours) at \$303 per hour) + (Sr. Systems Analyst (160 hours) at \$260 per hour) + (Compliance Manager (10 hours) at \$283 per hour) + (Director of Compliance (5 hours) at \$446 per hour) + (Compliance Attorney (20 hours) at \$334 per hour))]** + **[Costs associated with implementation ((Sr. Programmer (80 hours) at \$303 per hour) + (Sr. Systems Analyst (80 hours) at \$260 per hour) + (Compliance Manager (5 hours) at \$283 per hour) + (Director of Compliance (2 hours) at \$446 per hour) + (Compliance Attorney (5 hours) at \$334 per hour))]** + **[Costs associated with establishment of compliance and support program ((Sr. Programmer (100 hours) at \$303 per hour) + (Sr. Systems Analyst (40 hours) at \$260 per hour) + (Compliance Manager (20 hours) at \$283 per hour) + (Director of Compliance (10 hours) at \$446 per hour) + (Compliance Attorney (10 hours) at \$334 per hour))]** x (300 reporting sides) = \$61,499,100. Hourly figures cited in this memorandum are from SIFMA’s *Management & Professional Earnings in the Securities Industry 2013* and SIFMA’s *Office Salaries in the Securities In-*

ongoing annualized burden will be 687 burden hours per reporting side, which corresponds to 206,100 burden hours in the aggregate.¹⁴ The Commission estimates one response per respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 922.7 hours per response.¹⁵ This collection is a third-party disclosure type of collection.¹⁶

Rule 901 – SDRs

Rules 901(f) and 901(g), as adopted, will require a registered SDR to time-stamp, to the second, information that it receives and assign a unique transaction ID to each security-based swap it receives or establish or endorse a methodology for transaction IDs to be assigned by third parties, respectively. The Commission estimates that 10 entities will register as SDRs and thus be subject to this burden. The Commission estimates that Rules 901(f) and 901(g) will impose an initial one-time aggregate burden of 1,200 burden hours, which corresponds to 120 burden

dustry 2013, modified by Commission staff to account for an 1800-hour work-year and multiplied by 5.35 or 2.93, as appropriate, to account for bonuses, firm size, employee benefits, and overhead.

¹⁴ Based on this estimate, the total ongoing annual labor cost for all respondents to maintain systems and compliance programs to report SBS transactions pursuant to Rule 901 will be approximately \$35,500,000. This figure is based on the following: **[Costs associated with capturing data** $[(\text{Sr. Programmer (32 hours) at } \$303 \text{ per hour}) + (\text{Sr. Systems Analyst (32 hours) at } \$260 \text{ per hour}) + (\text{Compliance Manager (60 hours) at } \$283 \text{ per hour}) + (\text{Compliance Clerk (240 hours) at } \$64 \text{ per hour}) + (\text{Director of Compliance (24 hours) at } \$446 \text{ per hour}) + (\text{Compliance Attorney (48 hours) at } \$334 \text{ per hour})]$ **]** + **[Costs associated with maintaining operational reporting system** $(\text{Compliance Clerk (16.7 hours) at } \$64 \text{ per hour}) + (\text{Sr. Computer Operator (16.7 hours) at } \$87 \text{ per hour})]$ **]** + **[Costs associated with maintaining compliance and support program** $(\text{Sr. Programmer (16 hours) at } \$303 \text{ per hour}) + (\text{Sr. Systems Analyst (16 hours) at } \$260 \text{ per hour}) + (\text{Compliance Manager (30 hours) at } \$283 \text{ per hour}) + (\text{Compliance Clerk (120 hours) at } \$64 \text{ per hour}) + (\text{Director of Compliance (12 hours) at } \$446 \text{ per hour}) + (\text{Compliance Attorney (24 hours) at } \$334 \text{ per hour})]$ **]** $\times (300 \text{ reporting sides}) = \$35,567,910$.

¹⁵ This figure is based on the following: $[(\text{707 hours}/3 \text{ years}) + (687 \text{ hours})]/ (1 \text{ response per year})] = 922.7 \text{ hours}$.

¹⁶ Although Rule 901(b) provides that, if there is no registered SDR that would accept information pertaining to a security-based swap, reporting sides should report to the Commission, we expect the reporting burden pursuant to this provision will be minimal or even zero as registered SDRs should be operational prior to effectiveness of Regulation SBSR. Accordingly, we have assumed that all burden hours associated with this collection will be attributable to a third-party disclosure type, rather than a reporting type, of collection.

hours per SDR respondent.¹⁷ Further, the Commission estimates that Rules 901(f) and 901(g) will impose an aggregate ongoing annualized burden of 1,520 burden hours, which corresponds to 152 burden hours per SDR respondent.¹⁸ The Commission estimates two responses per SDR respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 192 hours per respondent per year.¹⁹ The above burden estimates pertaining to Rules 901(f) and 901(g) are identical to those set forth in the Regulation SBSR Proposing Release. This collection is a recordkeeping type of collection.

b. Public Dissemination of Transaction Reports

The burdens associated with Rule 902 of Regulation SBSR remain unchanged from those burdens preliminarily identified in the Commission's original PRA analysis, except that all hourly cost figures have been updated to reflect data from SIFMA's *Management & Professional Earnings in the Securities Industry 2013* and SIFMA'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 or 2.93, as appropriate, to account for bonuses, firm size, employee benefits, and overhead. Therefore, the Commission believes that its original PRA analysis continues to apply.

Rule 902 – SDRs

As adopted, Rule 902 requires a registered SDR to publicly disseminate a transaction report immediately upon receipt of information about a security-based swap, or a life cycle event to adjustment due to a life cycle event (or upon re-opening following a period when the registered SDR was closed), except in certain limited circumstances described in Rule 902(c).²⁰ A published transaction report must consist of all of the information reported pursuant to Rule 901(c), plus any condition flags required by the policies and procedures of the registered SDR to

¹⁷ Based on this estimate, the total one-time labor cost for all SDR respondents to comply with Rule 901(f) and 901(g) will be approximately \$360,000. [((Sr. Programmer (80 hours) at \$303 per hour) + (Sr. Systems Analyst (20 hours) at \$260 per hour) + (Compliance Manager (8 hours) at \$283 per hour) + (Director of Compliance (4 hours) at \$446 per hour) + (Compliance Attorney (8 hours) at \$334 per hour)) x (10 registered SDRs)] = \$361,600.

¹⁸ Based on this estimate, the total ongoing annual labor cost for all SDR respondents to comply with Rules 901(f) and (g) will be approximately \$450,000. This figure is based on the following: [((Sr. Programmer (60 hours) at \$303 per hour) + (Sr. Systems Analyst (48 hours) at \$260 per hour) + (Compliance Manager (24 hours) at \$283 per hour) + (Director of Compliance (12 hours) at \$446 per hour) + (Compliance Attorney (8 hours) at \$334 per hour)) x (10 registered SDRs)] = \$454,760.

¹⁹ This figure is based on the following: [((120 hours/3 years) + (152 hours))/(2 responses per year)] = 96 hours per response or 192 hours per respondent.

²⁰ The Commission notes that reporting side respondents incur no duties of dissemination under Rule 902. All duties of dissemination apply only to registered SDRs.

which the transaction is reported.²¹ The Commission estimates that 10 entities will be subject to this burden. The Commission estimates that the initial one-time aggregate burden for the development and implementation of systems necessary to comply with Rule 902 will be 84,000 burden hours, which corresponds to 8,400 burden hours per SDR respondent.²² Further, the Commission estimates that the public dissemination requirements will impose an aggregate ongoing annualized burden of 50,400 burden hours, which corresponds to 5,040 burden hours per SDR respondent.²³ The Commission estimates that each registered SDR will have to build the infrastructure only once and will have to update such infrastructure each year. As a result, the Commission estimates one response per SDR per year (representing the annual upkeep of the public dissemination system), which, including the one-time hourly burden equally allocated over three years, results in an hourly burden of 7,840 hours per respondent.²⁴ This collection is a third-party disclosure type of collection.

c. Special Closing Hours

The burdens associated with Rule 904 of Regulation SBSR remain unchanged from those burdens preliminarily identified in the Commission's original PRA analysis, except that all hourly cost figures have been updated to reflect data from SIFMA's *Management & Professional Earnings in the Securities Industry 2013* and SIFMA'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 or 2.93, as appropriate, to account for bonuses, firm size, employee benefits, and overhead. Therefore, the Commission stated its belief that its original PRA analysis continues to apply.

²¹ Rule 902(b), as originally proposed and re-proposed, addressed how a registered SDR would be required to disseminate transaction reports of block trades. As discussed in the Regulation SBSR Adopting Release, however, the Commission did not adopt Rule 902(b).

²² Based on this estimate, the total one-time labor cost for all SDR respondents to comply with the dissemination requirement of Rule 902 will be \$22,162,000. This figure is based on the following: [(Attorney (1,400 hours) at \$380 per hour) + (Compliance Manager (1,600 hours) at \$283 per hour) + (Programmer Analyst (4,000 hours) at \$220 per hour) + (Senior Business Analyst (1,400 hours) at \$251 per hour)] x (10 registered SDRs)] = \$22,162,000.

²³ Based on this estimate, the total ongoing annual labor cost for all SDR respondents to comply with the dissemination requirement of Rule 902 will be \$13,297,200. This figure is based on the following: [(Attorney (840 hours) at \$380 per hour) + (Compliance Manager (960 hours) at \$283 per hour) + (Programmer Analyst (2,400 hours) at \$220 per hour) + (Senior Business Analyst (840 hours) at \$251 per hour)] x (10 registered SDRs)] = \$13,297,200.

²⁴ This figure is based on the following: [(8,400 hours/3 years) + (5,040 hours)] = 7,840 hours per respondent.

Rule 904 – SDRs

As adopted, Rule 904 requires a registered SDR to operate continuously, subject to two exceptions. First, under Rule 904(a), a registered SDR may establish normal closing hours during periods when, in its estimation, the U.S. market and major foreign markets are inactive. A registered SDR is required to provide reasonable advance notice to participants and to the public of its normal closing hours. Second, under Rule 904(b), a registered SDR may declare, on an ad hoc basis, special closing hours to perform system maintenance that cannot wait until normal closing hours. A registered SDR is required, to the extent reasonably possible under the circumstances, to avoid scheduling special closing hours during a time when, in its estimation, the U.S. market and major foreign markets are the most active; and provide reasonable advance notice of its special closing hours to participants and the public. Rule 904(c) specifies requirements for handling and disseminating reported data during a registered SDR's normal and special closing hours. During normal closing hours and, to the extent reasonably practicable, during special closing hours, a registered SDR is required to have the capability to receive and hold in queue transaction data it receives.²⁵ Pursuant to Rule 904(d), immediately upon system re-opening, the registered SDR is required to publicly disseminate any transaction data required to be reported under Rule 901(c) that it received and held in queue, in accordance with the requirements of Rule 902. Pursuant to Rule 904(e), if a registered SDR cannot hold in queue transaction data to be reported, immediately upon re-opening the SDR is required to send a message to all participants that it has resumed normal operations. Thereafter, any participant that had an obligation to report transaction information to the registered SDR, but could not due to the registered SDR's inability to receive and hold in queue such transaction information, must promptly report the information to the registered SDR.²⁶ The Commission estimates that 10 entities will be subject to this burden. The Commission estimates that the requirements to notify participants and the public of closing hours and system availability will impose an aggregate ongoing annualized burden of 360 burden hours, which corresponds to 36 burden hours per SDR respondent.²⁷ The Commission estimates 12 responses per respondent per year, resulting in a burden of 3 hours per response. This collection is a third-party disclosure type of collection.

d. Error Correction

Rule 905, as adopted, establishes procedures for correcting errors in reported and disseminated security-based swap information. Rule 905 requires any counterparty to a security-based swap that discovers an error in previously-reported information to take action to ensure that corrected information is provided to the registered SDR to which the initial transaction was reported. The rule also requires a registered SDR to verify any error reports that it receives and correct and, if necessary, publicly disseminate a corrected transaction report.

²⁵ See Rule 904(c).

²⁶ See Rule 904(e).

²⁷ Based on this estimate, the total ongoing annual labor cost for all reporting side respondents to comply with the notification requirement of Rule 904 would be \$45,000. This figure is based on the following:
[(Operations Specialist (36 hours) at \$125 per hour) x (10 potential registered SDRs)] = \$45,000.

Rule 905 – Non-Reporting Sides

Under Rule 905(a)(1), where a side that was not the reporting side for a security-based swap transaction discovers an error in the information reported with respect to such security-based swap, the counterparty must promptly notify the reporting side of the error. The Commission estimates that as many as 4,800 entities will be subject to this burden. The Commission estimates that the requirements to notify reporting sides will impose an aggregate ongoing annualized burden of 998,640 hours, which corresponds to 208.05 burden hours per non-reporting-side participant.²⁸ This figure is based on the Commission's estimate of (1) 4,800 participants; and (2) 1.14 transaction per day per participant.²⁹ The burdens of Rule 905 on reporting sides and other participants will be reduced to the extent that complete and accurate information is reported to registered SDRs in the first instance pursuant to Rule 901. This collection is a third-party disclosure type of collection.

Rule 905 – Reporting Sides

Under Rule 905(a)(2), as adopted, where a reporting side for a security-based swap transaction discovers an error in the information reported with respect to a security-based swap, or receives notification from its counterparty of an error, the reporting side must promptly submit to the entity to which the security-based swap was originally reported an amended report pertaining to the original transaction. The amended report must be submitted to the registered SDR in a manner consistent with the policies and procedures of the registered SDR required pursuant to Rule 907(a)(3). The Commission believes that compliance with this rule will require support and maintenance of error-reporting functions. The Commission believes that designing and building appropriate reporting system functionality to comply with the error-reporting rule will represent an incremental "add-on" to the cost to build a reporting system. The Commission estimates that the incremental burden will be equal to 5% of the one-time and annual costs associated with designing and building a reporting system pursuant to Rule 901 plus 10% of the corresponding one-time and annual costs associated with developing the overall compliance program required under Rule 901. The Commission previously estimated that 1,000 reporting parties would be subject to this burden. In the Cross-Border Proposing Release, the Commission revised its estimate to 300 reporting sides that would be subject to this burden, an estimate that

²⁸ This burden was calculated using the same methodology as was used in the Regulation SBSR Proposing Release, updated to account for new estimates of the number of error notifications resulting from updates in the number of reportable events. See Regulation SBSR Proposing Release, 75 FR at 75255. This figure is based on the following: [(1.14 error notifications per non-reporting-side participant per day) x (365 days/year) x (Compliance Clerk at 0.5 hours/report) x (4,800 participants)] = 998,640 burden hours, which corresponds to 208.05 burden hours per participant. The annual burden per respondent/per response is 0.57 hours [(208.05 total hourly burden per year/365 responses per year = 0.57 hours per response].

²⁹ This figure is based on the following: [((2,000,000 estimated annual security-based swap transactions) / (4,800 estimated participants)) / (365 days/year)] = 1.14 transactions per day, on average.

the Commission also used in the Regulation SBSR Adopting Release. Thus, the Commission estimates that Rule 905(a) will impose an initial (first-year) aggregate burden of 15,015 hours, which is approximately 50 burden hours per reporting side,³⁰ and an ongoing aggregate annualized burden of 7,035 hours, which is 23.5 burden hours per reporting side.³¹ The Commission estimates that each reporting side will, on average, only have to submit one error correction report per day. As a result, the Commission estimates the burden per respondent per year, which, including the one-time burden equally allocated over three years, to be 40.17 hours.³² This collection is a third-party disclosure type of collection.

Rule 905 – SDRs

Rule 905(b) sets forth the duties of a registered SDR relating to corrections. If the registered SDR either discovers an error in a transaction on its system or receives notice of an error from a reporting side, Rule 905(b)(1) requires the registered SDR to verify the accuracy of the terms of the security-based swap and, following such verification, promptly correct the erroneous information contained in its system. Rule 905(b)(2) further requires that, if such erroneous information relates to a security-based swap that the registered SDR previously disseminated and does not fall into any of the categories of information enumerated in Rule 901(c), the registered SDR must publicly disseminate a corrected transaction report of the security-based swap promptly following verification of the trade by the counterparties to the security-based swap, with an indication that the report relates to a previously disseminated transaction.

The burdens associated with Rule 905(b) of Regulation SBSR remain unchanged from those burdens preliminarily identified in the Commission's original PRA analysis, except that all hourly cost figures have been updated to reflect data from SIFMA's *Management & Professional*

³⁰ See Regulation SBSR Proposing Release, 75 FR at 75254-55. This figure is calculated as follows: $[(((172 \text{ burden hours for one-time development of reporting system}) \times (0.05)) + ((33 \text{ burden hours annual maintenance of reporting system}) \times (0.05)) + ((180 \text{ burden hours one-time compliance program development}) \times (0.1)) + ((218 \text{ burden hours annual support of compliance program}) \times (0.1))) \times (300 \text{ reporting sides})] = 15,015 \text{ burden hours}$, which is 50 burden hours per reporting side. The burden hours for annual maintenance of the reporting system has been updated to reflect new information on the number of reportable events.

³¹ See Regulation SBSR Proposing Release, 75 FR at 75254-55. This figure is calculated as follows: $[(((33 \text{ burden hours annual maintenance of reporting system}) \times (0.05)) + ((218 \text{ burden hours annual support of compliance program}) \times (0.1))) \times (300 \text{ reporting sides})] = 7,035 \text{ burden hours}$, which is 23.5 burden hours per reporting side. The burden hours for annual maintenance of the reporting system has been updated to reflect new information on the number of reportable events.

³² This figure is based on the following: $[(50.0 \text{ hours}/3 \text{ years}) + (23.5 \text{ hours})]$. The Commission further estimated that each reporting side respondent would submit 365 error corrections reports each year for a per-response burden of 0.11005 hours [40.17 hours/365 responses]. This equates to a total burden of 12,051 hours [40.17 hours x 300 reporting sides].

Earnings in the Securities Industry 2013 and SIFMA’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 or 2.93, as appropriate, to account for bonuses, firm size, employee benefits, and overhead. Therefore, the Commission stated its belief that its original PRA analysis continues to apply. Rule 905(b) will require a registered SDR to develop protocols regarding the reporting and correction of erroneous information. The Commission believes, however, that this duty will represent only a minor extension of other duties for which the Commission estimated burdens, and consequently, will not impose substantial additional burdens on a registered SDR. The Commission estimates that 10 entities will be subject to this burden. The Commission estimates that to develop and publicly provide the necessary protocols will impose an initial one-time burden of approximately 7,300 burden hours, which corresponds to 730 burden hours per SDR respondent.³³ The Commission estimates that to review and update such protocols on an ongoing basis will impose an annual aggregate burden of approximately 14,600 burden hours, which corresponds to 1,460 burden hours per SDR respondent.³⁴ The Commission estimates that the protocols will have to be updated once each year, resulting in one response per respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 1,703.33 hours per response.³⁵ This collection is a third-party disclosure type of collection.

e. Other Duties of Participants

Rule 903(a) – Participants

Rule 903(a), as adopted, provides that, if an internationally recognized standards-setting system (“IRSS”) that meets certain criteria is recognized by the Commission and has assigned a unique identification code (“UIC”) to a person, unit of a person, or product (or has endorsed a methodology for assigning transaction IDs), all registered SDRs must use that UIC in carrying out their responsibilities under Regulation SBSR. If no such system has been recognized by the

³³ Based on this estimate, the total one-time labor cost for all registered SDRs to comply with the error reporting requirement of Rule 905 would be \$1,993,400. This figure is based on the following: [(Sr. Programmer (80 hours) at \$285 per hour) + (Compliance Manager (160 hours) at \$303 per hour) + (Compliance Attorney (250 hours) at \$283 per hour) + (Compliance Clerk (120 hours) at \$64 per hour) + (Sr. Systems Analyst (80 hours) at \$260 per hour) + (Director of Compliance (40 hours) at \$446 per hour)) x (10 potential registered SDRs)] = \$1,993,400.

³⁴ Based on this estimate, the annual labor cost for all registered SDRs to comply with the error reporting requirement of Rule 905 would be \$3,986,800. This figure is based on the following: [(Sr. Programmer (160 hours) at \$303 per hour) + (Compliance Manager (320 hours) at \$283 per hour) + (Compliance Attorney (500 hours) at \$334 per hour) + (Compliance Clerk (240 hours) at \$64 per hour) + (Sr. Systems Analyst (160 hours) at \$260 per hour) + (Director of Compliance (80 hours) at \$446 per hour)) x (10 potential registered SDRs)] = \$3,986,800.

³⁵ This figure is based on the following: [(730 hours/3 years) + (1,460 hours)] / (1 response per year) = 1703.33 hours.

Commission, or if such a system has not assigned a UIC to a particular person, unit of a person, or product (or has not endorsed a methodology for assigning transaction IDs), the registered SDR must assign a UIC to that person, unit of a person, or product using its own methodology (or endorse a methodology for assigning transaction IDs). As discussed in the Regulation SBSR Adopting Release, the Commission has recognized the Global LEI System (“GLEIS”) as an IRSS that meets the criteria of Rule 903. The GLEIS issues UICs for legal entities, known as “legal entity identifiers” or “LEIs.” Therefore, if an entity has an LEI issued by or through the GLEIS, that LEI must be used for all purposes under Regulation SBSR. In conjunction with the Commission’s recognition of the GLEIS, Rule 903 requires all persons who are participants of at least one registered SDR to obtain an LEI from or through the GLEIS for use under Regulation SBSR. Furthermore, each participant that acts as a guarantor of a direct counterparty’s performance of any obligation under a security-based swap that is subject to Rule 908(a) shall, if the direct counterparty has not already done so, obtain a UIC for identifying the direct counterparty from or through that system, if that system permits third-party registration without a requirement to obtain prior permission of the direct counterparty.

Rule 903 applies to any person who is a participant of at least one registered SDR. The Commission estimates that there may be up to 4,800 security-based swap counterparties that are participants of one or more registered SDRs. As stated in the Regulation SBSR Adopting Release, the Commission believes that no fewer than 3,500 of approximately 4,800 accounts that participated in the market for single-name CDS in 2013 currently have LEIs. Consequently, the Commission estimates that, for purposes of the PRA, there may be as many as 1,300 participant respondents who do not already have a GLEIS LEI and who will be required to obtain one and as many as 4,800 participants who will need to maintain a GLEIS LEI. The Commission estimates that first-year aggregate burden imposed by Rule 903 will be 1,300 hours, which corresponds to 1 hour per participant, to account for the initial burdens of obtaining an LEI.³⁶ The Commission estimates that the ongoing burden imposed by Rule 903 will be 4,800 hours, which corresponds to 1 hour per participant, to account for ongoing administration of the LEI.³⁷ In addition, for these participants, the assignment of an LEI will entail both one-time and ongoing costs assessed by local operation units (“LOUs”) of the GLEIS. The current cost for registering a new LEI is approximately \$220, with an additional cost of \$120 per year for maintaining an LEI.³⁸ For those participants that do not already have an LEI, the initial one-time cost would be \$286,000, or \$220 per participant.³⁹ All participants would be required to maintain their LEI resulting in an

³⁶ This figure is based on the following: [Compliance Attorney at 1 hour/year) x (1,300 participants)] = 1,300 burden hours.

³⁷ This figure is based on the following: [(Compliance Attorney at 1 hour/year) x (4,800 participants)] = 4,800 burden hours.

³⁸ See “GMEI Utility: Frequently Asked Questions” (available at: <https://www.gmeiutility.org/frequentlyAskedQuestions.jsp>, detailing registration and maintenance costs for LEIs issued by GMEI, an endorsed pre-LOU of the interim GLEIS) (last visited January 4, 2015).

³⁹ This figure is based on the following: [(\$220 registration cost) x (1,300 participants not currently registered)] = \$286,000. The Commission estimates that only 1,300 participants will be subject to the registration cost since the remaining 3,500 participants have already ob-

annual cost of \$576,000, or \$120 per participant.⁴⁰ This collection is a third-party disclosure type of collection.

Rule 906(a) – SDRs

Rule 906(a), as adopted, establishes procedures designed to ensure that a registered SDR obtains applicable UICs for both counterparties to a security-based swap. Rule 906(a) requires a registered SDR, once a day, to send a report to each of its participants identifying, for each security-based swap to which that participant is a counterparty, the security-based swap(s) for which the registered SDR lacks participant ID and (if applicable) broker ID, trading desk ID, and trader ID. The Commission estimates that 10 entities will be subject to this burden. The Commission estimates that there will be a one-time, initial burden of 1,120 burden hours for a registered SDR to create a report template and develop the necessary systems and processes to produce a daily report required by Rule 906(a), which corresponds to 112 burden hours per SDR respondent.⁴¹ Further, the Commission estimates that there will be an ongoing annualized burden of 3,080 burden hours for SDRs to generate and issue the daily reports, and to enter into their systems the UICs supplied by participants in response to the daily reports, which corresponds to 308 burden hours per SDR respondent.⁴² The Commission believes that each participant will receive two missing information reports each day and that each SDR will be

tained LEIs.

⁴⁰ This figure is based on the following: $[(\$120 \text{ annual maintenance cost}) \times (4,800 \text{ participants not currently registered})] = \$576,000$. The Commission notes that, for those participants obtaining an LEI in the first year, the annual maintenance cost will be incurred beginning in the year following registration. As a result, the Commission estimates that 3,500 participants will be subject to the annual maintenance cost in the first year whereas all 4,800 participants will be subject to the annual maintenance cost in all subsequent years.

⁴¹ Based on this estimate, the total one-time labor cost for all registered SDRs to comply with the reporting requirements of Rule 906 would be \$332,880. This figure is based on the following: $[(\text{Senior Systems Analyst (40 hours) at } \$260 \text{ per hour}) + (\text{Sr. Programmer (40 hours) at } \$303 \text{ per hour}) + (\text{Compliance Manager (16 hours) at } \$283 \text{ per hour}) + (\text{Director of Compliance (8 hours) at } \$446 \text{ per hour}) + (\text{Compliance Attorney (8 hours) at } \$334)] \times (10 \text{ potential registered SDRs}) = \$332,880$.

⁴² Based on this estimate, the annual labor cost for all registered SDRs to comply with the reporting requirements of Rule 906 would be \$301,520. This figure is based on the following: $[(\text{Senior Systems Analyst (24 hours) at } \$260 \text{ per hour}) + (\text{Sr. Programmer (24 hours) at } \$303 \text{ per hour}) + (\text{Compliance Clerk (260 hours) at } \$64 \text{ per hour})] \times (10 \text{ potential registered SDRs}) = \$301,520$.

required to send 160,000 daily reports annually.⁴³ The Commission estimates that each daily report will result in a burden of 0.002158 hours.⁴⁴ This collection is a third-party disclosure type of collection.

Rule 906(a) – Participants

Rule 906(a) requires a participant that receives a daily report from a registered SDR to provide the missing identifier codes to the registered SDR within 24 hours. The Commission estimates that as many as 4,800 participants will be subject to this burden. The Commission further estimates that the ongoing annualized burden under Rule 906(a) to participants will be 199,728 burden hours, which corresponds to 41.6 burden hours per participant.⁴⁵ This figure is based on the Commission's estimates of (1) 4,800 participants; and (2) approximately 1.14 transactions per day per participant.⁴⁶ The Commission estimates that each participant will be required to respond to 1.14 missing information reports each day, resulting in 416.1 responses per participant respondent per year, for a burden of 0.1 hours per response. This collection is a third-party disclosure type of collection.

Rule 906(b) – Participants

Rule 906(b) requires each participant of a registered SDR to provide to the registered SDR an initial parent/ affiliate report and subsequent reports, as needed. The Commission estimates that there will be as many as 4,800 participants, that each participant will connect to

⁴³ The Commission estimated: $[(2,000,000 \text{ estimated annual SBS transactions}) / (4,800 \text{ estimated participants})] / (365 \text{ days/year}) = \text{approximately } 1.14 \text{ transactions per day per participant. The Commission further estimates: } [(1 \text{ missing information report per participant (i.e., an error rate of 80\%)} \times (365 \text{ days/year}) \times (4,800 \text{ participants})] = 1,597,824 \text{ daily reports per year, or approximately } 160,000 \text{ daily reports per year per SDR.}$

⁴⁴ This figure is based on the following: $[(112 \text{ hours}/3 \text{ years}) + (308 \text{ hours})] / (160,000 \text{ responses per year}) = 0.002158 \text{ hours. The Commission stated its belief that the process of sending out daily reports will be automated.}$

⁴⁵ This burden was calculated using the same methodology as was used in the Regulation SBSR Proposing Release, updated to account for new estimates of the number of missing information reports resulting from updates in the number of reportable events. See Regulation SBSR Proposing Release, 75 FR at 75256-57. This figure is based on the following: $[(1.14 \text{ missing information reports per participant per day}) \times (365 \text{ days/year}) \times (\text{Compliance Clerk at } 0.1 \text{ hours/report}) \times (4,800 \text{ participants})] = 199,728 \text{ burden hours, which corresponds to } 41.6 \text{ burden hours per participant.}$

⁴⁶ This figure is based on the following: $[(2,000,000 \text{ estimated annual security-based swap transactions}) / 4,800 \text{ participants}] / (365 \text{ days/year}) = 1.14 \text{ transactions per day, or approximately } 1 \text{ transaction per day.}$

two registered SDRs on average, and that each participant will submit two reports each year.⁴⁷ Accordingly, the Commission estimates that the ongoing annualized burden associated with Rule 906(b) will be 9,600 burden hours, which corresponds to 2 burden hours per participant.⁴⁸ The Commission estimates 2 responses per participant respondent per year, resulting in a burden of 1 hour per response. This collection is a third-party disclosure type of collection.

Rule 906(c) – Registered Security-Based Swap Dealers and Registered Major Security-Based Swap Participants

Finally, Rule 906(c) requires each participant that is a registered security-based swap dealer or registered major security-based swap participant to establish, maintain, and enforce written policies and procedures (updated at least annually) that are reasonably designed to ensure compliance with any security-based swap transaction reporting obligations in a manner consistent with Regulation SBSR. The Commission estimates that 55 entities will be subject to this burden. The Commission estimates that the one-time, initial burden for covered participants to adopt written policies and procedures as required under Rule 906(c) will be approximately 11,880 burden hours, which corresponds to 216 burden hours per covered participant.⁴⁹ Further, the Commission estimates the aggregate ongoing annual burden of maintaining such policies and procedures, including a full review at least annually, as required by Rule 906(c), will be approximately 6,600 burden hours, which corresponds to 120 burden hours for each covered participant.⁵⁰ The Commission estimates 1 response per respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 192 hours per

⁴⁷ The Commission estimates that, during the first year, each participant will submit an initial report and one update report and, in subsequent years, will submit two update reports.

⁴⁸ See Regulation SBSR Proposing Release, 75 FR at 75257. This figure is based on the following: $[(\text{Compliance Clerk at } 0.5 \text{ hours per report}) \times (2 \text{ reports/year/SDR connection}) \times (2 \text{ SDR connections/participant}) \times (4,800 \text{ participants})] = 9,600 \text{ burden hours, which corresponds to 2 burden hours per participant.}$

⁴⁹ Based on this estimate, the total one-time labor cost for all covered participants to comply with the policies and procedures requirements of Rule 906(c) will be \$3,211,120. This figure is based on the following: $[(\text{Sr. Programmer (40 hours) at } \$303 \text{ per hour}) + (\text{Compliance Manager (40 hours) at } \$283 \text{ per hour}) + (\text{Compliance Attorney (40 hours) at } \$334 \text{ per hour}) + (\text{Compliance Clerk (40 hours) at } \$64 \text{ per hour}) + (\text{Sr. Systems Analyst (32 hours) at } \$260 \text{ per hour}) + (\text{Director of Compliance (24 hours) at } \$446 \text{ per hour})] \times (55 \text{ covered participants}) = \$3,211,120.$

⁵⁰ Based on this estimate, the annual labor cost for all covered participants to comply with the policies and procedures requirements of Rule 906(c) will be \$1,849,760. This figure is based on the following: $[(\text{Sr. Programmer (8 hours) at } \$303 \text{ per hour}) + (\text{Compliance Manager (24 hours) at } \$283 \text{ per hour}) + (\text{Compliance Attorney (24 hours) at } \$334 \text{ per hour}) + (\text{Compliance Clerk (24 hours) at } \$64 \text{ per hour}) + (\text{Sr. Systems Analyst (16 hours) at } \$260 \text{ per hour}) + (\text{Director of Compliance (24 hours) at } \$446 \text{ per hour})] \times (55 \text{ covered participants}) = \$1,849,760.$

response.⁵¹ This collection is a recordkeeping type of collection.

f. Policies and Procedures of Registered SDRs

Rule 907, as adopted, requires each registered SDR to establish and maintain policies and procedures addressing various aspects of Regulation SBSR compliance. Rule 907(a) generally requires a registered SDR to establish and maintain written policies and procedures that detail how it will receive and publicly disseminate security-based swap transaction information. Rule 907(a)(4), for example, requires policies and procedures for assigning condition flags to the appropriate transaction reports.

Rule 907(c) requires a registered SDR to make its policies and procedures available on its website. Rule 907(d) requires a registered SDR to review, and update as necessary, the policies and procedures that it is required to have by Regulation SBSR at least annually. Rule 907(e) requires a registered SDR to have the capacity to provide to the Commission, upon request, information or reports related to the timeliness, accuracy, and completeness of data reported to it pursuant to Regulation SBSR and the registered SDR's policies and procedures established thereunder.

The burdens associated with Rule 907 of Regulation SBSR, as adopted, remain unchanged from those burdens preliminarily identified in the Commission's original PRA analysis, except that all hourly cost figures have been updated to reflect data from SIFMA's *Management & Professional Earnings in the Securities Industry 2013* and SIFMA'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 or 2.93, as appropriate, to account for bonuses, firm size, employee benefits, and overhead. Therefore, the Commission believes that its original PRA analysis continues to apply.

Rule 907 – SDRs

Rule 907 requires a registered SDR to establish and maintain compliance with written policies and procedures; to make its policies and procedures publicly available on its website; review, and update as necessary, its policies and procedures at least annually; and have the capacity to provide to the Commission, upon request, information or reports related to the timeliness, accuracy, and completeness of data reported to it pursuant to Regulation SBSR and the registered SDR's policies and procedures thereunder. The Commission estimates that ten registered SDRs will be subject to Rule 907. The Commission estimates that the one-time, initial burden for registered SDRs to comply with the requirements of Rule 907 will be approximately 150,000 burden hours, which corresponds to 15,000 burden hours per SDR respondent.⁵²

⁵¹ This figure is based on the following: $(((216 \text{ hours}/3 \text{ years}) + (120 \text{ hours}))/ (1 \text{ response per year})) = 192 \text{ hours}$.

⁵² Based on this estimate, the total one-time labor cost for all registered SDRs to comply with Rule 907 will be \$40,832,780. This figure is based on the following: $(((\text{Sr. Programmer } (1,667 \text{ hours}) \text{ at } \$303 \text{ per hour}) + (\text{Compliance Manager } (3,333 \text{ hours}) \text{ at } \$283 \text{ per hour}) + (\text{Compliance Attorney } (5,000 \text{ hours}) \text{ at } \$334 \text{ per hour}) + (\text{Compliance Clerk } (2,500$

Further, the Commission estimates that the annual burden of maintaining and reviewing policies and procedures as well as compiling statistics on non-compliance will be approximately 300,000 burden hours, which corresponds to 30,000 burden hours per SDR respondent.⁵³ The Commission estimates one response per respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 35,000 hours per response.⁵⁴ This collection is a recordkeeping type of collection. No persons other than registered SDRs will incur any burdens under Rule 907.

g. Substituted Compliance

Rule 908 – Requesting Entities

Rule 908(c), as adopted, sets forth the requirements surrounding requests for “substituted compliance,” under which regulatory duties attaching to cross-border security-based swap transactions—in this case, regulatory reporting and public dissemination—could be satisfied by complying with the rules of a foreign jurisdiction rather than the parallel rules applicable in the United States. Rule 908(c)(2)(ii) applies to any person that requests a substituted compliance determination with respect to a particular foreign jurisdiction for regulatory reporting and public dissemination of security-based swaps. In connection with each request, the requesting party must provide the Commission with any supporting documentation that the entity believes is necessary for the Commission to make a determination, including information demonstrating that the requirements applied in the foreign jurisdiction are comparable to the Commission’s and describing the methods used by relevant foreign financial regulatory authorities to monitor compliance with those requirements.

The Commission estimates that the total paperwork burden associated with anticipated requests for substituted compliance determinations with respect to regulatory reporting and public dissemination will be approximately 1,120 hours, plus \$1,120,000 for 14 requests.⁵⁵ This

hours) at \$64 per hour) + (Sr. Systems Analyst (1,667 hours) at \$260 per hour) + (Director of Compliance (833 hours) at \$446 per hour)) x (10 registered SDRs)] = \$40,832,780.

⁵³ Based on this estimate, the annual labor cost for all registered SDRs to comply with Rule 907 will be \$81,667,220. This figure is based on the following: [(Sr. Programmer (3,333 hours) at \$303 per hour) + (Compliance Manager (6,667 hours) at \$283 per hour) + (Compliance Attorney (10,000 hours) at \$334 per hour) + (Compliance Clerk (5,000 hours) at \$64 per hour) + (Sr. Systems Analyst (3,333 hours) at \$260 per hour) + (Director of Compliance (1,667 hours) at \$446 per hour)) x (10 potential registered SDRs)] = \$81,667,220.

⁵⁴ This figure is based on the following: [(15,000 hours/3 years) + (30,000 hours)] / (1 response per year) = 35,000 hours.

⁵⁵ The Commission estimates that the paperwork burden associated with making a substituted compliance request pursuant to Rule 908(c)(2)(ii) of Regulation SBSR will be approximately 80 hours of in-house counsel time, plus \$80,000 for the services of outside professionals (based on (200 hours of outside counsel time) x (\$400)).

estimate includes all collection burdens associated with the request, including burdens associated with analyzing whether the regulatory requirements of the foreign jurisdiction impose a comparable system for the regulatory reporting and public dissemination of security-based swaps. Furthermore, this estimate assumes that each request will be prepared *de novo*, without any benefit of prior work on related subjects. The Commission notes, however, that as such requests are developed with respect to certain jurisdictions, the cost of preparing such requests with respect to other foreign jurisdictions could decrease.

Because only a small number of jurisdictions have substantial OTC derivatives markets and are implementing OTC derivatives reforms, the Commission estimates that it will receive approximately 10 requests in the first year for substituted compliance determinations with respect to regulatory reporting and public dissemination pursuant to Rule 908(c)(2)(ii) of Regulation SBSR. Assuming 10 requests in the first year, the Commission estimates an aggregated burden for the first year will be 800 hours, plus \$800,000 for the services of outside professionals.⁵⁶ The Commission estimates that it will receive 2 requests for substituted compliance determinations pursuant to Rule 908(c)(2)(ii) in each subsequent year. Assuming the same approximate time and costs, the aggregate burden for each year following the first year will be up to 160 hours of the requester's time and \$160,000 for the services of outside professionals.⁵⁷ Because the Commission anticipates that entities will request substituted compliance beyond the initial implementation of Regulation SBSR, the Commission believes that it is appropriate to characterize these burdens as annual recurring burdens. However, the Commission also believes that these burdens will largely occur in the first year of implementation. As a result, the commission believes that the average annual burden of Rule 908(c) will be approximately 374 hours.⁵⁸ This collection is a reporting type of collection.

⁵⁶ The Commission estimates that the paperwork burden associated with making 10 substituted compliance requests pursuant to Rule 908(c)(2)(ii) of Regulation SBSR will be up to approximately 800 hours ((80 hours of in-house counsel time) x (10 respondents)), plus \$800,000 for the services of outside professionals ((based on (200 hours of outside counsel time) x (\$400) x (10 respondents)).

⁵⁷ The Commission estimates that the paperwork burden associated with making substituted compliance requests pursuant to Rule 908(c)(2)(ii) of Regulation SBSR will be up to approximately 160 hours ((80 hours of in-house counsel time) x (2 respondents)), plus \$160,000 for the services of outside professionals (based on (200 hours of outside counsel time) x (\$400) x (2 respondents)).

⁵⁸ The Commission estimates that the average annual paperwork burden associated with making 14 substituted compliance requests, during the first three years following implementation, will be up to approximately 374 hours (((80 hours of in-house counsel time) x (14 respondents))/3 years).

h. Registration of SDRs as Securities Information Processors

Rule 909 – SDRs

Rule 909 requires a registered SDR also to register with the Commission as a SIP on Form SDR. Previously, in the Regulation SBSR Proposing Release, the Commission had proposed the use of a separate form, Form SIP. Based on the use of that form, the Commission stated in the Regulation SBSR Proposing Release that Rule 909 contained “collection of information requirements” within the meaning of the PRA and thus, the Commission preliminarily estimated certain burdens on registered SDRs that would result from Rule 909.⁵⁹ As a result of the consolidation of SDR and SIP registration on a single form, the Commission now believes that Rule 909 does not constitute a separate “collection of information” within the meaning of the PRA.⁶⁰ Any burdens and costs pertaining to the completion of Form SDR have been considered in connection with the Regulation SDR Adopting Release.

13. Estimate of Total Annual Cost Burden

The total cost for all of Regulation SBSR, as adopted, for all respondents (including 10 SDR respondents and 4,800 SDR participant respondents, which include 300 participant respondents that will incur duties associated with being reporting sides) is approximately \$20,500,000 initially, with a total annual cost thereafter of approximately \$73,000,000. These costs are broken down by collection of information below.

a. Reporting Obligations

Rule 901 – Reporting Sides

The Commission estimates that reporting sides may incur annual costs to capture and maintain relevant security-based swap transaction information to comply with the reporting requirements of Rule 901. The Commission originally estimated that 1,000 entities would be subject to this cost burden. In the Cross-Border Proposing Release, the Commission revised its estimate to 300 reporting sides that would be subject to this burden, an estimate that was also used in the Regulation SBSR Adopting Release. Reporting sides will need to establish and maintain connectivity to a registered SDR to facilitate the reporting required by Rule 901. The Commission estimates that the annual cost to establish connectivity to a registered SDR will be a dollar cost burden of approximately \$60,000,000, which corresponds to a dollar cost burden of \$200,000 for each reporting side.⁶¹ In addition, the Commission estimates that the aggregate

⁵⁹ See Regulation SBSR Proposing Release, 75 FR at 75261.

⁶⁰ See SDR Adopting Release, Section VI(A)(1)(c).

⁶¹ This estimate is based on discussions of Commission staff with various market participants, as well as the Commission’s experience regarding connectivity between securities market participants for data reporting purposes. The Commission derived the total estimated dollar cost burden from the following: [(\$100,000 hardware- and software-related expenses, including necessary back-up and redundancy, per SDR connection) x (2 SDR

annual dollar cost burden to save relevant security-based swap information and documents will be \$300,000, which would correspond to \$1,000 for each reporting side.⁶² Further, the Commission estimates that, in total, the dollar cost burden for reporting sides to comply with the reporting obligations of Rule 901 will be \$60,300,000 annually, or \$201,000 per reporting side per year.⁶³ We estimate 1 response per respondent per year, resulting in a dollar cost burden of \$201,000 per response.

b. Public Dissemination of Transaction Reports

The burdens associated with Rule 902 of Regulation SBSR remain unchanged from those burdens preliminarily identified in the Commission's original PRA analysis, except that all hourly cost figures have been updated to reflect data from SIFMA's *Management & Professional Earnings in the Securities Industry 2013* and SIFMA'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 or 2.93, as appropriate, to account for bonuses, firm size, employee benefits, and overhead. Therefore, the Commission believes that its original PRA analysis continues to apply.

Rule 902 – SDRs

In the Regulation SBSR Adopting Release, the Commission stated its belief that a registered SDR will be able to integrate the capability to publicly disseminate security-based swap transaction reports required under Rule 902 as part of its overall system development for transaction data. Based on discussions with industry participants, the Commission estimates that, to implement and comply with the public dissemination requirement of Rule 902, each registered SDR will incur a dollar cost burden equal to an additional 20% of the first-year and ongoing burdens discussed in the SDR Registration Proposing Release.⁶⁴ In the SDR Registration Proposing Release, the Commission estimated that each registered SDR would incur \$10,000,000 in initial one-time information technology costs. Therefore, the Commission

connections per reporting side) x (300 reporting sides)] = \$60,000,000.

⁶² This estimate is based on discussions of Commission staff with various market participants and is calculated as follows: [(\$250/gigabyte of storage capacity) x (4 gigabytes of storage) x (300 reporting sides)] = \$300,000. The Commission stated its preliminary belief that storage costs associated with saving relevant security-based swap information and documents would not vary significantly between the first year and subsequent years.

⁶³ The Commission notes that the Regulation SBSR Proposing Release incorrectly stated this total as \$301,000 per reporting party. The correct number is \$201,000 per reporting side (\$200,000 + \$1,000).

⁶⁴ See Section V.D.2 (SDR Duties, Data Collection and Maintenance, Automated Systems, and Direct Electronic Access) of the SDR Registration Proposing Release. See also SDR Adopting Release, Section VIII(D)(2). This estimate was based on discussions with industry members and market participants, including entities that may register as SDRs under Title VII, and includes time necessary to design and program a registered SDR's system to calculate and disseminate initial and subsequent trade reports.

preliminarily estimated that total initial cost for all SDR respondents to comply with Rule 902 would be \$20,000,000, or \$2,000,000 per registered SDR.⁶⁵ In the SDR Registration Proposing Release, the Commission estimated that each registered SDR would incur \$6,000,000 in ongoing information technology costs. Therefore, the Commission preliminarily estimated that total annual cost to comply with Rule 902 would be \$12,000,000, or \$1,200,000 per registered SDR per year.⁶⁶

c. Use of LEIs – Rule 903

As is discussed above, the Commission estimates that, for purposes of the PRA, there may be as many as 1,300 participant respondents that will be required to obtain a GLEIS LEI as a result of Rule 903(a) and the Commission’s recognition of the GLEIS—which issues legal entity identifiers—as an internationally recognized-standards setting body that meets the standards of Rule 903. In addition to the hourly burden associated with obtaining and renewing the LEI, the Commission estimates that the cost of registering a new LEI with a local operation unit of the GLEIS is approximately \$220, with an additional cost of \$120 per year for maintaining an LEI.⁶⁷ As a result, the Commission estimates that the three-year cost of obtaining and maintaining an LEI would be \$460 per participant, or \$153 per year, for a total cost of \$198,900 for all participants who do not already have GLEIS LEIs.⁶⁸ The Commission notes, however, that for those 3,500 participants that have already obtained an LEI, the annual maintenance cost will be \$120 per participant for a total cost of \$420,000 per year.

⁶⁵ The Commission derived the total estimated initial dollar cost burden from the following: $[(\$10,000,000 \text{ in information technology costs}) \times (0.2) \times (10 \text{ potential registered SDRs})] = \$20,000,000$.

⁶⁶ The Commission derived the total estimated initial dollar cost burden from the following: $[(\$6,000,000 \text{ in information technology costs}) \times (0.2) \times (10 \text{ potential registered SDRs})] = \$12,000,000$.

⁶⁷ See “GMEI Utility: Frequently Asked Questions” (available at: <https://www.gmeiutility.org/frequentlyAskedQuestions.jsp>, detailing registration and maintenance costs for LEIs issued by GMEI, an endorsed pre-LOU of the interim GLEIS, last visited January 4, 2015.)

⁶⁸ The Commission derived this estimate as follows: $[\$220/\text{initial registration cost per participant} + (\$120/\text{annual maintenance cost per participant} \times 2 \text{ (accounting for years 2 and 3)}) = \$460 \text{ (three year cost per participant)}, \text{ or } \$153/\text{year/participant}]$. The resulting total cost for all 1,300 participants would be \$198,900 ($\$153 \times 1,300$ participants who do not already have GLEIS LEIs).

d. Substituted Compliance

Rule 908 – Requesting Entities

The Commission estimates that the total paperwork burden associated with submitting all anticipated requests for substituted compliance determinations with respect to regulatory reporting and public dissemination will be approximately 1,120 hours, plus \$1,120,000 for 14 requests.⁶⁹

Because only a small number of jurisdictions have substantial OTC derivatives markets and are implementing OTC derivatives reforms, the Commission estimates that it will receive approximately 10 requests in the first year for substituted compliance determinations with respect to regulatory reporting and public dissemination pursuant to Rule 908(c)(2)(ii) of Regulation SBSR. Assuming 10 requests in the first year, the Commission staff estimates an aggregated burden for the first year would be 800 hours, plus \$800,000 for the services of outside professionals.⁷⁰ The Commission estimates that it will receive 2 requests for substituted compliance determinations pursuant to Rule 908(c)(2)(ii) in each subsequent year. Assuming the same approximate time and costs, the aggregate burden for each year following the first year will be up to 160 hours of the requester's time and \$160,000 for the services of outside professionals.⁷¹ Because the Commission anticipates that entities will request substituted compliance beyond the initial implementation of Regulation SBSR, the Commission believes that it is appropriate to characterize these burdens as annual recurring burdens. However, the Commission also believes that these burdens will largely occur in the first year of implementation. As a result, the commission believes that the average annual dollar cost of Rule 908(c) will be approximately \$373,334.⁷²

⁶⁹ The Commission estimated that the paperwork burden associated with making a substituted compliance request pursuant to Rule 908(c)(2)(ii) of Regulation SBSR would be approximately 80 hours of in-house counsel time, plus \$80,000 for the services of outside professionals (based on (200 hours of outside counsel time) x (\$400/hour)).

⁷⁰ The Commission estimated that the paperwork burden associated with making a substituted compliance request pursuant to Rule 908(c)(2)(ii) of Regulation SBSR would be up to approximately 800 hours ((80 hours of in-house counsel time) x (10 respondents)), plus \$800,000 for the services of outside professionals (based on (200 hours of outside counsel time) x (\$400) x (10 respondents)).

⁷¹ The Commission staff estimated that the paperwork burden associated with making a substituted compliance request pursuant to Rule 908(c)(2)(ii) of Regulation SBSR would be up to approximately 160 hours ((80 hours of in-house counsel time) x (2 respondents)), plus \$160,000 for the services of outside professionals (based on (200 hours of outside counsel time) x (\$400) x (2 respondents)).

⁷² The Commission estimates that the average annual dollar cost associated with making 14 substituted compliance requests, during the first three years following implementation, will be up to approximately \$373,334 ((((\$80,000 for services of outside professionals) x (14 respondents))/3 years).

14. Estimate of Cost to the Federal Government

The Commission may incur costs related to the request, receipt, and storage of security-based swap transaction data. The Commission could potentially incur significant costs in analyzing the data. However, at this time, the Commission is unable to quantify these costs.

15. Explanation of Changes in Burden

Regulation SBSR was adopted in the Regulation SBSR Adopting Release. Certain changes, described above, to Regulation SBSR, as originally proposed, were included in the Regulation SBSR Adopting Release.

16. Information Collection Planned for Statistical Purposes

Not applicable.

17. Approval to not Display Expiration Date

Not applicable.

18. Exceptions to Certification Statement

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.

Summary of Hourly Burdens and Dollar Costs

Rule	Entity Type	# Entities Impacted	Annual Responses per Entity	One-Time Burden per Entity	One-Time Burden Annualized per Entity	Annual Recurring Burden per Entity	Annual Burden Per Entity per Response	Total Annual Burden Per Entity	Total Burden	Type of Burden
901	SDR	10	2	120 hours	40 hours	152 hours	96 hours	192 hours	1,920 hours	Recordkeeping
902	SDR	10	1	8,400 hours	2,800 hours	5,040 hours	7,840 hours	7,840 hours	78,400 hours	Third-Party
904	SDR	10	12	-----	-----	36 hours	3 hours	36 hours	360 hours	Third-Party
905	SDR	10	1	730 hours	243.3 hours	1,460 hours	1,703.3 hours	1,703.3 hours	17,033 hours	Third-Party
906	SDR	10	160,000	112 hours	37.3 hours	308 hours	0.002158 hours	345.3 hours	3,453 hours	Third-Party
907	SDR	10	1	15,000 hours	5,000 hours	30,000 hours	35,000 hours	35,000 hours	350,000 hours	Recordkeeping

Totals **45,116.6 hours** **451,166 hours**

903(a)	Participants w/o LEIs	1,300	1	1 hour	0.3 hours	.67 hour ⁷³	1 hour	1 hour	1,300 hours	Third-Party
903(a)	Participants w/ LEIs	3,500	1	-----	-----	1 hour	1 hour	1 hour	3,500 hours	Third-Party

Totals **2 hours** **4,800 hours**

901	Reporting Sides	300	1	707 hours	235.7 hours	687 hours	922.7 hours	922.7 hours	276,810 hours	Third-Party
905	Reporting Sides	300	365	50 hours	16.67 hours	23.5 hours	0.11005 hours	40.17 hours	12,051 hours	Third-Party

Totals **962.87 hours** **288,861 hours**

⁷³

The Commission notes that for the 1,300 participants that currently do not have an LEI, the first year burden on obtaining an LEI will be one hour per participant. However, these same participants will not incur the annual recurring burden during that first year. The annual recurring burden for all participants will be one hour per participant. However, the 1,300 participants obtaining an LEI in year one will only incur this recurring burden in subsequent year.

Rule	Entity Type	# Entities Impacted	Annual Responses per Entity	One-Time Burden per Entity	One-Time Burden Annualized per Entity	Annual Recurring Burden per Entity	Annual Burden Per Entity per Response	Total Annual Burden Per Entity	Total Burden	Type of Burden
906(c)	Security-Based Swap Dealers and Major Security-Based Swap Participants	55	1	216 hours	72 hours	120 hours	192 hours	192 hours	10,560 hours	Recordkeeping

Totals **192 hours** **10,560 hours**

905	Participants	4,800	365	-----	-----	208.05 hours	0.57 hours	208.05 hours	998,640 hours	Third-Party
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Totals **208.05 hours** **998,640 hours**

906(a)	Participants	4,800	416.1	-----	-----	41.6 hours	0.1 hours	41.6 hours	199,728 hours	Third-Party
906(b)	Participants	4,800	2	-----	-----	2 hours	1 hour	2 hours	9,600 hours	Third-Party

Totals **43.6 hours** **209,328 hours**

908	Requesting Entities	14	1	80 hours	26.7 hours	-----	26.7 hours	26.7 hours	373.8 hours	Reporting
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Totals **26.7 hours** **373.8 hours**

Rule	Entity Type	# Entities Impacted	Annual Responses per Entity	One-Time Burden per Entity	One-Time Burden Annualized per Entity	Annual Recurring Burden per Entity	Annual Burden Per Entity per Response	Total Annual Burden Per Entity	Total Burden	Type of Burden
902	SDR	10	1	\$2,000,000	\$666,667	\$1,200,000	\$1,866,667	\$1,866,667	\$18,666,670	
Totals								\$1,866,667	\$18,666,670	
901	Reporting Sides	300	1	-----	-----	\$201,000	\$201,000	\$201,000	\$60,300,000	
Totals								\$201,000	\$60,300,000	
903(a)	Participants w/o LEIs	1,300	1	\$220	----	\$120 ⁷⁴	\$153	\$153	\$198,900	
903(a)	Participants w/ LEIs	3,500	1	\$0	----	\$120	\$120	\$120	\$420,000	
Totals								\$273	\$618,900	
908	Requesting Entities	14	1	\$80,000	\$26,666.70	-----	\$26,666.70	\$26,666.70	\$373,334	
Totals								\$26,666.70	\$373,334	

⁷⁴ The cost of obtaining an LEI is \$220 in the year of initial application and \$120 in each year thereafter. Those participants obtaining an LEI in the first year following implementation would not be subject to the \$120 annual maintenance cost in that first year. Those participants would only be subject to the annual maintenance cost in year subsequent year.