

SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission
for Security-Based Swap Data Repository Registration, Duties, and Core Principles
Rules 13n-1 to 13n-12 and Form SDR

A. Justification

1. Necessity of Information Collection

Title VII of the Dodd-Frank Act provides for a comprehensive new regulatory framework for security-based swaps (“SBSs”), including the regulation of security-based swap data repositories (“SDRs”).¹ SDRs are required to collect and maintain accurate SBS transaction data so that relevant authorities can access and analyze the data from secure, central locations, thereby putting them in a better position to monitor for potential market abuse and risks to financial stability. The Commission is adopting Rules 13n-1 to 13n-12 and Form SDR (“Rules”) to create a structure to register SDRs in accordance with this statutory mandate.

Under the Rules, SDRs are required to register with the Commission by filing a completed Form SDR. SDRs are also required to abide by certain minimum standards set out in the Rules, including a requirement to update Form SDR, abide by certain duties and core principles, maintain data in accordance with the Rules, keep systems in accordance with the Rules, keep records, provide reports to the Commission, maintain the privacy of SBS data, make certain disclosures, and designate a Chief Compliance Officer (“CCO”). There are a number of collections of information contained in the Rules. The information collected pursuant to the Rules is necessary to carry out the mandates of the Dodd-Frank Act and help ensure an orderly and transparent market for SBSs.

On February 11, 2015, the Commission adopted the Rules pursuant to Sections 13(n) and 23(a) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 USC 78m(n) and 78w(a).²

2. Purpose of, and Consequences of Not Requiring, the Information Collection

The Rules are part of the Commission’s overall program of administering the SDR requirements of the Exchange Act. The Commission will use the information collected to (1) help identify SDRs, as well as understand their operations and organizational structure; (2) create tools to help oversee the SBS market; (3) conduct its inspection and examination of SDRs; and (4) help ensure compliance by SDRs with the provisions of the Exchange Act and the rules and regulations thereunder as well as assist the Commission in ensuring such compliance. The Commission will be unable to accomplish these goals without the Rules.

3. Role of Improved Information Technology and Obstacles to Reducing Burden

¹ Pub. L. No. 111-203, § 761(a) (adding Exchange Act Section 3(a)(75) (defining SDR)) and § 763(i) (adding Exchange Act Section 13(n) (establishing a regulatory regime for SDRs)).

² See Security-Based Swap Data Repository Registration, Duties, and Core Principles, Securities Exchange Act Release No. 74246 (February 11, 2015), 80 FR 14437 (March 19, 2015). The OMB control number is 3235-0719.

The Rules are drafted to utilize as much information technology as possible in collecting the information. SDRs would be required under the Rules to file Form SDR, compliance reports, and financial reports electronically with the Commission. SDRs would be required to data tag information in Form SDR as well as in the compliance and financial reports filed with the Commission to help ensure that the Commission, and to the extent the information is made public, the public, can effectively capture, review, and analyze data from these collections of information. SDRs would also be required to provide direct electronic access to the Commission, a requirement that should minimize the need for the Commission to make ad hoc requests. The Commission expects that the burden of the rules, over time, 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, SBSs or SDRs, the Commission must consult and coordinate with the Commodity Futures Trading Commission (“CFTC”) and prudential regulators for the purposes of assuring regulatory consistency and comparability, to the extent possible. Any person that is required to be registered as an SDR under Exchange Act Section 13(n) must register with the Commission (absent an exemption), regardless of whether that person is also registered with the CFTC under the Commodities Exchange Act as a swap data repository. The Commission believes that a person that registers with the Commission as an SDR is likely to also register with the CFTC as a swap data repository. As mandated by Sections 712 of the Dodd-Frank Act, the Commission staff and CFTC staff have consulted and coordinated with one another regarding their respective Commissions’ rules regarding SDRs and swap data repositories. Commission staff has also consulted and coordinated with other prudential regulators.

5. Effects on Small Entities

The Rules will not have a significant economic impact on a substantial number of small entities.

6. Consequences of Less Frequent Collection

The collection of information is designed to establish a registration regime, recordkeeping requirements, and duties for SDRs, as provided in Section 763(i) of the Dodd-Frank Act. Absent the collection of information, SDRs would not have a permanent mechanism through which to satisfy the requirement in Section 13(n)(1) of the Exchange Act that they register with the Commission. In addition, a less frequent collection of information would inhibit access by the Commission, other regulators, and participants in the SBS market, to current information about SDRs. Without access to current information about SDRs, the Commission may be unable to carry out its mission to oversee and regulate SDRs.

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

Because Rule 13n-1(d) requires registered SDRs to file amendments to Form SDR if certain information contained in Form SDR or any amendment to Form SDR becomes inaccurate, it is possible that, under the collection of information, a registered SDR will report information to the Commission more often than quarterly. This collection of information is necessary, however, to ensure that the Commission, SDRs, other regulators, and the public have access to current information regarding SDRs registered with the Commission.

Rule 13n-5(b)(4) requires each SDR to maintain transaction data and related identifying information for not less than five years after the applicable SBS expires and historical positions for not less than five years. This collection of information will help to ensure that the records exist of the transactions reported to the SDR, and that the transaction data could potentially be requested by the Commission and other regulators, for example, during an examination to evaluate the SDR's compliance with the Exchange Act, the rules thereunder, as well as for other regulatory purposes.

Rule 13n-7(b) requires each SDR to keep and preserve at least one copy of all documents as shall be made or received by it in the course of its business as such, other than the data collected and maintained pursuant to Rule 13n-5, for a period of not less than five years, the first two years in a place immediately available to representatives of the Commission for inspection and examination. Rule 13n-7(b) is modeled on Exchange Act Rule 17a-1 and OMB has previously approved that collection with the same five-year retention period. This collection of information would help ensure that records exist of the SDR's business activities, and that the records could potentially be requested by the Commission and other regulators, for example, during an examination to evaluate the SDR's compliance with the Exchange Act, the rules thereunder, as well as for other regulatory purposes.

8. Consultations Outside the Agency

The Commission requested comment on the collection of information requirements in the proposing release in December 2010.³ In May 2013, the Commission reopened the comment period for the proposed rules, providing an additional opportunity to comment until July 2013.⁴ Although most of the comment letters received neither provided specific suggestions to revise the Commission's estimates, nor provided specific alternative figures or calculations for actual burden hour figures, the Commission considered all comments received prior to publishing the final Rules as required by 5 CFR 1320.11(f). Below the Commission addresses two comments received relating to PRA burdens.⁵

³ See Security-Based Swap Data Repository Registration, Duties, and Core Principles, Exchange Act Release No. 63347 (Nov. 19, 2010), 75 FR 77306 (Dec. 10, 2010), corrected at 75 FR 79320 (Dec. 20, 2010) and 76 FR 2287 (Jan. 13, 2011) ("Proposing Release").

⁴ See Reopening of Comment Periods for Certain Proposed Rulemaking Releases and Policy Statements Applicable to Security-Based Swaps, Exchange Act Release No. 69491 (May 1, 2013), 78 FR 30800 (May 23, 2013).

⁵ Comments received on the proposal are available at <http://www.sec.gov/comments/s7-35-10/s73510.shtml>.

One commenter⁶ suggested that “[i]n an attempt to harmonize final [SDR] rules with the CFTC’s final [swap data repository] rules, the Commission should consider removing Proposed Rule 240.13n–11(f)(2)’s requirement that each financial report filed with a compliance report is audited in accordance with the standards of the Public Company Accounting Oversight Board by a registered public accounting firm that is qualified and independent unless the [SDR] is under a separate obligation to provide financial statements.” The commenter believed that “[t]his requirement imposes an additional burden for an [SDR] and is not justified in relation to the risks that an [SDR] would pose to its members” and that “[u]nlike clearing agencies or other entities supervised by the Commission, an [SDR] does not have financial exposure to its users or participants that would justify the imposition of this requirement.” The commenter suggested that the Commission consider “adopting [instead] the CFTC’s approach in its final [swap data repository] rules, which require [a swap data repository’s] financial statements be prepared in conformity with generally accepted accounting principles.”

Although the Commission understands that SDRs will incur costs in hiring and retaining qualified public accounting firms, the Commission believes that obtaining audited financial reports from SDRs is important given the significant role the Commission believes that SDRs will play in the SBS market. The Commission believes that SDRs will provide transparency to, and increase the efficiency of, the SBS market. The Commission believes that SDRs will also be an important source of market data for regulators. Given the critical nature of their role in the marketplace, the Commission believes that it is important to obtain audited financial reports from SDRs in order to determine whether or not they have sufficient financial resources to continue operations. While the Commission recognizes that Rule 13n-11(f)(2) may, in some cases, be more costly than the CFTC’s requirement of quarterly unaudited financial statements, the Commission believes that the additional burden, where it exists, is justified by the benefits of requiring audited financial reports.

Another commenter,⁷ addressing Title VII generally, recommended that “the Commission should generally seek to avoid any divergence from the CFTC’s and international regulators’ frameworks that is likely to give rise to undue costs or burdens.” The commenter believed that “divergence is generally warranted only if the rule adopted by the Commission is more flexible than those adopted by others (and therefore would not preclude the voluntary adoption of consistent practices by market participants).”

The Commission acknowledges that there are concerns regarding divergent regulatory frameworks. The Commission notes, however, that the SDR Rules are largely consistent with the CFTC’s rules. Furthermore, the Commission has consulted and coordinated with foreign regulators through bilateral and multilateral discussions and has taken these discussions into consideration in developing the SDR Rules and Form SDR.

In addition, the Commission received three comments regarding confidentiality of information collection pursuant to the collection of information.

⁶ Depository Trust & Clearing Corporation (July 22, 2013).

⁷ Institute of International Bankers (Aug. 21, 2013).

One commenter emphasized that regulators should provide confidential treatment to the annual compliance reports that SDRs provide to the Commission.⁸ Consistent with its treatment of filings that it receives from other registrants, the Commission is not providing, by rule, that annual compliance reports are automatically granted confidential treatment, but SDRs may request confidential treatment.

One commenter to the Temporary Rule Release⁹ emphasized the importance of the Commission protecting information furnished to it.¹⁰ A second commenter emphasized that regulators should provide confidential treatment to SBS data provided by SDRs.¹¹ The Commission anticipates that it will keep reported data that SDRs submit to the Commission confidential, subject to the provisions of applicable law. Pursuant to Commission rules, confidential treatment can be sought for information submitted to the Commission.¹²

9. Payment of Gift to Respondents

Not applicable.

10. Confidentiality

Confidential information collected pursuant to the collection of information in Form SDR and the Exhibits to Form SDR could include the full names, addresses, telephone numbers, and business experience of individuals. The Commission expects that it will make any information filed on, or in an exhibit or attachment to, an application for registration on Form SDR available on its website, except in cases where confidential treatment is requested by the applicant and granted by the Commission. The Commission may make any information filed on, or in an exhibit or attachment to, an amendment on Form SDR available on its website, except in cases where confidential treatment is requested by the applicant and granted by the Commission. The Commission may make any information filed on, or in an exhibit or attachment to, withdrawals on Form SDR available on its website, except in cases where confidential treatment is requested by the applicant and granted by the Commission. The Commission may make filed annual compliance reports and financial reports available on its website, except in cases where confidential treatment is requested by the SDR and granted by the Commission.

11. Sensitive Questions

⁸ Depository Trust & Clearing Corporation (Jan. 24, 2011).

⁹ Reporting of Security-Based Swap Transaction Data, Exchange Act Release No. 63094 (Oct. 13, 2010), 75 FR 64643 (Oct. 20, 2010) (“Temporary Rule Release”)

¹⁰ Deutsche Bank AG (Nov. 5, 2010).

¹¹ European Securities and Markets Authority (Jan. 17, 2011).

¹² See 17 CFR 200.83 (regarding confidential treatment procedures under FOIA).

The collection of information includes Personally Identifiable Information (“PII”).¹³ In particular, the collection of information includes the following information about individuals.

<u>Form SDR Item Number</u>	<u>Information Required</u>
11	Name, address, and telephone number of officer to receive notice or service of process, pleadings, or other documents in connection with any action or proceeding against the SDR
12	If the SDR is withdrawing from registration, the name, address, and telephone number of the person or persons who has or will have custody or possession of the books and records of the SDR, and, if different, the address where such books and records will be located
13	Signature of general partner, managing agent, or principal officer of the SDR
14, Exhibit A	Name and address of any person as defined in Section 3(a)(9) of the Exchange Act that owns 10 percent or more of the SDR’s stock or that, either directly or indirectly, through agreement or otherwise, in any other manner, may control or direct the management or policies of the SDR Copy of any written agreement upon which such person exercises or may exercise such control or direction, or, if there is no such written agreement, describe the agreement or basis upon which such person exercises or may exercise such control or direction
15, Exhibit B	The following information about the chief compliance officer: <ul style="list-style-type: none"> a. Name b. Title c. Date of commencement and, if appropriate, termination of present term of position d. Length of time the chief compliance officer has held the same position e. Brief account of the business experience of the chief compliance officer over the last five years f. Any other business affiliations in the securities industry or derivatives industry g. Details of: <ul style="list-style-type: none"> (1) any order of the Commission with respect to such person pursuant to Sections 15(b)(4), 15(b)(6), 19(h)(2), or 19(h)(3) of the Exchange Act; (2) any conviction or injunction of a type described in Sections 15(b)(4)(B) or (C) of the Exchange Act within the past ten years; (3) any action of a self-regulatory organization with respect to such person imposing a final disciplinary sanction pursuant to Sections 6(b)(6),

¹³ 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 that is linked or linkable to a specific individual, such as date and place of birth, mother’s maiden name, etc.

<u>Form SDR Item Number</u>	<u>Information Required</u>
	<p>15A(b)(7), or 17A(b)(3)(G) of the Exchange Act;</p> <p>(4) any final action by a self-regulatory organization with respect to such person constituting a denial, bar, prohibition, or limitation of membership, participation, or association with a member, or of access to services offered by such organization or a member thereof; and</p> <p>(5) any final action by another federal regulatory agency, including the Commodity Futures Trading Commission, any state regulatory agency, or any foreign financial regulatory authority resulting in:</p> <ul style="list-style-type: none"> i. a finding that such person has made a false statement or omission, or has been dishonest, unfair, or unethical; ii. a finding that such person has been involved in a violation of any securities-related regulations or statutes; iii. a finding that such person has been a cause of a business having its authorization to do business denied, suspended, revoked, or restricted; iv. an order entered, in the past ten years, against such person in connection with a securities-related activity; or v. any disciplinary sanction, including a denial, suspension, or revocation of such person’s registration or license or otherwise, by order, a prevention from associating with a securities-related business or a restriction of such person’s activities.
16, Exhibit C	<p>A list of the officers, directors, governors, and persons performing similar functions, and the members of all standing committees grouped by committee of the SDR that performs the security-based swap data repository and securities information processor activities of the SDR, indicating for each:</p> <ul style="list-style-type: none"> a. Name b. Title c. Dates of commencement and, if appropriate, termination of present term of office or position d. Length of time each present officer, director, governor, persons performing similar functions, or member of a standing committee has held the same office or position e. Brief account of the business experience of each officer, director, governor, persons performing similar functions, or member of a standing committee over the last five years f. Any other business affiliations in the securities industry or derivatives industry g. Details of: <ul style="list-style-type: none"> (1) any order of the Commission with respect to such person pursuant to Sections 15(b)(4), 15(b)(6), 19(h)(2), or 19(h)(3) of the Exchange Act; (2) any conviction or injunction of a type described in Sections 15(b)(4)(B)

<u>Form SDR Item Number</u>	<u>Information Required</u>
	<p>or (C) of the Exchange Act within the past ten years;</p> <p>(3) any action of a self-regulatory organization with respect to such person imposing a final disciplinary sanction pursuant to Sections 6(b)(6), 15A(b)(7), or 17A(b)(3)(G) of the Exchange Act;</p> <p>(4) any final action by a self-regulatory organization with respect to such person constituting a denial, bar, prohibition, or limitation of membership, participation, or association with a member, or of access to services offered by such organization or a member thereof; and</p> <p>(5) any final action by another federal regulatory agency, including the Commodity Futures Trading Commission, any state regulatory agency, or any foreign financial regulatory authority resulting in:</p> <ul style="list-style-type: none"> i. a finding that such person has made a false statement or omission, or has been dishonest, unfair, or unethical; ii. a finding that such person has been involved in a violation of any securities-related regulations or statutes; iii. a finding that such person has been a cause of a business having its authorization to do business denied, suspended, revoked, or restricted; iv. an order entered, in the past ten years, against such person in connection with a securities-related activity; or v. any disciplinary sanction, including a denial, suspension, or revocation of such person’s registration or license or otherwise, by order, a prevention from associating with a securities-related business or a restriction of such person’s activities.

In addition to the items listed above, the collection of information could include further PII if SDRs provide information about individuals in response to the items listed below.

<u>Form SDR Item Number</u>	<u>Information Required</u>
19, Exhibit F	Narrative and/or graphic description of the organizational structure of the SDR
20, Exhibit G	List of all affiliates of the SDR and the general nature of the affiliation
21, Exhibit H	Brief description of any material pending legal proceedings, other than ordinary and routine litigation incidental to the business, to which the SDR or any of its affiliates is a party
22, Exhibit I	Copies of all material contracts with any security-based swap execution facility, clearing agency, central counterparty, or third party service provider and a list of security-based swap execution facilities, clearing agencies, central counterparties, and third party service providers with whom the applicant has entered into material contracts
24	A statement of financial position, results of operations, statement of sources and application of revenues and all notes or schedules thereto, as of the most recent fiscal year of the SDR. If statements certified by an independent public accountant

	are available, submit such statements as Exhibit K. Alternatively, a financial report, as described in Rule 13n-11(f) under the Exchange Act, may be filed as Exhibit K.
25	A statement of financial position and results of operations for each affiliate of the SDR as of the end of the most recent fiscal year of each such affiliate. Alternatively, identify, if available, the most recently filed annual report on Form 10-K under the Exchange Act for any such affiliate as Exhibit L.
33b	Name of each person who, during the past year, has been prohibited or limited with respect to access to services offered or data maintained by the SDR, and the reason for the prohibition or limitation
34, Exhibit U	Copies of all contracts governing the terms by which persons may subscribe to the SDR's services
48, Exhibit II	If the SDR is a non-resident SDR, attach an opinion of counsel that the SDR can, as a matter of law, provide the Commission with prompt access to the books and records of the SDR and that the SDR can, as a matter of law, submit to onsite inspection and examination by the Commission

The Commission cannot make a determination at this time of all of the types of PII that it may receive. For example, the agreements or contracts attached in response to Items 14, 22, and 34 may include PII not requested by the Commission but which a respondent has included as part of the attachment. Furthermore, the SDR's organizational structure, provided in response to Item 19, and list of affiliates, provided in response to Item 20, may include information about individuals associated with the SDR. Because the Commission cannot at this time anticipate all of the PII that it may receive in response to the collection of information, the Commission is allowing respondents to request confidential treatment of information submitted pursuant to the collection of information.

The collection of information does not include social security numbers.

The Commission has also published a System of Records Notice for the collection of information relating to SDRs.¹⁴ In addition, a Privacy Impact Assessment ("PIA") has been completed for the EDGAR system.¹⁵

12. Estimate of Respondent Reporting Burden

The total reporting burden for all of the Rules and Form SDR for all respondents is 463,493 hours initially, with a total annual burden thereafter of 270,511.70 hours totaling

¹⁴ See System of Records Notices SEC-55, SEC-6 and SEC-1 available at <http://www.sec.gov/about/privacy/secprivacyoffice.htm>.

¹⁵ The PIA will be included in the PRA submission to OMB.

approximately 1,275,028 hours. This equates to approximately 425,009.29 hours per year when annualized over three years or 42,501.17 hours per respondent when annualized over three years. This burden is broken down by collection of information below.

a. Registration Requirements and Form SDR

Rules 13n-1(b) and 13n-3(a), relating to successor SDRs, require SDRs to apply for registration using Form SDR and file such form electronically in tagged data format with the Commission in accordance with the instructions contained therein. Further, Rule 13n-1(e) requires SDRs to designate an agent for service of process on Form SDR, and Rule 13n-11(a) requires an SDR to identify its CCO on Form SDR. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that it will take an SDR approximately 481 hours to complete the initial Form SDR¹⁶, for a total one-time registration burden of 4,810 hours initially. This equates to 1,603.30 hours per year when annualized over three years or 160.33 hours per respondent when annualized over three years. The Commission estimates no ongoing burdens associated with the registration requirement. This collection is a reporting type of collection.

Rule 13n-1(f) requires a non-resident SDR to (i) certify on Form SDR that the SDR can, as a matter of law, and will provide the Commission with prompt access to the SDR's books and records and can, as a matter of law, and will submit to onsite inspection and examination by the Commission and (ii) provide an opinion of counsel that the SDR can, as a matter of law, provide the Commission with prompt access to the SDR's books and records and can, as a matter of law, submit to onsite inspection and examination by the Commission. The Commission estimates that there will be 3 non-resident SDRs who will be required to comply with this requirement. The Commission estimates a non-resident SDR will spend 1 hour complying with this requirement¹⁷, for a total burden of 3 hours initially. This equates to approximately 1 hour per year when annualized over three years or .33 hours per respondent when annualized over three years. The Commission estimates no ongoing burdens associated with this requirement. The Commission had originally estimated that this burden would be 3 hours per non-resident SDR, for a total burden of 9 hours, but now revises this burden due to errors in the original calculation. This collection is a reporting type of collection.

¹⁶ The Commission bases its burden estimate on the following: (400 hours for the burden of Form SDR, as proposed and as derived from the burden estimate for Form SIP) + (80 hours for the burden of responding to additional provisions incorporated from Form SIP) + (1 hour for the burden of responding to the revised disclosure of business affiliations) = 481 hours. The Commission estimates that an SDR will assign the responsibilities of completing Form SDR as follows: (Compliance Attorney for 180 hours) + (Compliance Clerk for 301 hours) = 481 hours.

¹⁷ The Commission bases its burden estimate on a similar burden estimate for providing a legal opinion and additional disclosure as required by Instruction 3 to Item 7.B to Form 20-F. The Commission estimates that an SDR will assign the responsibilities of complying with Rule 13n-1(f) as follows: (Attorney for 1 hour) = 1 hour.

SDRs are required to amend Form SDR pursuant to Rule 13n-1(d) annually as well as when information in certain enumerated items is or becomes inaccurate. Amendments are also required in certain situations involving successor SDRs pursuant to Rule 13n-3(b). The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that each amendment will require 12 hours per respondent per year, and that respondents will file 3 amendments per year, for an annual burden of 36 hours¹⁸ and a total burden of 1,080 hours. This equates to 360 hours per year when annualized over three years or 36 hours per respondent when annualized over three years. This collection is a reporting type of collection.

SDRs may withdraw from registration under Rule 13n-2 by filing a withdrawal from registration on Form SDR electronically in a tagged data format.¹⁹ An SDR withdrawing from registration must designate on Form SDR a person to serve as the custodian of the SDR's books and records. An SDR must also update any inaccurate information. The Commission estimates that an SDR's withdrawal from registration on Form SDR will be substantially similar to its most recently filed Form SDR. The Form SDR being filed in this circumstance will therefore already be substantially complete and as a result, the burden will not be as great as the burden of filing an application for registration on Form SDR. Rather, the Commission estimates that the burden of filing a withdrawal from registration on Form SDR will be akin to filing an amendment to Form SDR. The Commission estimates a total of 10 respondents for this provision per year. The Commission estimates that this provision will require a one-time burden of 12 hours per respondent to file a Form SDR to withdraw from registration²⁰, for a total burden of 120 hours. This equates to 40 hours per year when annualized over three years or 4 hours per respondent when annualized over three years. The Commission estimates no ongoing burdens associated with this provision. This collection is a reporting type of collection.

¹⁸ The Commission bases its burden estimate on a similar burden estimate for Form ADV. The Commission estimates that an SDR will assign the responsibilities of complying with Rule 13n-1(d) as follows: (Compliance Attorney for 12 hours) + (Compliance Clerk for 24 hours) = 36 hours.

¹⁹ The Commission did not include an estimate for the burden of Rule 13n-2 in the proposing release. The Commission did propose Rule 13n-2, however, and discussed Rule 13n-2 in the proposing release. See Proposing Release, 75 FR at 77316. After discussion, the Commission determined to include an estimate for the burden of Rule 13n-2 in the adopting release.

²⁰ The Commission bases its burden estimate on its burden estimate for amendments to Form SDR. The Commission believes that an SDR's withdrawal from registration on Form SDR will be substantially similar to its most recently filed Form SDR. The Form SDR being filed in this circumstance will therefore already be substantially complete and as a result, the burden will not be as great as the burden of filing an application for registration on Form SDR. Rather, the Commission believes that the burden of filing a withdrawal from registration on Form SDR will be akin to filing an amendment on Form SDR. The Commission estimates that an SDR will assign the responsibilities of complying with Rule 13n-2 as follows: (Compliance Attorney for 12 hours) = 12 hours.

b. SDR Duties, Data Collection and Maintenance, and Direct Electronic Access

Rules 13n-4(b)(2) and (4), and 13n-5 require SDRs to accept and maintain data, including transaction data, received from third parties and to calculate and maintain positions. Rule 13n-4(b)(5) requires SDRs to provide direct electronic access to the Commission or its designees. SDRs also have an obligation under Rules 13n-4(b)(3) and 13n-5(b)(1)(iii) to confirm the accuracy of data submitted and to establish, maintain, and enforce written policies and procedures reasonably designed to satisfy themselves that the transaction data that has been submitted to them is complete and accurate. Rule 13n-5(b)(4) requires that SDRs maintain the transaction data and related identifying information for not less than five years after the applicable SBS expires and historical positions for not less than five years. Under Rule 13n-5(b)(7), this obligation continues even if an SDR withdraws from registration or ceases doing business. SDRs are required to make and keep current a plan to ensure compliance with this requirement. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that these provisions will require 42,000 hours initially²¹ to establish systems compliant with all of the various requirements and 25,200 hours to administer per year per respondent²², for a total burden of 1,176,000 hours. This equates to 392,000 hours per year when annualized over three years or 39,200 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

Each SDR is also required to establish, maintain, and enforce written policies and procedures, reasonably designed: (1) under Rule 13n-5(b)(1), for the reporting of complete and accurate transaction data to the SDR and to satisfy itself that such information is complete and accurate; (2) under Rule 13n-5(b)(2), to calculate positions for all persons with open SBSs for which the SDR maintains records; (3) under Rule 13n-5(b)(3), to ensure transaction data and positions that the SDR maintains are complete and accurate; (4) under Rule 13n-5(b)(5), to prevent any provision in a valid SBS from being invalidated or modified through the procedures or operations of the SDR; and (5) under Rule 13n-6, with respect to its systems that support or are integrally related to the performance of the SDR's activities, to ensure that those systems provide adequate levels of capacity, integrity, resiliency, availability, and security. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that each policy and procedure will require 210 hours to implement²³ and 60 hours to administer

²¹ The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Attorney for 7,000 hours) + (Compliance Manager for 8,000 hours) + (Programmer Analyst for 20,000 hours) + (Senior Business Analyst for 7,000 hours) = 42,000 hours.

²² The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Attorney for 4,200 hours) + (Compliance Manager for 4,800 hours) + (Programmer Analyst for 12,000 hours) + (Senior Business Analyst for 4,200 hours) = 25,200 hours.

²³ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS.

per year per respondent²⁴, for a total burden of 10,500 hours initially and 3,000 hours annually to create and administer all five policies and procedures for a total burden of 19,500 hours. This equates to 6,500 hours per year when annualized over three years or 650 per respondent when annualized over three years. This collection is a recordkeeping type of collection.

c. Recordkeeping

Every SDR is required, under Rule 13n-7(a)(1), to make and keep current a record of persons at each office of the SDR that can assist with explaining the SDR's records. Every SDR is also required, under Rule 13n-7(a)(2), to make and keep current a record listing officers, managers, or persons performing similar functions with responsibility for establishing the policies and procedures of the SDR that are reasonably designed to ensure compliance with the Exchange Act and the rules and regulations thereunder. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that these records will require 1 hour to implement²⁵ and 0.17 hours (10 minutes) to administer per year per respondent²⁶, for a total burden of 10 hours initially and 1.7 hours annually for a total of 15.10 hours. This equates to approximately 5 hours per year when annualized over three years or .50 per respondent when annualized over three years. These estimates are based on the Commission's estimates for similar requirements for broker-dealers. This collection is a recordkeeping type of collection.

Rule 13n-7(b) requires each SDR to keep and preserve at least one copy of all documents as shall be made or received by it in the course of its business as such, other than the data collected and maintained pursuant to Rule 13n-5. These records are required to be kept for a period of not less than five years, the first two years in a place immediately available to representatives of the Commission for inspection and examination. Upon the request of any representative of the Commission, an SDR is required to furnish promptly documents kept and preserved by it pursuant to Rule 13n-7(a) or (b) to such a representative. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that this storage requirement will require 345 hours to implement²⁷ and 279 hours to administer per year

²⁴ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS.

²⁵ The Commission bases its burden estimate on the Commission's estimates for similar requirements for broker-dealers. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Senior Systems Analyst for 1 hour) = 1 hour.

²⁶ The Commission bases its burden estimate on the Commission's estimates for similar requirements for broker-dealers. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 0.17 hours) = 0.17 hours.

²⁷ The Commission bases its burden estimate on the Commission's estimates for similar requirements for broker-dealers. The Commission estimates that an SDR will assign the responsibilities of complying with this requirement as follows: (Compliance Manager for 300

per respondent²⁸, for a total burden of 3,450 hours initially and 2,790 hours annually totaling 11,820 hours. This equates to 3,940 hours per year when annualized over three years or 394 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

d. Reports and Reviews

Under Rule 13n-8, SDRs are required to report promptly to the Commission, in a form and manner acceptable to the Commission, such information as the Commission determines necessary or appropriate for the Commission to perform the duties of the Commission. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that it will request these reports at a maximum of once per year, per respondent. The Commission estimates that these reports will be limited to information already compiled under the SDR Rules and thus will require only 1 hour per response to compile and transmit.²⁹ Thus, the Commission estimates the total annual burden for these reports will be 10 hours totaling 30 hours. This equates to 10 hours per year when annualized over three years or 1 hour per respondent when annualized over three years. This collection is a reporting type of collection.

e. Disclosure

Pursuant to Rule 13n-10, SDRs are required to provide certain disclosures to market participants. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that an SDR will initially spend 97.5 hours preparing the disclosure document³⁰ and 1 hour annually distributing the disclosure document³¹, for a total burden of 975 hours initially and 10 hours annually totaling 1,005 hours. This equates to 335 hours per year when annualized over three years or 33.50 per respondent when annualized over three years. This collection is a third-party disclosure type of collection.

f. Chief Compliance Officer

hours) + (Senior Systems Analyst for 45 hours) = 345 hours.

²⁸ The Commission bases its burden estimate on the Commission's estimates for similar requirements for broker-dealers. The Commission estimates that an SDR will assign the responsibilities of complying with this requirement as follows: (Compliance Manager for 279 hours) = 279 hours.

²⁹ The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Senior Business Analyst for 1 hour) = 1 hour.

³⁰ The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 48.75 hours) + (Compliance Clerk at for 48.75 hours) = 97.5 hours.

³¹ The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 0.5 hours) + (Compliance Clerk for 0.5 hours) = 1 hour.

Under Rules 13n-11(c)(6) and (7), an SDR's CCO is responsible for, among other things, establishing procedures for the remediation of noncompliance issues identified by the CCO, and establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that these two provisions will require 420 hours to implement³² and 120 hours to administer per year per respondent³³, for a total burden of 4,200 hours initially and 1,200 hours annually totaling 7,800 hours. This equates to 2,600 hours per year when annualized over three years or 260 per respondent when annualized over three years. This collection is a recordkeeping type of collection.

A CCO is also required under Rules 13n-11(d), (e), and (g) to prepare and submit annual compliance reports to an SDR's board of directors for review before the annual compliance reports are filed with the Commission. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that these reports will require 5 hours per year per respondent³⁴, for a total burden of 150 hours. This equates to 50 hours per year when annualized over three years or 5 hours per respondent when annualized over three years. This collection is a reporting type of collection.

Rules 13n-11(f) and (g) require that financial reports be prepared and filed with the Commission as an official filing in accordance with the EDGAR Filer Manual and include, as part of the official filing, an Interactive Data Financial Report filed in accordance with Rule 407 of Regulation S-T. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that these reports will require 500 hours per year per respondent³⁵, for a total burden of 15,000 hours. This equates to 5,000 hours per year when annualized over three years or 500 hours per respondent when annualized over three years. This collection is a reporting type of collection.

³² The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 420 hours) = 420 hours.

³³ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 120 hours) = 120 hours.

³⁴ The Commission bases its burden estimate on the Commission's estimates for similar annual reviews by CCOs of investment companies. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 5 hours) = 5 hours.

³⁵ The Commission bases its burden estimate on its experience with entities of similar size to SDRs. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Senior Accountant for 500 hours) = 500 hours.

Rules 13n-11(d) and (f) require the compliance reports be filed in a tagged data format in accordance with the instructions contained in the EDGAR Filer Manual, and the financial reports must be provided as an official filing in accordance with the EDGAR Filer Manual and include, as part of the official filing, an Interactive Data Financial Report filed in accordance with Rule 407 of Regulation S-T. These filing requirements will create additional burdens on respondents beyond the burdens associated with the preparation of these reports. The Commission estimates a total of 10 respondents for these filing requirements. The Commission estimates that these filing requirements will impose an additional burden of 54 hours per year per respondent³⁶, for a total burden of 1,620 hours. This equates to 540 hours per year when annualized over three years or 54 hours per respondent when annualized over three years. This collection is a reporting type of collection.

g. Other Provisions Relevant to the Collection of Information

Rule 13n-4(c)(1)(iii) requires SDRs to establish, monitor on an ongoing basis, and enforce clearly stated objective criteria that will permit fair, open, and not unreasonably discriminatory access to services offered and data maintained by the SDRs. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that this provision will require 157.5 hours to implement³⁷ and 45 hours to administer per year per respondent³⁸, for a total burden of 1575 hours initially and 450 hours annually totaling 2,925 hours. This equates to 975 hours per year when annualized over three years or 97.5 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

Rule 13n-4(c)(1)(iv) requires SDRs to establish, maintain, and enforce certain policies and procedures to review any prohibition or limitation of any person with respect to access to services offered or data maintained by the SDRs and to grant such person access to such services or data if such person has been discriminated against unfairly. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that this provision will require

³⁶ The Commission bases its burden estimate on its experience with other tagged data initiatives. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Senior Systems Analyst for 54 hours) = 54 hours.

³⁷ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 58 hours) + (Attorney for 65.5 hours) + (Senior Systems Analyst for 17 hours) + (Operations Specialist for 17 hours) = 157.5 hours.

³⁸ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 16 hours) + (Attorney for 19 hours) + (Senior Systems Analyst for 5 hours) + (Operations Specialist for 5 hours) = 45 hours.

210 hours to implement³⁹ and 60 hours to administer per year per respondent⁴⁰, for a total burden of 2,100 hours initially and 600 hours annually totaling 3,900 hours. This equates to 1,300 hours per year when annualized over three years or 130 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

Rule 13n-4(c)(2)(iv) requires SDRs to establish, maintain, and enforce written policies and procedures reasonably designed to ensure that the SDR's senior management and each member of the board or committee that has the authority to act on behalf of the board possess requisite skills and expertise to fulfill their responsibilities in the management and governance of the SDR, to have a clear understanding of their responsibilities, and to exercise sound judgment about the SDR's affairs. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that this provision will require 210 hours to implement⁴¹ and 60 hours to administer per year per respondent⁴², for a total burden of 2,100 hours initially and 600 hours annually totaling 3,900 hours. This equates to 1,300 hours per year when annualized over three years or 130 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

Rule 13n-4(c)(3) addresses the conflicts of interest requirements governing SDRs. SDRs will be required to establish and enforce policies and procedures reasonably designed to minimize conflicts of interest. This includes establishing, maintaining, and enforcing written policies and procedures reasonably designed to identify and mitigate potential and existing conflicts of interest in the SDR's decision-making process on an ongoing basis. It also includes establishing, maintaining, and enforcing written policies and procedures regarding the SDR's non-commercial and commercial use of the SBS transaction information that it receives. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates

³⁹ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 77 hours) + (Attorney for 87 hours) + (Senior Systems Analyst for 23 hours) + (Operations Specialist for 23 hours) = 210 hours.

⁴⁰ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 22 hours) + (Attorney for 26 hours) + (Senior Systems Analyst for 6 hours) + (Operations Specialist for 6 hours) = 60 hours.

⁴¹ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 210 hours) = 210 hours.

⁴² The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 60 hours) = 60 hours.

that these two provisions will require 420 hours to implement⁴³ and 120 hours to administer per year per respondent⁴⁴, for a total burden of 4,200 hours initially and 1,200 hours annually totaling 7,800 hours. This equates to 2,600 hours per year when annualized over three years or 260 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

Rule 13n-5(b)(6) requires SDRs to establish procedures and provide facilities reasonably designed to effectively resolve disputes over the accuracy of the transaction data and positions that are recorded in the SDRs. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that this provision will require 315 hours to implement⁴⁵ and 90 hours to administer per year per respondent⁴⁶, for a total burden of 3,150 hours initially and 900 hours annually totaling 5,850 hours. This equates to 1,950 hours per year when annualized over three years or 195 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

Rules 13n-4(b)(8) and 13n-9 address privacy requirements for SDRs. Rule 13n-4(b)(8) requires SDRs to maintain the privacy of any and all SBS transaction information that the SDR receives from a SBS dealer, counterparty, or any registered entity as prescribed in Rule 13n-9. Rule 13n-9(b)(1) requires SDRs to establish, maintain, and enforce written policies and procedures reasonably designed to protect the privacy of any and all SBS transaction information that the SDR receives from any SBS dealer, counterparty, or any registered entity. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that these two provisions will require 420 hours to implement⁴⁷ and 120 hours to administer per

⁴³ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 420 hours) = 420 hours.

⁴⁴ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 120 hours) = 120 hours.

⁴⁵ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 315 hours) = 315 hours.

⁴⁶ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 90 hours) = 90 hours.

⁴⁷ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 420 hours) = 420 hours.

year per respondent⁴⁸, for a total burden of 4,200 hours initially and 1,200 hours annually totaling 7,800 hours. This equates to 2,600 hours per year when annualized over three years or 260 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

Rule 13n-9(b)(2) requires SDRs to establish and maintain safeguards, policies, and procedures reasonably designed to prevent the misappropriation or misuse of (1) any confidential information received by the SDR, (2) material, nonpublic information, and/or (3) intellectual property. These safeguards, policies and procedures must address limiting access to such information and intellectual property, standards pertaining to the trading by persons associated with the SDR for their personal benefit or the benefit of others, and adequate oversight. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that this provision will require 210 hours to implement⁴⁹ and 60 hours to administer per year per respondent⁵⁰, for a total burden of 2,100 hours initially and 600 hours annually totaling 3,900 hours. This equates to 1,300 hours per year when annualized over three years or 130 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

⁴⁸ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 120 hours) = 120 hours.

⁴⁹ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 210 hours) = 210 hours.

⁵⁰ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 60 hours) = 60 hours.

Collection of Information	Type of Burden	Total Number of Respondents	Total Number of Responses Per Year	Type of Burden	Initial Burden Per Response Per Year Per Respondent	Ongoing Burden Per Response Per Year Per Respondent	Total Annualized Burden Per Year Per Respondent	Total Reporting Burden For All Respondents	Total Burden Per Three Year Reporting Period Per Respondent	Total Burden Per Three Year Reporting Period For All Respondents
Registration on Form SDR: 13n-1(b) and 13n-3(a) and Form SDR	Reporting	10	1	Initial	160.33	0.00	160.33	1,603.30	480.99	4,809.90
Certification and Opinion of Counsel for Non-Resident SDRs: 13n-1(f)	Reporting	3	1	Initial	0.33	0.00	0.33	0.99	0.99	2.97
Amendments to Form SDR: 13n1-d)	Reporting	10	3	Ongoing	0.00	12.00	36.00	360.00	108.00	1,080.00
Withdrawal from Registration: 13n-2	Reporting	10	1	Initial	4.00	0.00	4.00	40.00	12.00	120.00
IT Systems: 13n-4(b)(2) and (4) and 13n-5	Recordkeeping	10	1	Initial and Ongoing	14,000.00	25,200.00	39,200.00	392,000.00	117,600.00	1,176,000.00
Policies and Procedures: 13n-5(b)(1), (2), (3), and (5) and 13n-6	Recordkeeping	10	1	Initial and Ongoing	350.00	300.00	650.00	6,500.00	1,950.00	19,500.00
Make and Keep Records of Persons at Each Office: 13n-7(a)(1)	Recordkeeping	10	1	Initial and Ongoing	0.33	0.17	0.50	5.00	1.50	15.10
Storage of Records: 13n-7(b)	Recordkeeping	10	1	Initial and Ongoing	115.00	279.00	394.00	3,940.00	1,182.00	11,820.00
Reports: 13n-8	Reporting	10	1	Ongoing	0.00	1.00	1.00	10.00	3.00	30.00
Disclosure: 13n-10	Third-Party Disclosure	10	1	Initial and Ongoing	32.50	1.00	33.50	335.00	100.50	1,005.00
Establish Procedures for Remediation of Compliance Issues: 13n-11(c)(6) and (7)	Recordkeeping	10	1	Initial and Ongoing	140.00	120.00	260.00	2,600.00	780.00	7,800.00
Prepare and Submit Annual Compliance Report: 13n-11(d), (e), and (h)	Reporting	10	1	Ongoing	0.00	5.00	5.00	50.00	15.00	150.00
Annual Financial Reports: 13n-11(f) and (g)	Reporting	10	1	Ongoing	0.00	500.00	500.00	5,000.00	1,500.00	15,000.00
Tagging Financial Reports: 13n-11(d) and (f)	Reporting	10	1	Ongoing	0.00	54.00	54.00	540.00	162.00	1,620.00
Establish and Enforce Objective Criteria: 13n-4(c)(1)(iii)	Recordkeeping	10	1	Initial and Ongoing	52.50	45.00	97.50	975.00	292.50	2,925.00
Policies and procedures to review any prohibition or limitation: 13n-4(c)(1)(iv)	Recordkeeping	10	1	Initial and Ongoing	70.00	60.00	130.00	1,300.00	390.00	3,900.00
Written Policies and Procedures for Board and Senior Management: 13n-4(c)(2)(iv)	Recordkeeping	10	1	Initial and Ongoing	70.00	60.00	130.00	1,300.00	390.00	3,900.00
Conflict of Interest Controls: 13n-4(c)(3)	Recordkeeping	10	1	Initial and Ongoing	140.00	120.00	260.00	2,600.00	780.00	7,800.00
Procedures and Facilities to Resolve Disputes: 13n-5(b)(6)	Recordkeeping	10	1	Initial and Ongoing	105.00	90.00	195.00	1,950.00	585.00	5,850.00
Privacy Requirements: 13n-9(b)(1) and 13n-4(b)(8)	Recordkeeping	10	1	Initial and Ongoing	140.00	120.00	260.00	2,600.00	780.00	7,800.00
Privacy Requirements: 13n-9(b)(2)	Recordkeeping	10	1	Initial and Ongoing	70.00	60.00	130.00	1,300.00	390.00	3,900.00
Totals					15,450.00	27,027.17	42,501.17	425,009.29	127,503.48	1,275,027.97

13. Estimate of Cost to Respondents

The total cost for all of the Rules and Form SDR for all respondents is approximately \$103,364,700 initially, with a total annual cost thereafter of \$65,227,720 totaling approximately \$299,047,860. This equates to \$99,682,619.90 per year when annualized over three years or \$9,968,472 per respondent when annualized over three years. These costs are broken down by collection of information below.

a. Registration Requirements and Form SDR

Rule 13n-1(f) requires a non-resident SDR to (i) certify on Form SDR that the SDR can, as a matter of law, and will provide the Commission with prompt access to the SDR's books and records and can, as a matter of law, and will submit to onsite inspection and examination by the Commission and (ii) provide an opinion of counsel that the SDR can, as a matter of law, provide the Commission with prompt access to the SDR's books and records and can, as a matter of law, submit to onsite inspection and examination by the Commission. The Commission estimates that there will be 3 non-resident SDRs who will be required to comply with the certification and opinion requirement. The Commission estimates that a non-resident SDR will spend \$900 in outside legal costs⁵¹ in complying with these requirements, for a total cost of \$2,700 initially. This equates to \$900 when annualized over three years or \$300 per respondent when annualized over three years. The Commission estimates no ongoing costs associated with the certification requirement. This collection is a reporting type of collection.

b. SDR Duties, Data Collection and Maintenance, and Direct Electronic Access

Rules 13n-4(b)(2) and (4), and 13n-5 require SDRs to accept and maintain data, including transaction data, received from third parties and to calculate and maintain positions. Rule 13n-4(b)(5) requires SDRs to provide direct electronic access to the Commission or its designees. SDRs also have an obligation under Rules 13n-4(b)(3) and 13n-5(b)(1)(iii) to confirm the accuracy of data submitted and to establish, maintain, and enforce written policies and procedures reasonably designed to satisfy themselves that the transaction data that has been submitted to them is complete and accurate. Rule 13n-5(b)(4) requires that SDRs maintain the transaction data and related identifying information for not less than five years after the applicable SBS expires and historical positions for not less than five years. Under Rule 13n-5(b)(7), this obligation continues even if an SDR withdraws from registration or ceases doing business. SDRs are required to make and keep current a plan to ensure compliance with this requirement. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that these provisions will require \$10 million in information technology costs initially to establish systems compliant with all of the requirements and \$6 million in ongoing costs to administer per year per respondent, for a total cost of \$100 million initially and \$60 million annually totaling approximately \$280,000,000. This equates to \$93,333,333.30 when annualized over three years or \$9,333,333.33 per respondent when annualized over three years. This collection is a recordkeeping type of collection.

⁵¹ The Commission bases its cost estimate on its cost estimate for providing a legal opinion and additional disclosure as required by Instruction 3 to Item 7.B to Form 20-F.

Each SDR is also required to establish, maintain, and enforce written policies and procedures, reasonably designed: (1) under Rule 13n-5(b)(1), for the reporting of complete and accurate transaction data to the SDR and to satisfy itself that such information is complete and accurate; (2) under Rule 13n-5(b)(2), to calculate positions for all persons with open SBSs for which the SDR maintains records; (3) under Rule 13n-5(b)(3), to ensure transaction data and positions that the SDR maintains are complete and accurate; (4) under Rule 13n-5(b)(5), to prevent any provision in a valid SBS from being invalidated or modified through the procedures or operations of the SDR; and (5) under Rule 13n-6, with respect to its systems that support or are integrally related to the performance of the SDR's activities, to ensure that those systems provide adequate levels of capacity, integrity, resiliency, availability, and security. The Commission estimates a total of 10 respondents for these provisions. While these policies and procedures will vary in exact cost, the Commission estimates that these policies and procedures will require a total of \$100,000 in outside legal costs⁵² per respondent to establish, for a total of \$1,000,000 in outside legal costs initially. This equates to \$333,333.30 when annualized over three years or \$33,333.33 per respondent when annualized over three years. The Commission estimates no ongoing costs associated with creating these policies and procedures. This collection is a recordkeeping type of collection.

c. Recordkeeping

The Commission does not estimate that SDRs will incur any external costs in complying with Rules 13n-7(a)(1) and (a)(2).

Under Rule 13n-7(b)(3), upon the request of any representative of the Commission, an SDR is required to furnish promptly documents kept and preserved by it pursuant to Rules 13n-7(a) or (b) to such a representative. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that this requirement will require \$1,800 in information technology costs per respondent, for a total cost of \$18,000 initially. This equates to \$6,000 when annualized over three years or \$600 per respondent when annualized over three years. The Commission estimates no ongoing external costs associated with this provision. This collection is a recordkeeping type of collection.

d. Reports and Reviews

The Commission does not estimate that SDRs will incur any external costs in complying with Rule 13n-8.

⁵² The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (5 policies and procedures) = \$100,000.

e. Disclosure

Pursuant to Rule 13n-10, SDRs are required to provide certain disclosures to market participants. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that preparing the required disclosures will require \$4,400 in external legal costs and \$5,000 in external compliance consulting cost per respondent⁵³, resulting in a total cost for all respondents of \$94,000 initially. This equates to \$31,333.30 when annualized over three years or \$3,133.33 per respondent when annualized over three years. The Commission estimates no ongoing external costs associated with this provision. This collection is a third-party disclosure type of collection.

f. Chief Compliance Officer

Under Rules 13n-11(c)(6) and (7), an SDR's CCO is responsible for, among other things, establishing procedures for the remediation of noncompliance issues identified by the CCO, and establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that an SDR will incur \$40,000 in outside legal costs⁵⁴ to create these policies and procedures, for a total initial outside cost of \$400,000. This equates to \$133,333.30 when annualized over three years or \$13,333.33 per respondent when annualized over three years. The Commission estimates no ongoing external costs associated with these provisions. This collection is a recordkeeping type of collection.

Rules 13n-11(f) and (g) require that annual financial reports be prepared and filed with the Commission as an official filing in accordance with the EDGAR Filer Manual and include, as part of the official filing, an Interactive Data Financial Report filed in accordance with Rule 407 of Regulation S-T. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that an SDR will incur \$500,000 annually for independent public accounting services, for a total cost of \$5,000,000 annually totaling \$15,000,000. This equates to \$5,000,000 when annualized over three years or \$500,000 per respondent when annualized over three years. This collection is a reporting type of collection.

Rules 13n-11(d) and (f) require the compliance reports be filed in a tagged data format in accordance with the instructions contained in the EDGAR Filer Manual, and the financial reports must be provided as an official filing in accordance with the EDGAR Filer Manual and include, as part of the official filing, an Interactive Data Financial Report filed in accordance with Rule 407 of Regulation S-T. The Commission estimates a total of 10 respondents for these filing

⁵³ The Commission bases its cost estimate on the Commission's experience with and burden estimates for similar disclosure document requirements applied to investment advisers with 1,000 or fewer employees and as a result of its discussions with market participants.

⁵⁴ The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (2 policies and procedures) = \$40,000.

requirements. The Commission estimates that an SDR will incur \$22,772 in outside software and other costs per year in complying with these filing requirements, for a total cost of \$227,720 annually totaling \$683,160. This equates to \$227,720 when annualized over three years or \$22,772 per respondent when annualized over three years. This collection is a reporting type of collection.

g. Other Provisions Relevant to the Collection of Information

Rule 13n-4(c)(1)(iii) requires SDRs to establish, monitor on an ongoing basis, and enforce clearly stated objective criteria that will permit fair, open, and not unreasonably discriminatory access to services offered and data maintained by the SDR. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that an SDR will incur \$15,000 in outside legal costs⁵⁵ associated with the creation of the objective criteria, for a total cost of \$150,000 initially. This equates to \$50,000 when annualized over three years or \$5,000 per respondent when annualized over three years. The Commission estimates no ongoing external costs associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-4(c)(1)(iv) requires SDRs to establish, maintain, and enforce certain policies and procedures to review any prohibition or limitation of any person with respect to access to services offered or data maintained by the SDR and to grant such person access to such services or data if such person has been discriminated against unfairly. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that an SDR will incur a total of \$20,000 in outside legal costs⁵⁶ to create these policies and procedures, for a total cost of \$200,000 initially. This equates to \$66,666.70 when annualized over three years or \$6,666.67 per respondent when annualized over three years. The Commission estimates no ongoing external costs associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-4(c)(2)(iv) requires SDRs to establish, maintain, and enforce written policies and procedures reasonably designed to ensure that the SDR's senior management and each member of the board or committee that has the authority to act on behalf of the board possess requisite skills and expertise to fulfill their responsibilities in the management and governance of the SDR, to have a clear understanding of their responsibilities, and to exercise sound judgment about SDR's affairs. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that an SDR will incur \$20,000 in outside legal costs⁵⁷ to create these

⁵⁵ The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (37.5 hours of outside legal consulting per policy and procedure) x (1 policy and procedure) = \$15,000.

⁵⁶ The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (1 policy and procedure) = \$20,000.

⁵⁷ The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure)

policies and procedures, for a total cost of \$200,000 initially. This equates to \$66,666.70 when annualized over three years or \$6,666.67 per respondent when annualized over three years. The Commission estimates no ongoing costs associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-4(c)(3) addresses the conflicts of interest requirements governing SDRs. SDRs are required to establish and enforce written policies and procedures reasonably designed to minimize conflicts of interest, including establishing, maintaining, and enforcing written policies and procedures reasonably designed to identify and mitigate potential and existing conflicts of interest in the SDR's decision-making process on an on-going basis. It also includes establishing, maintaining, and enforcing written policies and procedures regarding the SDR's non-commercial and commercial use of the SBS transaction information that it receives. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that an SDR will incur \$40,000 in outside legal costs⁵⁸ to create these policies and procedures, for a total cost of \$400,000 initially. This equates to \$133,333.30 when annualized over three years or \$13,333.33 per respondent when annualized over three years. The Commission estimates no ongoing costs associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-5(b)(6) requires SDRs to establish procedures and provide facilities reasonably designed to effectively resolve disputes over the accuracy of the transaction data and positions that are recorded in the SDR. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that SDRs will incur \$30,000 in outside legal costs⁵⁹ in establishing these procedures and facilities, for a total cost of \$300,000 initially. This equates to \$100,000 when annualized over three years or \$10,000 per respondent when annualized over three years. The Commission estimates no ongoing cost associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-4(b)(8) and Rule 13n-9 address privacy requirements for SDRs. Rule 13n-4(b)(8) requires SDRs to maintain the privacy of any and all SBS transaction information that the SDR receives from an SBS dealer, counterparty, or any registered entity as prescribed in Rule 13n-9. Rule 13n-9(b)(1) requires SDRs to establish, maintain, and enforce written policies and procedures reasonably designed to protect the privacy of any and all SBS transaction information that the SDR receives from any SBS dealer, counterparty, or any registered entity. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates

x (1 policy and procedure) = \$20,000.

⁵⁸ The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (2 policies and procedures) = \$40,000.

⁵⁹ The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (75 hours of outside legal consulting per policy and procedure) x (1 policy and procedure) = \$30,000.

that an SDR will incur \$40,000 in outside legal costs⁶⁰ to create these policies and procedures, for a total cost of \$400,000 initially. This equates to \$133,333.30 when annualized over three years or \$13,333.33 per respondent when annualized over three years. The Commission estimates no ongoing costs associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-9(b)(2) requires SDRs to establish and maintain safeguards, policies, and procedures reasonably designed to prevent the misappropriation or misuse of (1) any confidential information received by the SDR, (2) material, nonpublic information, and/or (3) intellectual property. These safeguards, policies and procedures must address limiting access to such information and intellectual property, standards pertaining to trading by persons associated with the SDR for their personal benefit or the benefit of others, and adequate oversight. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that SDRs will incur \$20,000 outside legal costs⁶¹ to create these safeguards, policies, and procedures, for a total cost of \$200,000 initially. This equates to \$66,666.70 when annualized over three years or \$6,666.67 per respondent when annualized over three years. The Commission estimates no ongoing costs associated with this provision. This collection is a recordkeeping type of collection.

Collection of Information	Type of Burden	Total Number of Respondents	Total Number of Responses Per Year	Type of Burden	Initial Cost Per Response Per Year Per Respondent	Ongoing Cost Per Response Per Year Per Respondent	Total Annualized Cost Per Year Per Respondent	Total Burden Reporting Cost For All Respondents	Total Cost Per Three Year Reporting Period Per Respondent	Total Cost Per Three Year Reporting Period For All Respondents
Registration on Form SDR: 13n-1(b) and 13n-3(a) and Form SDR	Reporting	10	1	Initial	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Certification and Opinion of Counsel for Non-Resident SDRs: 13n-1(f)	Reporting	3	1	Initial	\$300.00	\$0.00	\$300.00	\$900.00	\$900.00	\$2,700.00
Amendments to Form SDR: 13n-1(d)	Reporting	10	3	Ongoing	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Withdrawal from Registration: 13n-2	Reporting	10	1	Initial	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
IT Systems: 13n-4(b)(2) and (4) and 13n-5	Recordkeeping	10	1	Initial and Ongoing	\$3,333,333.33	\$6,000,000.00	\$9,333,333.33	\$93,333,333.30	\$27,999,999.99	\$279,999,999.90
Policies and Procedures: 13n-5(b)(1), (2), (3), and (5) and 13n-6	Recordkeeping	10	1	Initial	\$33,333.33	\$0.00	\$33,333.33	\$333,333.30	\$99,999.99	\$999,999.90
Make and Keep Records of Persons at Each Office:	Recordkeeping	10	1	Initial and Ongoing	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

⁶⁰ The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (2 policies and procedures) = \$40,000.

⁶¹ The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (1 policy and procedure) = \$20,000.

Collection of Information	Type of Burden	Total Number of Respondents	Total Number of Responses Per Year	Type of Burden	Initial Cost Per Response Per Year Per Respondent	Ongoing Cost Per Response Per Year Per Respondent	Total Annualized Cost Per Year Per Respondent	Total Burden Reporting Cost For All Respondents	Total Cost Per Three Year Reporting Period Per Respondent	Total Cost Per Three Year Reporting Period For All Respondents
13n-7(a)(1)										
Storage of Records: 13n-7(b)	Recordkeeping	10	1	Initial	\$600.00	\$0.00	\$600.00	\$6,000.00	\$1,800.00	\$18,000.00
Reports: 13n-8	Reporting	10	1	Ongoing	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Disclosure: 13n-10	Third-Party Disclosure	10	1	Initial	\$3,133.33	\$0.00	\$3,133.33	\$31,333.30	\$9,399.99	\$93,999.90
Establish Procedures for Remediation of Compliance Issues: 13n-11(c)(6) and (7)	Recordkeeping	10	1	Initial	\$13,333.33	\$0.00	\$13,333.33	\$133,333.30	\$39,999.99	\$399,999.90
Prepare and Submit Annual Compliance Report: 13n-11(d), (e), and (h)	Reporting	10	1	Ongoing	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Financial Reports: 13n-11(f) and (g)	Reporting	10	1	Ongoing	\$0.00	\$500,000.00	\$500,000.00	\$5,000,000.00	\$1,500,000.00	\$15,000,000.00
Tagging Financial Reports: 13n-11(d) and (f)	Reporting	10	1	Ongoing	\$0.00	\$22,772.00	\$22,772.00	\$227,720.00	\$68,316.00	\$683,160.00
Establish and Enforce Objective Criteria: 13n-4(c)(1)(iii)	Recordkeeping	10	1	Initial	\$5,000.00	\$0.00	\$5,000.00	\$50,000.00	\$15,000.00	\$150,000.00
Policies and procedures to review any prohibition or limitation: 13n-4(c)(1)(iv)	Recordkeeping	10	1	Initial	\$6,666.67	\$0.00	\$6,666.67	\$66,666.70	\$20,000.01	\$200,000.10
Written Policies and Procedures for Board and Senior Management: 13n-4(c)(2)(iv)	Recordkeeping	10	1	Initial	\$6,666.67	\$0.00	\$6,666.67	\$66,666.70	\$20,000.01	\$200,000.10
Conflict of Interest Controls: 13n-4(c)(3)	Recordkeeping	10	1	Initial	\$13,333.33	\$0.00	\$13,333.33	\$133,333.30	\$39,999.99	\$399,999.90
Procedures and Facilities to Resolve Disputes: 13n-5(b)(6)	Recordkeeping	10	1	Initial	\$10,000.00	\$0.00	\$10,000.00	\$100,000.00	\$30,000.00	\$300,000.00
Privacy Requirements : 13n-9(b)(1) and 13n-4(b)(8)	Recordkeeping	10	1	Initial	\$13,333.33	\$0.00	\$13,333.33	\$133,333.30	\$39,999.99	\$399,999.90
Privacy Requirements : 13n-9(b)(2)	Recordkeeping	10	1	Initial	\$6,666.67	\$0.00	\$6,666.67	\$66,666.70	\$20,000.01	\$200,000.10
Totals					\$3,445,700.00	\$6,522,772.00	\$9,968,472.00	\$99,682,619.90	\$29,905,415.97	\$299,047,859.70

14. Estimate of Cost to the Federal Government

Not applicable.

15. Explanation of Changes in Burden

The Commission estimated that it would take an SDR approximately 400 hours to complete the initial Form SDR, for a total one-time registration burden of 4000 hours initially. The Commission has revised Form SDR and incorporated additional provisions from Form SIP to allow SDRs to register as securities information processors using Form SDR. As a result, the Commission believes that the burden of filing Form SDR should be adjusted to accommodate these additional provisions. Thus, the Commission now estimates that it would take an SDR approximately 481 hours to complete the initial Form SDR, for a total one-time registration burden of 4,810 hours initially.

Rule 13n-1(f) requires a non-resident SDR to certify on Form SDR and provide an opinion of counsel that the SDR can, as a matter of law, provide the Commission with access to the books and records of such SDR and can, as a matter of law, submit to onsite inspection and examination by the Commission. The Commission estimates that a non-resident SDR will spend 1 hour complying with the certification and opinion of counsel requirements. The Commission estimates that there will be 3 non-resident SDRs who will be required to comply with the certification and opinion of counsel requirements, resulting in a total burden of 3 hours. The Commission had originally estimated that this burden would be 3 hours per non-resident SDR, for a total burden of 9 hours, but now revises this burden due to errors in the original calculation. In the proposing release, the Commission had miscalculated the percentage of the burden that would be borne by respondents and the percentage that would be borne by outside counsel. This collection is a reporting type of collection.

The Commission is not adopting proposed rules 13n-4(b)(9), 13n-4(b)(10), 13n-6(b)(2), 13n-6(b)(3), and 13n-6(b)(4). Therefore, the Commission is not including the burdens of those proposed rules in the overall burdens of the Rules.

The Commission did not include an estimate for the burden of Rule 13n-2 in the proposing release. The Commission did propose Rule 13n-2, however, and discussed Rule 13n-2 in the proposing release.⁶² After discussion, the Commission determined to include an estimate for the burden of Rule 13n-2 in the adopting release.

Finally, some of the burdens appear to have changed. However, in the proposed rule submission, information collections were erroneously aggregated together into a single category. Staff has since revised this and separated out the information into separate information collections to more accurately characterize the actual burdens.

16. Information Collections Planned for Statistical Purpose

Section 13(m)(2) of the Exchange Act, which was added by the Dodd-Frank Act, requires the Commission to “issue a written report on a semiannual and annual basis to make available to the public information relating to the trading and clearing in the major SBS categories and the market participants and developments in new products.” This section further requires that, in preparing this report, the Commission shall, among other things, use information collected from

⁶² See Proposing Release, 75 FR at 77316.

SDRs (including information subject to this information collection). The Commission is still considering approaches to meet this statutory requirement and will take further action, as appropriate.

17. Explanation as to Why Expiration Date Will Not be Displayed

The Commission requests authorization to omit the expiration date on the electronic version of the form for design and IT project scheduling reasons. The OMB control number will be displayed.

18. Exceptions to Certification

Not applicable.

B. Collection of Information Employing Statistical Methods.

The Rules do not employ statistical methods.