

**SUPPORTING STATEMENT**  
**for the Paperwork Reduction Act Information Collection Submission for Rule 17a-3**

**A. JUSTIFICATION**

**1. Necessity of Information Collection**

In the ordinary course of their business, all broker-dealers must maintain certain books and records reflecting, among other things, income and expenses, assets and liabilities, daily trading activity and the status of customer and firm accounts. These books and records are, for the most part, standard and would be kept by any prudent individual engaging in a securities business.

The Commission is statutorily authorized by Sections 17(a)<sup>1</sup> and 23(a)<sup>2</sup> of the Securities Exchange Act of 1934 (“Exchange Act”) to promulgate rules and regulations regarding the maintenance and preservation of books and records of broker-dealers. Exchange Act Section 17(a)(1) provides in pertinent part that all registered brokers and dealers “shall make and keep for prescribed periods such records...as the Commission, by rule, prescribes as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the [Exchange Act].”

In 1939, to standardize recordkeeping practices throughout the industry, the Commission adopted Rules 17a-3 and 17a-4 under the Exchange Act, which codified and specified minimum standards with respect to business records that a broker-dealer must create and maintain.<sup>3</sup> Rule 17a-3 requires broker-dealers to make and keep current certain records relating to their financial condition, operations, customer information, and employees.

On April 17, 2014, the Commission proposed amendments to its recordkeeping and reporting rules for broker-dealers as well as new recordkeeping and reporting rules (the “SBS Recordkeeping Release”)<sup>4</sup> for security-based swap dealers (“SBSDs”) and major security-based swap participants (“MSBSPs”) pursuant to its authority in Sections 17(a) and 15F(f) of the Exchange Act.<sup>5</sup> More specifically, the proposed amendments to Rule 17a-3 (in conjunction with the proposed amendments to Rule 17a-4) would establish additional recordkeeping requirements applicable to broker-dealers, including those that are dually registered as an SBSD or MSBSP, to the extent they engage in security-based swap or swap activities.<sup>6</sup> The Commission is proposing

<sup>1</sup> See 15 U.S.C. § 78q(a).

<sup>2</sup> See 15 U.S.C. § 78w(a).

<sup>3</sup> See 17 CFR 240.17a-3; 17 CFR 240.17a-4.

<sup>4</sup> See *Recordkeeping and Reporting Requirements for Security-Based Swap Dealers, Major Security-Based Swap Participants, and Broker-Dealers; Capital Rule for Certain Security-Based Swap Dealers; Proposed Rules*, Exchange Act Release No. 71958 (Apr. 17, 2014), 79 FR 25193 (May 2, 2014).

<sup>5</sup> Section 764 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) added Section 15F to the Exchange Act. See Public Law 111-203, § 764; 15 U.S.C. 78o-10. Section 15F(f)(2) provides that the Commission shall adopt rules governing reporting and recordkeeping for SBSDs and MSBSPs. See 15 U.S.C. 78o-10(f)(2).

<sup>6</sup> See *Recordkeeping and Reporting Requirements for Security-Based Swap Dealers, Major Security-Based Swap Participants, and Broker-Dealers; Capital Rule for Certain Security-Based Swap Dealers; Proposed*

to amend Rule 17a-3 to require, among other things, that broker-dealers' daily trading records,<sup>7</sup> ledger accounts,<sup>8</sup> securities records,<sup>9</sup> memoranda of brokerage orders,<sup>10</sup> memoranda of proprietary trades,<sup>11</sup> confirmations,<sup>12</sup> and account information<sup>13</sup> contain certain information with respect to security-based swaps.

In addition, the Commission is proposing to add paragraphs (a)(24) through (a)(30) to Rule 17a-3 to require certain broker-dealers to create certain additional records. Paragraph (a)(24) would require an alternative net capital ("ANC") broker-dealer to create a report of the results of its monthly liquidity stress test, a record of the assumptions underlying the liquidity stress test, and the liquidity funding plan required under the proposed amendments to Rule 15c3-1.<sup>14</sup> Paragraphs (a)(25), (a)(28), and (a)(30) of Rule 17a-3 would require three additional types of records to be made and kept current by broker-dealer SBSs and broker-dealer MSBSs.<sup>15</sup> Paragraphs (a)(26), (a)(27), and (a)(29) of Rule 17a-3 would require three additional types of records to be made and kept current by broker-dealer SBSs only.<sup>16</sup>

Finally, to aggregate the entire burden of Rule 17a-3 into one information collection (and OMB control number), the Commission is moving the annual burden hours for paragraph (a)(16) of Rule 17a-3 into this information collection.<sup>17</sup>

## 2. Purpose and Use of the Information Collection

The purpose of requiring broker-dealers to create the records specified in Rule 17a-3 is to enhance regulators' ability to protect investors. These records and the information contained therein are used by examiners and other representatives of the Commission, state securities regulatory authorities, and self-regulatory organizations (*e.g.*, FINRA, CBOE, etc.) ("SROs") to determine whether broker-dealers are in compliance with the Commission's anti-fraud and anti-

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*Rules*, Exchange Act Release No. 71958 (Apr. 17, 2014), 79 FR 25193 (May 2, 2014).

<sup>7</sup> See paragraph (a)(1) of Rule 17a-3, as proposed to be amended.

<sup>8</sup> See paragraph (a)(3) of Rule 17a-3, as proposed to be amended.

<sup>9</sup> See paragraph (a)(5) of Rule 17a-3, as proposed to be amended.

<sup>10</sup> See paragraph (a)(6) of Rule 17a-3, as proposed to be amended.

<sup>11</sup> See paragraph (a)(7) of Rule 17a-3, as proposed to be amended.

<sup>12</sup> See paragraph (a)(8) of Rule 17a-3, as proposed to be amended.

<sup>13</sup> See paragraph (a)(9) of Rule 17a-3, as proposed to be amended.

<sup>14</sup> See paragraph (a)(24) of Rule 17a-3, as proposed to be amended.

<sup>15</sup> See paragraphs (a)(25) (account equity and margin calculations under proposed Rule 18a-3), (a)(28) (unverified transactions), and (a)(30) (compliance with external business conduct requirements) of Rule 17a-3, as proposed to be amended.

<sup>16</sup> See paragraphs (a)(26) (possession or control requirements under proposed Rule 18a-4), (a)(27) (customer reserve requirements under proposed Rule 18a-4), and (a)(29) (political contributions) of Rule 17a-3, as proposed to be amended.

<sup>17</sup> The burden estimate for paragraph (a)(16) of Rule 17a-3 was in a separate information collection (OMB control number 3235-0506) with paragraph (b)(11) of Rule 17a-4. Paragraph (b)(11) of Rule 17a-4 is being moved to the information collection for Rule 17a-4.

manipulation rules, financial responsibility program, and other Commission, SRO, and state laws, rules, and regulations. If broker-dealers were not required to create these records, Commission, state, and SRO examiners would be unable to conduct effective and efficient examinations to determine whether broker-dealers were complying with relevant laws, rules, and regulations.

### **3. Consideration Given to Information Technology**

The Commission believes that improvements in telecommunications and data processing technology may reduce any burdens that result from Rule 17a-3. Broker-dealers are not prevented from using computers or other mechanical devices to generate the records required under Rule 17a-3. If such records are stored electronically, they must be preserved exclusively in a non-readable, non-writeable format.<sup>18</sup>

### **4. Duplication**

Rule 17a-3 was drafted and amended to codify SRO recordkeeping requirements and the recordkeeping practices of broker-dealers. Because most broker-dealers already create many of the records required by Rule 17a-3 either voluntarily or pursuant to SRO requirements, no duplication of such information is apparent.

### **5. Effect on Small Entities**

The books and records required under Rule 17a-3 are normally created by small broker-dealers. Because small broker-dealers utilize processes that are more manual in nature than the automated processes used by large broker-dealers, the Commission estimates that some of the hour burdens related to complying with Rule 17a-3 will be higher for small broker-dealers. However, the Commission does not anticipate that many small broker-dealers will be disproportionately affected by the SBS Recordkeeping Release's proposed amendments to Rule 17a-3.

### **6. Consequences of Not Conducting Collection**

The information required to be collected and recorded under Rule 17a-3 allows the Commission, state securities regulatory authorities, and SROs to determine whether broker-dealers are in compliance with Commission, state, and SRO anti-fraud and anti-manipulation rules, financial responsibility rules, and other rules and regulations. If a broker-dealer does not make these records, or it makes these records less frequently, the level of investor protection will be reduced. The records a broker-dealer is required to make under Rule 17a-3 are, for the most part, essential to the successful operation of a securities firm, and failure to make the records on a current basis would likely cause the broker-dealer to experience operational difficulties.

### **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).

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<sup>18</sup> See 17 CFR 240.17a-4(f)(2)(ii)(A).

## **8. Consultations Outside the Agency**

The Commission has issued a release soliciting comment on the new “collection of information” requirements and associated paperwork burdens. A copy of the SBS Recordkeeping Release is attached. Comments on Commission releases are generally received from registrants, investors, and other market participants. In addition, the Commission and staff participate in ongoing dialogue with representatives of various market participants through public conferences, meetings and informal exchanges. Any comments received on this proposed rulemaking will be posted on the Commission’s public website, and made available through <http://www.sec.gov/rules/proposed.shtml>. The Commission will consider all comments received prior to publishing the final rule, and will explain in any adopting release how the final rule responds to such comments, in accordance with 5 C.F.R. 1320.11(f).

## **9. Payment or Gift**

No payment or gift is provided to respondents.

## **10. Confidentiality**

The records required by Rule 17a-3 are available only to the examination staffs of the Commission, state regulatory authorities, and SROs. Subject to the provisions of the Freedom of Information Act, 5 U.S.C. § 552, and the Commission’s rules thereunder (17 CFR 200.80(b)(4) (iii)), the Commission generally does not publish or make available information contained in reports, summaries, analyses, letters, or memoranda arising out of, in anticipation of, or in connection with an examination or inspection of the books and records of any person or any other investigation.

## **11. Sensitive Questions**

Not applicable. The collection of information will not include Personally Identifiable Information.<sup>19</sup> No information of a sensitive nature is required.

## **12. Burden of Information Collection**

All registered broker-dealers are subject to Rule 17a-3. Based on FOCUS Report data, there were 4,545 broker-dealers registered with the Commission as of April 1, 2013. Of these 4,545 broker-dealers, 1,508 are estimated to be small business entities. Prior to the SBS Recordkeeping Release, the Commission estimated that the ongoing burden for a registered broker-dealer to comply with the requirements of Rule 17a-3 averaged out to 580 hours per year,<sup>20</sup> although

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<sup>19</sup> The term “Personally Identifiable Information” refers to information which can be used to distinguish or trace an individual’s identity, such as their name, social security number, biometric records, etc. alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother’s maiden name, etc.

<sup>20</sup> See *Supporting Statement for the Paperwork Reduction Act New Information Collection Submission for Rule 17a-3* (Nov. 4, 2013), available at [http://www.reginfo.gov/public/do/PRAViewDocument?ref\\_nbr=201311-3235-002](http://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=201311-3235-002) (2,731,257 hours / 4,709 broker-dealers as of December 31, 2011 = 580 hours per broker-dealer).

actual recordkeeping requirements vary depending on the broker-dealer's size and complexity. Therefore, the total estimated ongoing hour burden for broker-dealers to comply with Rule 17a-3 before the SBS Recordkeeping Release would be 2,636,100 hours per year.<sup>21</sup>

To aggregate the entire burden of Rule 17a-3 into one information collection (and OMB control number), the Commission is moving the annual burden hours for paragraph (a)(16) of Rule 17a-3 into this information collection. Paragraph (a)(16) of Rule 17a-3 requires any broker-dealer that sponsors an internal broker-dealer system to make and keep current certain records relating to such system. The Commission estimates that paragraph (a)(16) of Rule 17a-3 imposes an annual burden of 27 hours per year per internal broker-dealer system to create the requisite records. The Commission estimates that there are approximately 150 internal broker-dealer systems,<sup>22</sup> resulting in an annual recordkeeping burden of 4,050 hours.<sup>23</sup>

The proposed amendments to Rule 17a-3 described in the SBS Recordkeeping Release would establish additional recordkeeping requirements applicable to broker-dealers that to the extent they engage in security-based swap or swap activities.<sup>24</sup> The Commission expects that many of the additional proposed amendments, which are largely technical in nature, will not impose an hour burden or costs. Those amendments that will impose an additional one-time initial burden or an additional ongoing burden to the industry are discussed below.

**Security-Based Swap Activities:** The Commission proposes to amend paragraphs (a)(1), (a)(3), (a)(5), (a)(6), (a)(7), (a)(8), and (a)(9) of Rule 17a-3.<sup>25</sup> The proposed amendments would include a provision requiring broker-dealers to make and keep current various records for security-based swaps.<sup>26</sup> The Commission estimates that the proposed amendments to paragraphs (a)(1), (a)(3), (a)(5), (a)(6), (a)(7), (a)(8), and (a)(9) of Rule 17a-3 would impose on each broker-dealer that engages in security-based swap activities an initial burden of 30 hours in the first year and an ongoing burden of approximately 10 minutes per business day, or about 42 hours per year

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<sup>21</sup> 4,545 broker-dealers as of April 1, 2013 x 580 hours per broker-dealer = 2,636,100 hours.

<sup>22</sup> The Commission believes that most over-the-counter ("OTC") market makers maintain an internal broker-dealer system. In 2010, the Commission estimated that there are approximately 150 OTC market makers responsible for more than 1% of the trading volume in an exchange-traded security. See Commission, Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 602 of Regulation NMS (Nov. 7, 2013), available at <http://www.reginfo.gov/public/do/DownloadDocument?documentID=431473&version=1>.

<sup>23</sup> 27 hours x 150 internal broker-dealer systems = 4,050 hours.

<sup>24</sup> See *Recordkeeping and Reporting Requirements for Security-Based Swap Dealers, Major Security-Based Swap Participants, and Broker-Dealers; Capital Rule for Certain Security-Based Swap Dealers; Proposed Rules*, Exchange Act Release No. 71958 (Apr. 17, 2014), 79 FR 25193 (May 2, 2014).

<sup>25</sup> See paragraphs (a)(1) (trade blotters), (a)(3) (ledgers for customer and non-customer accounts), (a)(5)(ii) (stock record), (a)(6)(ii) (memoranda of brokerage orders), (a)(7)(ii) (memoranda of proprietary orders), (a)(8)(ii) (confirmations), and (a)(9)(iv) (accountholder information) of Rule 17a-3, as proposed to be amended.

<sup>26</sup> The requirements for securities other than security-based swaps would largely mirror existing requirements. See paragraphs (a)(1), (a)(3), (a)(5)(i), (a)(6)(i), (a)(7)(i), (a)(8)(i), and (a)(9)(i)-(iii) of Rule 17a-3, as proposed to be amended. The proposed new requirements relating to security-based swap activity would be tailored to such activity. See paragraphs (a)(1), (a)(3), (a)(5)(ii), (a)(6)(ii), (a)(7)(ii), (a)(8)(ii), and (a)(9)(iv) of Rule 17a-3, as proposed to be amended.

(including the first year).<sup>27</sup> The Commission estimates that there are 42 respondents—16 broker-dealer SBSBs, 1 broker-dealer MSBSP, and 25 non-SBSB/MSBSP broker-dealers—engaged in security-based swap activities.<sup>28</sup> Thus, these proposed amendments would add to the industry an estimated initial burden of 1,260 hours<sup>29</sup> in the first year and an ongoing burden of 1,764 hours per year (including the first year).<sup>30</sup> Over a three year period, the total estimated industry burden would be 6,552 hours,<sup>31</sup> or 2,184 hours per year when annualized.<sup>32</sup>

**ANC Broker-Dealers:** The Commission proposes to amend Rule 17a-3 to include paragraph (a)(24), which would require ANC broker-dealers to make and keep current certain records relating to the firm’s monthly liquidity stress test.<sup>33</sup> The Commission estimates that paragraph (a)(24) would impose on each ANC broker-dealer an initial burden of 20 hours in the first year and an ongoing burden of 25 hours per year (including the first year). The Commission estimates that there are 10 ANC broker-dealers (all of which are assumed to be dually registered as SBSBs), adding to the industry an initial burden of 200 hours<sup>34</sup> in the first year and an ongoing burden of 250 hours per year (including the first year).<sup>35</sup> Over a three year period, the total estimated industry burden would be 950 hours,<sup>36</sup> or about 317 hours per year when annualized.<sup>37</sup>

**Broker-Dealer SBSBs and Broker-Dealer MSBSPs:** The Commission additionally proposes to amend Rule 17a-3 to include paragraphs (a)(25), (a)(28), and (a)(30), which would require three additional types of records to be made and kept current by broker-dealer SBSBs and broker-dealer MSBSPs.<sup>38</sup> The Commission estimates that paragraphs (a)(25), (a)(28), and (a)(30) of Rule 17a-3, as proposed to be amended, would impose an initial burden of 60 hours per firm in the first year and an ongoing annual burden of 75 hours per firm in each year (including the first year). The Commission estimates that there are 17 respondents (16 broker-dealer SBSBs and 1 broker-dealer MSBSP), adding to the industry an initial burden of 1,020

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<sup>27</sup> (10 minutes / 60 minutes) x (251 business days / year) = 42 hours / year. There are 251 non-weekend days in 2014. The Commission does not include U.S. public holidays in estimating the number of business days per year, given that many broker-dealers trading security-based swaps operate internationally.

<sup>28</sup> A total of 42 broker-dealers engaged in security-based swap activities (16 + 1 + 25 = 42).

<sup>29</sup> 30 hours x 42 broker-dealers = 1,260 hours.

<sup>30</sup> 42 hours x 42 broker-dealers = 1,764 hours.

<sup>31</sup> (1,260 hours in first year + 1,764 hours in first year) + 1,764 hours in second year + 1,764 hours in third year = 6,552 hours.

<sup>32</sup> 6,552 hours / 3 years = 2,184 hours per year or 52 hours per respondent per year.

<sup>33</sup> See paragraph (a)(24) of Rule 17a-3, as proposed to be amended.

<sup>34</sup> 20 hours x 10 ANC broker-dealers = 200 hours.

<sup>35</sup> 25 hours x 10 ANC broker-dealers = 250 hours.

<sup>36</sup> (200 hours in first year + 250 hours in first year) + 250 hours in second year + 250 hours in third year = 950 hours.

<sup>37</sup> 950 hours / 3 years = 316.67 hours per year or 31.67 hours per respondent per year.

<sup>38</sup> See Rule 17a-3, as proposed to be amended (proposing recordkeeping requirements for proposed Rule 18a-3 calculations (paragraph (a)(25)), unverified transactions (paragraph (a)(28)), and compliance with external business conduct requirements (paragraph (a)(30))).

hours<sup>39</sup> in the first year and an ongoing burden of 1,275 hours per year (including the first year).<sup>40</sup> Over a three year period, the total estimated industry burden would be 4,845 hours,<sup>41</sup> or 1,615 hours per year when annualized.<sup>42</sup>

**Broker-Dealer SBSs Only:** The Commission additionally proposes to amend Rule 17a-3 to include paragraphs (a)(26), (a)(27), and (a)(29), which would require three additional types of records to be made and kept current by broker-dealer SBSs.<sup>43</sup> The Commission estimates that paragraphs (a)(26), (a)(27), and (a)(29) of Rule 17a-3, as proposed to be amended, would impose an initial burden of 60 hours per firm in the first year and an ongoing annual burden of 75 hours per firm in each year (including the first year). The Commission estimates that there are 16 broker-dealer SBSs, adding to the industry an initial burden of 960 hours<sup>44</sup> in the first year and an ongoing burden of 1,200 hours per year (including the first year).<sup>45</sup> Over a three year period, the total estimated industry burden would be 4,560 hours,<sup>46</sup> or 1,520 hours per year when annualized.<sup>47</sup>

**Total Industry Hour Burden:** Thus, the total initial industry hour burden attributable to the SBS Recordkeeping Release would be 3,440 hours<sup>48</sup> in the first year and the total industry ongoing hour burden attributable to the SBS Recordkeeping Release would be 4,489 hours per year (including the first year).<sup>49</sup> Over a three year period, the total estimated industry burden would be 16,907 hours,<sup>50</sup> or about 5,636 hours per year when annualized.<sup>51</sup> Therefore, the resulting estimated total yearly ongoing hour burden to comply with Rule 17a-3 as amended is approximately 2,645,786 hours.<sup>52</sup> These burdens are recordkeeping burdens.

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<sup>39</sup> 60 hours x 17 broker-dealers = 1,020 hours.

<sup>40</sup> 75 hours x 17 broker-dealers = 1,275 hours.

<sup>41</sup> (1,020 hours in first year + 1,275 hours in first year) + 1,275 hours in second year + 1,275 hours in third year = 4,845 hours.

<sup>42</sup> 4,845 hours / 3 years = 1,615 hours per year or 95 hours per respondent per year.

<sup>43</sup> See Rule 17a-3, as proposed to be amended (proposing recordkeeping requirements for compliance with proposed Rule 18a-4 possession or control requirements (paragraph (a)(26)), proposed Rule 18a-4 reserve account computations (paragraph (a)(27)), and political contributions (paragraph (a)(29))).

<sup>44</sup> 60 hours x 16 broker-dealer SBSs = 960 hours.

<sup>45</sup> 75 hours x 16 broker-dealer SBSs = 1,200 hours.

<sup>46</sup> (960 hours in first year + 1,200 hours in first year) + 1,200 hours in second year + 1,200 hours in third year = 4,560 hours.

<sup>47</sup> 4,560 hours / 3 years = 1,520 hours per year or 95 hours per respondent per year.

<sup>48</sup> 1,260 hours + 200 hours + 1,020 hours + 960 hours = 3,440 hours.

<sup>49</sup> 1,764 hours + 250 hours + 1,275 hours + 1,200 hours = 4,489 hours.

<sup>50</sup> (3,440 hours in first year + 4,489 hours in first year) + 4,489 hours in second year + 4,489 hours in third year = 16,907 hours.

<sup>51</sup> 16,907 hours / 3 years = 5,635.67 hours per year.

<sup>52</sup> 2,636,100 hours + 4,050 hours + 5,636 hours = 2,645,786 hours.

Nature of Information Collection Burden	Type of Burden	Total Number of Respondents	Total Number of Responses Per Year	Initial Burden Per Response Per Year Per Respondent	Ongoing Burden Per Response Per Year Per Respondent	Total Annualized Burden Per Year Per Respondent	Total Annualized Reporting Burden For All Respondents	Small Business Entities Affected
Rule 17a-3 before the SBS Recordkeeping Release	Recordkeeping	4,545	1	0	580	580	2,636,100	1,508
Paragraph (a) (16) of Rule 17a-3	Recordkeeping	150	1	0	27	27	4,050	0
Security-based swap activities: Amendments to paragraphs (a)(1), (a)(3), (a)(5), (a)(6), (a)(7), (a)(8), and (a)(9)	Recordkeeping	42	1	10	42	52	2,184	0
ANC broker-dealers: Amendment to paragraph (a) (24)	Recordkeeping	10	1	6.67	25	31.67	316.67	0
Broker-dealer SBSDs and broker-dealer MSBSPs: Amendments to paragraphs (a)(25), (a) (28), and (a) (30)	Recordkeeping	17	1	20	75	95	1,615	0
Broker-dealer SBSDs only: Amendments to paragraphs (a)(26), (a) (27), and (a) (29)	Recordkeeping	16	1	20	75	95	1,520	0
<b>Total</b>							<b>2,645,785.67</b>	

### 13. Costs to Respondents

Ongoing operation and maintenance costs include the cost of postage to provide customers with account information and costs for equipment and systems development. Prior to the SBS Recordkeeping Release, the Commission estimated that the ongoing cost for a registered broker-dealer to comply with the requirements of Rule 17a-3 averaged out to \$3,605 per year after adjusting for inflation and increases in postage prices,<sup>53</sup> although actual recordkeeping

<sup>53</sup> See Supporting Statement for the Paperwork Reduction Act New Information Collection Submission for Rule 17a-3 (Nov. 4, 2013), available at [http://www.reginfo.gov/public/do/PRAViewDocument?ref\\_nbr=201311-3235-002](http://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=201311-3235-002).



requirements vary depending on the broker-dealer’s size and complexity. Therefore, the total cost burden associated with Rule 17a-3 is approximately \$16,384,725 per year.<sup>54</sup>

Nature of Information Collection Burden	Type of Burden	Total Number of Respondents	Total Number of Responses Per Year	Initial Cost Per Response Per Year Per Respondent	Ongoing Cost Per Response Per Year Per Respondent	Total Annualized Cost Per Year Per Respondent	Total Annualized Reporting Cost For All Respondents	Small Business Entities Affected
Rule 17a-3 costs	Recordkeeping	4,545	1	\$0	\$3,605	\$3,605	\$16,384,725	1,508
<b>Total</b>						<b>\$3,605</b>		

**14. Cost to Federal Government**

The federal government does not incur a cost for this collection of information since it relates to a recordkeeping burden for the respondents.

**15. Changes in Burden**

The annual ongoing hour burden of 2,645,786 hours reflects a 88,306 hour decrease over the current OMB inventory of 2,734,092 hours. This change incorporates a decrease of 164 in the number of respondents, from 4,709 to 4,545, an increase in the number of estimated internal broker-dealer systems from 130 to 150, and an additional 5,636 hours attributable to the amendments to Rule 17a-3 described in the SBS Recordkeeping Release.

The annual cost burden of \$16,384,725 is \$593,068 lower than the current OMB inventory of \$16,977,793. This decreased cost estimate reflects a decrease of 164 in the number of respondents.

**16. Information Collection Planned for Statistical Purposes**

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

**17. OMB Expiration Date Display Approval**

The Commission is not seeking approval to not display the OMB approval expiration date.

**18. Exceptions to Certification for Paperwork Reduction Act Submissions**

This collection complies with the requirements in 5 CFR 1320.9.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

This collection does not involve statistical methods.

<sup>54</sup> 4,545 broker-dealers x \$3,605 = \$16,384,725.