

SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission for
Rule 19d-3

A. JUSTIFICATION

1. Necessity of Information Collection

Rule 19d-3 (“Rule”) under the Securities Exchange Act of 1934 (the “Exchange Act”) prescribes the form and content of applications to the Securities and Exchange Commission (“Commission”) for review of all final disciplinary sanctions, denials of membership, participation or association, or prohibitions or limitations of access to services that are imposed by self-regulatory organizations (“SROs”). Rule 19d-3 was adopted on July 8, 1977, pursuant to authority granted the Commission in Sections 6, 11A, 15, 15A, 17, 17A, 19, and 23 of the Act, 15 U.S.C. 78f, 78k-1, 78o, 78o-3, 78q, 78q-1, 78s, and 78w.

2. Purpose and Use of the Information Collection

The Commission uses the information provided in the application filed pursuant to Rule 19d-3 to review final actions taken by SROs including: (1) final disciplinary sanctions; (2) denial or conditioning of membership, participation or association; and (3) prohibitions or limitations of access to services offered by a SRO or member thereof.

3. Consideration Given to Information Technology

Submission of a written application for review is the least burdensome and most effective means of giving the Commission notice of the applicant’s intent.

4. Duplication

There is no duplication of this application process to the Commission.

5. Effect on Small Entities

Rule 19d-3 may affect small entities because the universe of potential respondents includes firms that may meet the definition of “small entities” found in Rule 0-10 of the Exchange Act. However, because the total burden is nominal, Rule 19d-3 will not have a disproportionate effect on small entities.

6. Consequences of Not Conducting Collection

The filing of an application is discretionary for the applicants; therefore a less frequent collection is not available to the Commission.

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

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

8. Consultations Outside the Agency

The required Federal Register notice with a 60-day comment period soliciting comments on this collection of information was published. No public comments were received.

9. Payment or Gift

There has been no decision to provide any payment or gift to respondents.

10. Confidentiality

No assurance of confidentiality is provided to applicants.

11. Sensitive Questions

No questions of a sensitive nature are asked. The information collection does not collect any personally identifiable information (PII).

12. Burden of Information Collection

Based upon past submissions, we estimated that approximately six respondents will utilize this application procedure annually, with a total burden of approximately 108 total hours. This figure represents approximately eighteen hours spent per respondent, per submission. This figure also reflects an estimate of approximately one submission, per respondent. The average cost per hour is approximately \$101, per response.¹ Therefore, the internal labor cost of compliance for all respondents is approximately \$10,908 (6 submissions x 18 hours per response x \$101 per hour).

13. Costs to Respondents

It is not anticipated that respondents will have to incur any capital and start-up costs, nor any additional operational or maintenance costs (other than as provided in Item 12), to comply with the collection of information.

14. Costs to Federal Government

From past experience, we estimate that the operational costs of accepting and processing applications filed pursuant to Rule 19d-3 amounts to approximately \$875. This amount is based on our computation of the value of staff time devoted to those activities and is based on the GSA, Guide to Estimating Reporting Costs (1973).

¹ This hourly figure includes 35% overhead.

15. Changes in Burden

There is no change in the hour burden from the last report.

16. Information Collections Planned for Statistical Purposes

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

17. Approval to Omit OMB Expiration Date

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

18. Exceptions to Certification for Paperwork Reduction Act Submissions

This collection complies with the requirements in 5 CFR 1320.9.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHOD

This collection does not involve statistical methods.