

## SUPPORTING STATEMENT

### Regulation SBSR – Reporting and Dissemination of Security-Based Swap Information

#### A. JUSTIFICATION

##### 1. Necessity for the Information Collection

On July 21, 2010, the President signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”).<sup>1</sup> The Dodd-Frank Act amended the Exchange Act to require the Commission to adopt rules providing for, among other things (i) the reporting of security-based swaps to a registered security-based swap data repository (“SDR”) or to the Commission; and (ii) real-time public dissemination of security-based swap transaction, volume, and pricing information. On November 19, 2010, pursuant to Sections 763 and 766 of Title VII of the Dodd-Frank Act, the Commission proposed Regulation SBSR to fulfill these requirements.<sup>2</sup> In May 2013, the Commission re-proposed the entirety of Regulation SBSR as part of the Cross-Border Proposing Release<sup>3</sup> and re-opened the comment period for all of its other outstanding Title VII rulemakings.<sup>4</sup>

After reviewing comments submitted to the Commission, including not only those comments specifically addressing Regulation SBSR, but also comments addressing cross-border issues generally, as well as comments germane to regulatory reporting and/or public dissemination of security-based swaps that were submitted in other contexts, the Commission adopted Regulation SBSR, with certain revisions suggested by commenters or designed to clarify the rules (“Regulation SBSR Adopting Release”).<sup>5</sup> In addition, in a separate release, the Commission proposed certain rules, amendments, and guidance relating to Regulation SBSR (“Regulation SBSR Proposed Amendments Release”).<sup>6</sup>

Regulation SBSR, as adopted, consists of ten rules, Rules 900 to 909 under the Exchange Act. Regulation SBSR provides generally for the reporting of security-based swap information

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

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

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

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

<sup>5</sup> See Securities Exchange Act Release No. 74244 (February 11, 2015), 80 FR 14563 (March 19, 2015).

<sup>6</sup> See Securities Exchange Act Release No. 74245 (February 11, 2015), 80 FR 14739 (March 19, 2015).

to a registered security-based swap data repository (“registered SDRs”) or the Commission, and the public dissemination of security-based swap transaction, volume, and pricing information by registered SDRs. Rule 901 specifies, with respect to each reportable event pertaining to covered transactions, who is required to report, what data must be reported, when it must be reported, where it must be reported, and how it must be reported. The Regulation SBSR Proposed Amendments Release proposed certain new rules and rule amendments to Regulation SBSR. Specifically, proposed Rule 901(a)(1) of Regulation SBSR would require a platform to report to a registered security-based swap data repository (“registered SDR”) a security-based swap executed on such platform that will be submitted to clearing. Proposed Rule 901(a)(2)(i) of Regulation SBSR would require a registered clearing agency to report to a registered SDR any security-based swap to which it is a counterparty. The Commission also proposed certain conforming changes to other provisions of Regulation SBSR in light of the proposed amendments to Rule 901(a), and a new rule that would prohibit registered SDRs from charging fees for or imposing usage restrictions on the users of the security-based swap transaction data that they are required to publicly disseminate.

The Commission, in April 2015, proposed certain additional amendments to Regulation SBSR to address the application of certain provisions of the Exchange Act to cross-border security-based swap activities.<sup>7</sup> Specifically, the proposed amendments would apply the regulatory reporting and public dissemination requirements to transactions that are arranged, negotiated, or executed by personnel of non-U.S. persons, or personnel of such non-U.S. persons’ agents, that are located in the United States and to transactions effected by or through a registered broker-dealer (including a registered security-based swap execution facility), along with certain related issues, including requiring registered broker-dealers (including registered security-based swap execution facilities) to report certain transactions that are effected by or through the registered broker-dealer.

The Commission revised many of the burdens associated with Regulation SBSR in its re-proposal of Regulation SBSR in the Cross-Border Proposing Release and further revised these burdens in the context of its adoption of Regulation SBSR in the Regulation SBSR Adopting Release. In both cases, these burdens were revised primarily as a result of the Commission obtaining additional and more granular data regarding participation in the security-based swap market from the Depository Trust and Clearing Corporation’s Trade Information Warehouse (“DTCC-TIW”). In addition, all hourly cost figures have been updated to reflect data from SIFMA’s *Management & Professional Earnings in the Securities Industry 2013* and SIFMA’s *Office Salaries in the Securities Industry 2013*, modified by Commission staff to account for an 1800-hour work-year and multiplied by 5.35 or 2.93, as appropriate, to account for bonuses, firm size, employee benefits, and overhead.

Most of the changes to the burdens detailed below are the result of the Commission revising its estimate of the number of entities that will be required to report security-based swap transactions from 1,000 reporting parties in the original proposal to 300 reporting sides in the Regulation SBSR Adopting Release. In addition, the burdens were impacted by the Commission

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<sup>7</sup> See Securities Exchange Act Release No. 74834 (April 29, 2015), 80 FR 27443 (May 13, 2015) (“U.S. Activity Proposal”).

revising the number of reportable events down from 15.5 million per year estimated in the original proposal, to the 3 million per year estimated in the Regulation SBSR Adopting Release. In the Regulation SBSR Adopting Release, the Commission estimated that approximately 2 million of these reportable events will consist of uncleared transactions (i.e., those transactions that will be reported to a registered SDR by the reporting sides). The remaining one million reportable events relate to platform-executed security-based swaps that will be submitted to clearing and are addressed below and in the Regulation SBSR Proposed Amendments.

## **2. Purpose of the Information Collection**

The security-based swap information reported pursuant to Regulation SBSR will fulfill the Congressional mandate that the Commission to provide for, among other things: (i) the reporting of security-based swaps to a registered SDR or to the Commission; and (ii) real-time public dissemination of security-based swap transaction, volume, and pricing information. The reporting pursuant to Regulation SBSR will: provide insight about the size and operation of the security-based swap market and a benchmark against which to assess the development of the security-based swap market over time; provide the Commission information to assist with its analysis of the security-based swap market; be used to assess activities and risks in the security-based swap market or securities markets more generally; facilitate general market oversight; and facilitate the reports the Commission is required to provide to Congress on security-based swaps and the security-based swap marketplace.<sup>8</sup>

## **3. Role of Improved Information Technology**

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

## **4. Duplication**

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

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<sup>8</sup> See Section 719 of the Dodd-Frank Act.

reporting and public dissemination of swaps and security-based swaps. The Commission staff has also consulted and coordinated with other prudential regulators.

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

Not applicable. The proposed amendments to Regulation SBSR will not have a significant economic impact on a substantial number of small entities.

## **6. Consequences of Less Frequent Collection**

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

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

5 CFR 1320.5(d)(2) requires an agency to demonstrate, in its submission for OMB clearance, that the reporting of information more often than quarterly is necessary to satisfy statutory requirements or other substantial need. Sections 763 and 766 of the Dodd-Frank Act amend the Exchange Act to require the Commission to adopt rules providing for, among other things (i) the reporting of security-based swaps to an SDR or to the Commission; and (ii) real-time public dissemination of security-based swap transaction, volume, and pricing information. Although the Dodd-Frank Act did not stipulate how often the reporting of security-based swaps to an SDR or to the Commission must occur, the Dodd-Frank Act did stipulate that real-time public dissemination must occur “as soon as technologically practicable after the time at which the [SBS] transaction has been executed.”<sup>9</sup> As a result, reporting more often than quarterly is required by the Dodd-Frank Act.

## **8. Consultation Outside the Agency**

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

The Commission has issued multiple releases soliciting comments on the “collection of information” requirements and associated paperwork burdens. Comments on Commission releases are generally received from registrants, market participants, and members of the public. In addition, the Commission and staff participate in ongoing dialogue with representatives of various market participants through public conferences, meetings, and informal exchanges. Any comments received on this rulemaking were posted on the Commission’s public website, and made available through <http://www.sec.gov/comments/s7-34-10/s73410.shtml>. The Commission considered all comments received prior to publishing these proposed amendments,

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<sup>9</sup> See Section 763(i) of the Dodd-Frank Act.

in accordance with 5 C.F.R. 1320.11(f).

Although the Commission received numerous comments on the substantive aspects of the proposal and re-proposal, it received only one comment that specifically addresses the new collection of information requirements and associated paperwork burdens and which generally supports the Commission's analysis.<sup>10</sup>

#### **9. Payment or Gifts**

Not applicable.

#### **10. Confidentiality**

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

#### **11. Sensitive Questions**

As discussed above in Item 10, the collection of information will not include Personally Identifiable Information ("PII").<sup>11</sup>

#### **12. Estimate of Reporting Burden**

The total reporting burden for Regulation SBSR, as proposed to be amended, for all respondents is approximately 600,530 hours initially, with a total ongoing burden thereafter of approximately 1,906,497 hours. This burden is broken down by collection of information below.

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<sup>10</sup> See letter from Chris Barnard, dated December 3, 2010, at 4.

<sup>11</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.

a. Reporting Obligations

i. Rule 901 – As Previously Adopted

1. Reporting Sides

The Commission previously stated its belief that reporting sides that fall under the reporting hierarchy in Rule 901(a)(2)(ii) will incur certain burdens as a result thereof with respect to their reporting of covered transactions. Specifically, the Commission believes that the requirement to report covered transactions to a registered SDR or to the Commission pursuant to Rule 901 will impose a one-time burden on each reporting side respondent of approximately 707 burden hours. In the Regulation SBSR Adopting Release, the Commission estimated that 300 reporting sides will be subject to this burden. As a result, the Commission estimated that the one-time initial reporting obligation burden for all reporting sides will be approximately 212,100 hours, which includes development of an OMS capable of capturing relevant security-based swap transaction information, implementation of a reporting mechanism, and establishment of an appropriate compliance program and support for the operation of the OMS and reporting mechanism.<sup>12</sup> Further, the Commission estimated that the ongoing annualized burden will be 687 burden hours per reporting side, which corresponds to 206,100 burden hours in the aggregate.<sup>13</sup> The Commission estimated one response per respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 922.7 hours per response.<sup>14</sup> This collection is a third-party disclosure type of collection.<sup>15</sup>

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<sup>12</sup> The Commission previously estimated: [(Sr. Programmer (160 hours)) + (Sr. Systems Analyst (160 hours)) + (Compliance Manager (10 hours)) + (Director of Compliance (5 hours)) + (Compliance Attorney (20 hours)) + (Sr. Programmer (80 hours)) + (Sr. Systems Analyst (80 hours)) + (Compliance Manager (5 hours)) + (Director of Compliance (2 hours)) + (Compliance Attorney (5 hours)) + (Sr. Programmer (100 hours)) + (Sr. Systems Analyst (40 hours)) + (Compliance Manager (20 hours)) + (Director of Compliance (10 hours)) + (Compliance Attorney (10 hours))] x (300 reporting sides) = 212,100 hours.

<sup>13</sup> The Commission previously estimated: [(Sr. Programmer (32 hours)) + (Sr. Systems Analyst (32 hours)) + (Compliance Manager (60 hours)) + (Compliance Clerk (240 hours)) + (Director of Compliance (24 hours)) + (Compliance Attorney (48 hours)) + (Compliance Clerk (16.7 hours)) + (Sr. Computer Operator (16.7 hours)) + (Sr. Programmer (16 hours)) + (Sr. Systems Analyst (16 hours)) + (Compliance Manager (30 hours)) + (Compliance Clerk (120 hours)) + (Director of Compliance (12 hours)) + (Compliance Attorney (24 hours))] x (300 reporting sides) = 206,100 hours.

<sup>14</sup> This figure is based on the following: [((707 hours/3 years) + (687 hours)) / (1 response per year)] = 922.7 hours.

<sup>15</sup> Although Rule 901(b) provides that, if there is no registered SDR that would accept information pertaining to a security-based swap, reporting sides should report to the Commission, we expect the reporting burden pursuant to this provision will be minimal or even zero as registered SDRs should be operational prior to effectiveness of

## 2. SDRs

Rules 901(f) and 901(g), as previously adopted, will require a registered SDR to time-stamp, to the second, information that it receives and assign a unique transaction ID to each security-based swap it receives or establish or endorse a methodology for transaction IDs to be assigned by third parties, respectively. The Commission estimated that 10 entities will register as SDRs and thus be subject to this burden. The Commission estimated that Rules 901(f) and 901(g) will impose an initial one-time aggregate burden of 1,200 burden hours, which corresponds to 120 burden hours per SDR respondent.<sup>16</sup> Further, the Commission estimated that Rules 901(f) and 901(g) will impose an aggregate ongoing annualized burden of 1,520 burden hours, which corresponds to 152 burden hours per SDR respondent.<sup>17</sup> The Commission estimated two responses per SDR respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 192 hours per respondent per year.<sup>18</sup> This collection is a recordkeeping type of collection.

### ii. Rule 901 – Proposed Amendments

In February and April 2015, the Commission proposed rules, amendments, and guidance relation to Regulation SBSR. The burdens resulting from these proposals are summarized below.

#### 1. Reporting Sides

Rule 901(a)(3), as proposed to be amended, would require a person, either the platform upon which the security-based swap was executed or the reporting side for those security-based swaps other than clearing transactions, to report, for those security-based swaps submitted to a registered clearing agency, the transaction ID of the submitted security-based swap and the identity of the registered SDR to which the transaction will be or has been reported.

The Commission believes that reporting sides (and platforms as discussed below) required to report transaction IDs and the identity of a registered SDR will already have put into place any infrastructure needed to report these security-based swaps to a registered clearing

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Regulation SBSR. Accordingly, we have assumed that all burden hours associated with this collection will be attributable to a third-party disclosure type, rather than a reporting type, of collection.

<sup>16</sup> The Commission previously estimated: (Sr. Programmer (80 hours)) + (Sr. Systems Analyst (20 hours)) + (Compliance Manager (8 hours)) + (Director of Compliance (4 hours)) + (Compliance Attorney (8 hours)) x (10 registered SDRs) = 1,200 hours.

<sup>17</sup> The Commission previously estimated: (Sr. Programmer (60 hours)) + (Sr. Systems Analyst (48 hours)) + (Compliance Manager (24 hours)) + (Director of Compliance (12 hours)) + (Compliance Attorney (8 hours)) x (10 registered SDRs)] = 1,520 hours.

<sup>18</sup> This figure is based on the following: [((120 hours/3 years) + (152 hours))/ (2 responses per year)] = 96 hours per response or 192 hours per respondent.

agency.<sup>19</sup> However, the Commission does believe that including these items would result in additional development and maintenance burdens. Specifically, the Commission preliminarily believes that the additional one-time burden related to the development of the ability to capture the additional specific data elements required by proposed Rule 901(a)(3) would be 10 burden hours and the additional one-time burden related to the implementation of a reporting mechanism would be 6 burden hours, per reporting side.<sup>20</sup> The Commission preliminarily believes that the additional ongoing burden related to the ability to capture the additional specific data elements required by proposed Rule 901(a)(3) would be 10 burden hours and the additional ongoing burden related to the maintenance of the reporting mechanism would be 2 burden hours, per reporting side.<sup>21</sup> This collection is a third-party disclosure type of collection.<sup>22</sup>

## 2. Reporting Sides – New Respondents

In the U.S. Activity Proposal, the Commission proposed to amend Rule 901 to assign the duty to report security-based swaps, other than clearing transactions, when neither side of the

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<sup>19</sup> The required infrastructure for platforms and related burdens and costs are discussed in the Regulation SBSR Proposed Amendments Release. 80 FR 14788-91. For reporting sides, the required infrastructure and related burdens and costs are already accounted for in the Regulation SBSR Adopting Release. 80 FR 14675-77. The additional burdens discussed in this paragraph related to the ability to capture the additional specific data elements, as would be required by proposed Rule 901(a)(3), would be incremental burdens that are in addition to the previously established infrastructure burdens and costs.

<sup>20</sup> The Commission preliminarily estimates that the additional burdens would be: [(Sr. Programmer (5 hours) + Sr. Systems Analyst (5 hours)) = 10 burden hours (development of the ability to capture transaction information); (Sr. Programmer (3 hours) + Sr. Systems Analyst (3 hours)) = 6 burden hours (implementation of reporting mechanism)]. The total one-time burden associated with the amendments to 901(a) would be 16 burden hours per platform and reporting side for a total one-time burden of 4,800 hours (16 x 300 reporting sides).

<sup>21</sup> The Commission preliminarily estimates that the additional burdens would be: [(Sr. Programmer (5 hours) + Sr. Systems Analyst (5 hours)) = 10 burden hours (maintenance of transaction capture system); (Sr. Programmer (1 hour) + Sr. Systems Analyst (1 hour)) = 2 burden hours (maintenance of reporting mechanism)]. The total ongoing burden associated with the proposed amendments to Rule 901(a) would be 12 burden hours per platform and reporting side for a total ongoing burden of 3,600 hours (12 x 300 reporting sides).

<sup>22</sup> Although Rule 901(b) provides that, if there is no registered SDR that would accept information pertaining to a security-based swap, reporting sides should report to the Commission, we expect the reporting burden pursuant to this provision will be minimal or even zero as registered SDRs should be operational prior to effectiveness of Regulation SBSR. Accordingly, we have assumed that all burden hours associated with this collection will be attributable to a third-party disclosure type, rather than a reporting type, of collection.



security-based swap includes a registered security-based swap dealer or registered major security-based swap participant when one (or both) side(s) of the security-based swap is not a U.S. person. The Commission estimated that the proposed amendments to Rule 901(a)(2)(ii)(E) would result in an additional 120 respondents that would be required to report transactions under the proposed amendments to Regulation SBSR that are not already required to report under Regulation SBSR as adopted. In the U.S. Activity Proposal, the Commission estimated that these 120 new respondents will be made up of 90 persons and approximates 30 registered broker-dealers (including registered SB SEFs). This estimate includes all persons that would incur a reporting duty under proposed amendments to Regulation SBSR, that are not already subject to burdens under current rule 901.

The Commission estimates that the proposed amendments would result in approximately 2,700 additional reportable events per year under rule 901. Taking a similar approach to the Regulation SBSR Adopting Release but also accounting for security-based swaps that would be reported by a registered broker-dealer, the Commission estimates that, of the 2,700 new reportable events, 1,512 would involve the reporting of new security-based swap transactions and approximately 1,188 would involve the reporting of life cycle events under rule 901(e).<sup>23</sup> Based on these estimates, the Commission believes that rule 901(a) would result in respondents having a total initial burden of 7.6 hours attributable to the initial reporting of security-based swaps by respondents to registered SDRs under rules 901(c) and 901(d) over the course of a year.<sup>24</sup> The Commission further estimates that respondents would have a total burden of 5.9 hours attributable to the reporting of life cycle events under rule 901(e) over the course of a year.<sup>25</sup> Therefore, the Commission preliminarily believes that the proposed amendments to Regulation SBSR would result in a total reporting burden for respondents under rules 901(c) and (d) along with the reporting of life cycle events under rule 901(e) of 6 burden hours per year. The Commission continues to believe that many reportable events will be reported through

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<sup>23</sup> Under this assumption, we would expect 540 reportable events ( $2,700 * 0.2$ ) to be new security-based swap transactions reported by registered broker-dealers, and 972 reportable events to be other new security-based swap transactions that would be required to be reported under the proposed rule ( $(2,700 - 540) * 0.45$ ), for a total of 1,512 reportable events that are new security-based swap transactions. The remaining 1,188 reportable events ( $(2,700 - 540) * 0.55$ ) would be life-cycle events reportable under rule 901(e). See U.S. Activity Proposal, 80 FR 27504-5.

<sup>24</sup> In the Regulation SBSR Proposing Release, we estimated that it would take approximately 0.005 hours for each security-based swap transaction to be reported. See 75 FR at 75249, n. 195. We calculate the following:  $((1,512 * 0.005) / (120 \text{ respondents})) = 0.06$  burden hours per respondent or 7.6 total burden hours attributable to the initial reporting of security-based swaps.

<sup>25</sup> In the Regulation SBSR Proposing Release, we estimated that it would take approximately 0.005 hours for each security-based swap transaction to be reported. See 75 FR at 75249, note 195. We calculate the following:  $((1,188 * 0.005) / (120 \text{ respondents})) = 0.05$  burden hours per reporting side or 5.9 total burden hours attributable to the reporting of life cycle events under rule 901(e).

electronic means and that the ratio of electronic reporting to manual reporting is likely to increase over time. The Commission continues to believe that the bulk of the burden hours will be attributable to manually reported transactions.<sup>26</sup> Thus, respondents that capture and report transactions electronically will likely incur fewer burden hours than those respondents that capture and report transactions manually.

The Commission estimates that Rule 901, as adopted, would impose an estimated total first-year burden of approximately 1,361 hours<sup>27</sup> per respondent that would incur the duty to report under the proposed amendments to Rule 901(a)(2)(ii)(E)(I)-(IV). The Commission further estimates that Rule 901 would impose an initial annualized burden of approximately 235.67 hours<sup>28</sup> per respondent and an ongoing annualized aggregate burden of approximately 654.11 hours<sup>29</sup> per respondent resulting in a total approximate aggregate annualized burden of 106,773 hours for all respondents.<sup>30</sup> This collection is a third-party disclosure type of collection.<sup>31</sup>

### 3. SDRs

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<sup>26</sup> See Regulation SBSR Adopting Release, 80 FR 14676.

<sup>27</sup> We derived our estimate from the following: (355 hours (one-time hourly burden for establishing an OMS) + 172 hours (one-time hourly burden for establishing security-based swap reporting mechanisms) + 180 hours (one-time hourly burden for compliance and ongoing support) = 707 hours (one-time total hourly burden). See 80 FR 27504-5. (436 hours (annual-ongoing hourly burden for internal order management) + .11 hours (revised annual-ongoing hourly burden for security-based swap reporting mechanisms) + 218 hours (annual-ongoing hourly burden for compliance and ongoing support) = 654.11 hours (annual-ongoing hourly burden. See id. 80 FR 27504-5. (707 one-time hourly burden + 654.11 revised annual-ongoing hourly burden = 1,361.11 total first-year hourly burden).

<sup>28</sup> We derived our estimate from the following: (Y1: 707 hours per respondent; Y2: 0 hours per respondent; Y3: 0 hours per respondent) = 707 hours / 3 years = 235.67 hours per year.

<sup>29</sup> See Regulation SBSR Adopting Release, 80 FR 14676 (citing Cross-Border Adopting Release, 78 FR 31112-15).

<sup>30</sup> We derived our estimate from the following: ((707 hours / 3 years = 235.67) + (654 + .05 + .06 = 654.11) = 889.78 hours per respondent \* 120 respondents) = 106,773.20 hours.

<sup>31</sup> Although Rule 901(b) provides that, if there is no registered SDR that would accept information pertaining to a security-based swap, reporting sides should report to the Commission, we expect the reporting burden pursuant to this provision will be minimal or even zero as registered SDRs should be operational prior to effectiveness of Regulation SBSR. Accordingly, we have assumed that all burden hours associated with this collection will be attributable to a third-party disclosure type, rather than a reporting type, of collection.

The Commission does not believe that the proposed amendments would result in any additional burdens being placed upon SDRs.

#### 4. Platforms

The Commission has proposed certain reporting obligations for those security-based swaps that are clearing transactions (discussed in greater detail below) or that are executed on a platform and will be submitted to clearing. In order to facilitate such reporting, the Commission proposed Rules 901(a)(1) and 901(a)(3). Pursuant to new subparagraph (1) of Rule 901(a), if a security-based swap is executed on a platform and will be submitted to clearing, the platform on which the transaction was executed shall have the duty to report the transaction to a registered SDR.

The Commission preliminarily believes that these proposed amendments to Rule 901(a) would result in 14 additional respondents incurring the duty to report under Regulation SBSR. Specifically, the Commission believes that there would be 10 platforms (exchanges and SB SEFs) and 4 registered clearing agencies (discussed below) that would incur such duties. Proposed Rule 901(a)(3) would require a person—either the platform upon which the security-based swap was executed or the reporting side (discussed above) for those security-based swaps other than clearing transactions—to report, for those security-based swaps submitted to a registered clearing agency, the transaction ID of the submitted security-based swap and the identity of the registered SDR to which the transaction will be or has been reported. The Commission preliminarily believes that proposed Rule 901(a)(3) would place reporting obligations on 10 platforms.

The Commission previously stated its belief that reporting sides that fall under the reporting hierarchy in Rule 901(a)(2)(ii) will incur certain burdens as a result thereof with respect to their reporting of covered transactions. The Commission preliminarily believes that platforms would face the same categories of burdens as those identified in the Regulation SBSR Adopting Release for other types of respondents. However, in addition to the burden of development of an OMS capable of capturing relevant security-based swap transaction information, implementation of a reporting mechanism, and establishment of an appropriate compliance program and support for the operation of the OMS and reporting mechanism, platforms would also have an added burden of reporting a larger number of transactions, including the proposed Rule 901(a) requirements relating to the reporting of clearing information.

The Commission revised its previous estimates of the number of reportable events associated with security-based swap transactions to approximately 3 million reportable events per year under Rule 901, an estimate that the Commission continues to believe is valid for the purposes of the Regulation SBSR Proposed Amendments.<sup>32</sup> The Commission estimated in the Regulation SBSR Adopting Release that Rule 901(a), as adopted in that release, will result in approximately 2 million reportable events related to covered transactions.<sup>33</sup> The Commission

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<sup>32</sup> See Regulation SBSR Adopting Release, 80 FR 14675-77.

<sup>33</sup> See id.

preliminarily estimates that 1 million of the 3 million total reportable events would be reported as a result of the proposed amendments to Rule 901.<sup>34</sup> The Commission believes that these 1 million reportable events would include the initial reporting of the security-based swap by platforms and clearing agencies as well as the reporting of any life cycle events. The Commission preliminarily estimates that of the 1 million reportable events, approximately 370,000 would involve the reporting of new security-based swap transactions, and approximately 630,000 would involve the reporting of life cycle events under Rule 901(e).<sup>35</sup> As a result, the Commission preliminarily estimates that platforms will be responsible for the reporting of approximately 120,000 security-based swaps.<sup>36</sup> The Commission preliminarily estimates that the proposed amendments to Rule 901(a) would result in platforms having a total burden of 600 hours attributable to the reporting of security-based swaps to registered SDRs under Rules 901(c) and 901(d) over the course of a year.<sup>37</sup> The Commission believes that all reportable events that would be reported by platforms pursuant to the proposed amendments would be reported through electronic means.

The Commission recognizes that some entities that would qualify as platforms may have already spent time and resources building the infrastructure that will support their eventual reporting of security-based swaps. The Commission notes that, as a result, the burdens and costs estimated herein could be greater than those actually incurred by affected parties as a result of compliance with the proposed amendments to Rule 901(a). Nonetheless, the Commission believes that its estimates represent a reasonable upper bound of the actual burdens and costs

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<sup>34</sup> In arriving at the of 1 million reporting events, the Commission has included the following: (1) the termination of the original or “alpha” security-based swap; (2) the creation of beta and gamma security-based swaps; (3) the termination of beta, gamma, and any previous open positions during each netting cycle; and (4) any other transactions that are entered into by the registered clearing agency.

<sup>35</sup> See 80 FR 14789.

<sup>36</sup> The Commission preliminarily believes that platforms will be responsible only for the reporting of any initial security-based swaps that are executed on their facilities. Since only platform-executed security-based swaps that will be submitted to a registered clearing agency for clearing are subject to this proposal, platforms would not be responsible for any life cycle event reporting under Rule 901(e). The Commission estimates that platforms would be responsible for reporting only approximately one third of the 360,000 security-based swaps (or 120,000 security-based swaps) and registered clearing agencies (as a result of the creation of new security-based swaps during the clearing process) would be responsible for the reporting of the remaining two-thirds of security-based swaps (or 250,000 security-based swaps).

<sup>37</sup> See Regulation SBSR Adopting Release, 80 FR 14675-77. In the Regulation SBSR Proposing Release, the Commission estimated that it would take approximately 0.005 hours for each security-based swap transaction to be reported. See 75 FR at 75249, note 195. The Commission calculates the following:  $((120,000 \times 0.005) / (10 \text{ platforms})) = 60$  burden hours per platform or 600 total burden hours attributable to the reporting of security-based swaps.

required to comply with the paperwork burdens associated with the proposed amendments to Rule 901(a).

Additionally, proposed Rule 901(a)(3) would require a platform upon which the security-based swap was executed, to report, for those security-based swaps submitted to a registered clearing agency, the transaction ID of the submitted security-based swap and the identity of the registered SDR to which the transaction will be or has been reported. As a result, platforms will already have put into place any infrastructure needed to report these security-based swaps to a registered clearing agency.<sup>38</sup> However, the Commission does believe that including the additional reportable items would result in additional development and maintenance burdens. Specifically, the Commission preliminarily believes that the additional one-time burden related to the development of the ability to capture the additional specific data elements required by proposed Rule 901(a)(3) would be 10 burden hours and the additional one-time burden related to the implementation of a reporting mechanism would be 6 burden hours, per platform and reporting side.<sup>39</sup> The Commission preliminarily believes that the additional ongoing burden related to the ability to capture the additional specific data elements required by proposed Rule 901(a)(3) would be 10 burden hours and the additional ongoing burden related to the maintenance of the reporting mechanism would be 2 burden hours, per platform.<sup>40</sup>

The Commission previously stated its belief that reporting sides that fall under the reporting hierarchy in Rule 901(a)(2)(ii) will incur certain burdens as a result thereof with respect to their reporting of covered transactions. The Commission preliminarily believes that platforms would face the same categories of burdens as those identified in the Regulation SBSR Adopting Release for other types of respondents. The Commission estimated that the total

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<sup>38</sup> The required infrastructure for platforms and related burdens and costs are discussed in the Regulation SBSR Amendments Proposing Release. 80 FR 14788-91. For reporting sides, the required infrastructure and related burdens and costs are already accounted for in the Regulation SBSR Adopting Release. 80 FR 14675-77. The additional burdens discussed in this paragraph related to the ability to capture the additional specific data elements, as would be required by proposed Rule 901(a)(3), would be incremental burdens that are in addition to the previously established infrastructure burdens and costs.

<sup>39</sup> The Commission preliminarily estimates that the additional burdens would be: [(Sr. Programmer (5 hours) + Sr. Systems Analyst (5 hours)) = 10 burden hours (development of the ability to capture transaction information); (Sr. Programmer (3 hours) + Sr. Systems Analyst (3 hours)) = 6 burden hours (implementation of reporting mechanism)]. The total one-time burden associated with the amendments to 901(a) would be 16 burden hours per platform and reporting side for a total one-time burden of 160 hours (16 x 10 platforms).

<sup>40</sup> The Commission preliminarily estimates that the additional burdens would be: [(Sr. Programmer (5 hours) + Sr. Systems Analyst (5 hours)) = 10 burden hours (maintenance of transaction capture system); (Sr. Programmer (1 hour) + Sr. Systems Analyst (1 hour)) = 2 burden hours (maintenance of reporting mechanism)]. The total ongoing burden associated with the proposed amendments to Rule 901(a) would be 12 burden hours per platform and reporting side for a total ongoing burden of 120 hours (12 x 10 platforms).

burden placed upon reporting sides as a result of Rule 901 would be approximately 1,361 hours<sup>41</sup> per reporting side during the first year.<sup>42</sup> The Commission preliminarily believes that the per-entity burden for platforms would be similar in composition. However, taking into account the additional burdens resulting from amendments to Rule 901, the total first year burden would be 1,449 hours,<sup>43</sup> resulting in a total first-year burden of 14,490 hours for all platforms under the proposed amendments to Rule 901,<sup>44</sup> which includes development of an OMS capable of capturing relevant security-based swap transaction information, implementation of a reporting mechanism, and establishment of an appropriate compliance program and support for the operation of the OMS and reporting mechanism.<sup>45</sup> The Commission estimates that the proposed amendments to Rule 901 would impose ongoing annualized aggregate burdens of approximately

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<sup>41</sup> The Commission derived its estimate from the following: (355 hours (one-time hourly burden for establishing and OMS) + 172 hours (one-time hourly burden for establishing security-based swap reporting mechanisms) + 180 hours (one-time hourly burden for compliance and ongoing support) = 707 hours (one-time total hourly burden). See Regulation SBSR Proposing Release, 75 FR at 75248-50, notes 186, 194, and 201. (436 hours (annual-ongoing hourly burden for order management) + 218 hours (annual-ongoing hourly burden for compliance and ongoing support) = 654 hours (annual ongoing hourly burden). See id. at 75248-50, notes 187 and 201 (707 one-time hourly burden + 654 revised annual-ongoing hourly burden = 1,361 total first-year hourly burden).

<sup>42</sup> See Regulation SBSR Adopting Release, 80 FR 14675-77.

<sup>43</sup> The Commission derived its estimate from the following: (355 hours (one-time hourly burden for establishing and OMS) + 172 hours (one-time hourly burden for establishing security-based swap reporting mechanisms) + 180 hours (one-time hourly burden for compliance and ongoing support) + 16 hours (additional hourly burden resulting from establishing ability to report information related to clearing) = 723 hours (one-time total hourly burden). See Regulation SBSR Amendments Proposing Release, 80 FR 14789-90, notes 298 and 315. (436 hours (annual-ongoing hourly burden for order management) + 218 hours (annual-ongoing hourly burden for compliance and ongoing support) + 60 hours (annual-ongoing burden of reporting security-based swap transaction information) + 12 hours (annual-ongoing hourly burden of reporting security-based swap transaction information related to clearing) = 726 hours (annual-ongoing hourly burden). See id. at 14789-90, notes 298 and 316 (723 one-time hourly burden + 726 revised annual-ongoing hourly burden = 1,449 total first-year hourly burden).

<sup>44</sup> The Commission derived its estimate from the following: (1,449 hours per reporting entity x 10 platforms) = 14,490 hours.

<sup>45</sup> The Commission estimates: (355 hours (one-time hourly burden for establishing and OMS) + 172 hours (one-time hourly burden for establishing security-based swap reporting mechanisms) + 180 hours (one-time hourly burden for compliance and ongoing support) + 16 hours (additional hourly burden resulting from establishing ability to report information related to clearing) = 723 hours (one-time total hourly burden)

726 hours<sup>46</sup> per reporting entity for a total aggregate annualized cost of 7,260 hours for all platforms.<sup>47</sup> The Commission estimated one response per respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 967 hours per response<sup>48</sup> and a total aggregate annualized burden of 9,670 hours for all respondents.<sup>49</sup> This collection is a third-party disclosure type of collection.<sup>50</sup>

## 5. Clearing Agencies

The Commission has proposed certain reporting obligations for those security-based swaps that are clearing transactions or are executed on a platform (discussed in greater detail above) and will be submitted to clearing. In order to facilitate such reporting, the Commission proposed a new subparagraph (2)(i) of Rule 901(a) that would assign the reporting duty for a clearing transaction to the registered clearing agency that is a counterparty to the security-based swap.

The Commission preliminarily believes that these proposed amendments to Rule 901(a) would result in 14 additional respondents incurring the duty to report under Regulation SBSR. Specifically, the Commission believes that there would be 10 platforms (exchanges and SB SEFs, discussed in greater detail above) and 4 registered clearing agencies that would incur such duties.

The Commission previously stated its belief that reporting sides that fall under the reporting hierarchy in Rule 901(a)(2) will incur certain burdens as a result thereof with respect to their reporting of covered transactions. The Commission preliminarily believes that clearing agencies would face the same categories of burdens as those identified in the Regulation SBSR

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<sup>46</sup> The Commission estimates: (436 hours (annual-ongoing hourly burden for order management) + 218 hours (annual-ongoing hourly burden for compliance and ongoing support) + 60 hours (annual-ongoing burden of reporting security-based swap transaction information) + 12 hours (annual-ongoing hourly burden of reporting security-based swap transaction information related to clearing) = 726 hours (annual-ongoing hourly burden).

<sup>47</sup> The Commission derived its estimate from the following: (726 hours per reporting entity x 10 platforms) = 7,260 hours.

<sup>48</sup> This figure is based on the following:  $(((723 \text{ hours}/3 \text{ years}) + (726 \text{ hours}))/ (1 \text{ response per year})) = 967 \text{ hours}$ .

<sup>49</sup> We derived our estimate from the following: (967 hours per respondent \* 120 respondents) = 9,670 hours.

<sup>50</sup> Although Rule 901(b) provides that, if there is no registered SDR that would accept information pertaining to a security-based swap, reporting sides should report to the Commission, we expect the reporting burden pursuant to this provision will be minimal or even zero as registered SDRs should be operational prior to effectiveness of Regulation SBSR. Accordingly, we have assumed that all burden hours associated with this collection will be attributable to a third-party disclosure type, rather than a reporting type, of collection.

Adopting Release for other types of respondents. However, in addition to the burden of development of an OMS capable of capturing relevant security-based swap transaction information, implementation of a reporting mechanism, and establishment of an appropriate compliance program and support for the operation of the OMS and reporting mechanism, clearing agencies would also have and added burden of reporting a larger number of transactions.

As discussed above, the Commission revised its previous estimates of the number of reportable events associated with security-based swap transactions to approximately 3 million reportable events per year under Rule 901, an estimate that the Commission continues to believe is valid for the purposes of the Regulation SBSR Proposed Amendments.<sup>51</sup> The Commission estimated in the Regulation SBSR Adopting Release that Rule 901(a), as adopted in that release, will result in approximately 2 million reportable events related to covered transactions.<sup>52</sup> The Commission preliminarily estimates that 1 million of the 3 million total reportable events would be reported as a result of the proposed amendments to Rule 901.<sup>53</sup> The Commission believes that these 1 million reportable events would include the initial reporting of the security-based swap by platforms and clearing agencies as well as the reporting of any life cycle events. The Commission preliminarily estimates that of the 1 million reportable events, approximately 370,000 would involve the reporting of new security-based swap transactions, and approximately 630,000 would involve the reporting of life cycle events under Rule 901(e).<sup>54</sup> The Commission preliminarily estimates that the proposed amendments to Rule 901(a) would result in registered clearing agencies having a total burden of 1,250 hours attributable to the reporting of security-based swaps to registered SDRs over the course of a year.<sup>55</sup> The Commission preliminarily estimates that the proposed amendments to Rule 901(a) would result in registered clearing agencies having a total burden of 3,150 hours attributable to the reporting of life cycle events to registered SDRs under Rule 901(e) over the course of a year.<sup>56</sup> The Commission preliminarily

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<sup>51</sup> See Regulation SBSR Adopting Release, 80 FR 14675-77.

<sup>52</sup> See id.

<sup>53</sup> In arriving at the of 1 million reporting events, the Commission has included the following: (1) the termination of the original or “alpha” security-based swap; (2) the creation of beta and gamma security-based swaps; (3) the termination of beta, gamma, and any previous open positions during each netting cycle; and (4) any other transactions that are entered into by the registered clearing agency.

<sup>54</sup> See 80 FR 14675-77.

<sup>55</sup> See Regulation SBSR Adopting Release, 80 FR 14675-77. In the Regulation SBSR Proposing Release, the Commission estimated that it would take approximately 0.005 hours for each security-based swap transaction to be reported. See 75 FR at 75249, note 195. The Commission calculates the following:  $((250,000 \times 0.005) / (4 \text{ registered clearing agencies})) = 312.5$  burden hours per registered clearing agency or 1,250 total burden hours attributable to the reporting of security-based swaps.

<sup>56</sup> See Regulation SBSR Adopting Release, 80 FR 14675-77. In the Regulation SBSR Proposing Release, the Commission estimated that it would take approximately 0.005 hours for each security-based swap transaction to be reported. See 75 FR at 75249, note 195. The Commission calculates the following:  $((630,000 \times 0.005) / (4 \text{ registered$



believes that the proposed amendments would result in a total reporting burden for registered clearing agencies under Rules 901(c) and (d) along with the reporting of life cycle events under Rule 901(e) of 4,400 burden hours or 1,100 hours per clearing agency.<sup>57</sup> The Commission believes that all reportable events that would be reported by registered clearing agencies pursuant to these proposed amendments would be reported through electronic means.

The Commission recognizes that some entities that would qualify as registered clearing agencies may have already spent time and resources building the infrastructure that will support their eventual reporting of security-based swaps. The Commission notes that, as a result, the burdens and costs estimated herein could be greater than those actually incurred by affected parties as a result of compliance with the proposed amendments to Rule 901(a). Nonetheless, the Commission believes that its estimates represent a reasonable upper bound of the actual burdens and costs required to comply with the paperwork burdens associated with the proposed amendments to Rule 901(a).

The Commission previously stated its belief that reporting sides that fall under the reporting hierarchy in Rule 901(a)(2)(ii) will incur certain burdens as a result thereof with respect to their reporting of covered transactions. The Commission preliminarily believes that registered clearing agencies would face the same categories of burdens as those identified in the Regulation SBSR Adopting Release for other types of respondents. The Commission estimated that the total burden placed upon reporting sides as a result of Rule 901 would be approximately 1,361 hours<sup>58</sup> per reporting side during the first year.<sup>59</sup> The Commission preliminarily believes that the per-entity burden for registered clearing agencies would be similar in composition. However, taking into account the additional burdens resulting from amendments to Rule 901, the

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clearing agencies)) = 787.5 burden hours per registered clearing agency or 3,150 total burden hours attributable to the reporting of life cycle events under Rule 901(e).

<sup>57</sup> As is discussed immediately above, the Commission preliminarily believes that registered clearing agencies would incur a burden of 1,250 hours attributable to the reporting of security-based swaps pursuant to proposed Rule 901(a)(2)(i) along with a burden of 3,150 hours attributable to the reporting of life cycle events under Rule 901(e). Platforms would not be responsible for the reporting of any life cycle events of any platform-executed security-based swap that will be submitted to clearing. 4,400 burden hours / 4 clearing agencies = 1,100 hours per clearing agency.

<sup>58</sup> The Commission derived its estimate from the following: (355 hours (one-time hourly burden for establishing and OMS) + 172 hours (one-time hourly burden for establishing security-based swap reporting mechanisms) + 180 hours (one-time hourly burden for compliance and ongoing support) = 707 hours (one-time total hourly burden). See Regulation SBSR Proposing Release, 75 FR at 75248-50, notes 186, 194, and 201. (436 hours (annual-ongoing hourly burden for order management) + 218 hours (annual-ongoing hourly burden for compliance and ongoing support) = 654 hours (one-time total hourly burden. See id. at 75248-50, notes 187 and 201 (707 one-time hourly burden + 654 revised annual-ongoing hourly burden = 1,361 total first-year hourly burden).

<sup>59</sup> See Regulation SBSR Adopting Release, 80 FR 14675-77.

total first year burden would be 2,461 hours,<sup>60</sup> resulting in a total first-year burden of 9,844 hours for all registered clearing agencies under the proposed amendments to Rule 901,<sup>61</sup> which includes development of an internal order and trade management system (“OMS”) capable of capturing relevant security-based swap transaction information, implementation of a reporting mechanism, and establishment of an appropriate compliance program and support for the operation of the OMS and reporting mechanism. The Commission estimates that the proposed amendments to Rule 901 would impose ongoing annualized aggregate burdens of approximately 1,754 hours<sup>62</sup> per reporting entity for a total aggregate annualized cost of 6,916 hours for all registered clearing agencies.<sup>63</sup> The Commission estimated one response per respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 1,989.7 hours per response.<sup>64</sup> This collection is a third-party disclosure type of collection.<sup>65</sup>

### iii. Rule 901 – Aggregate Burdens

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<sup>60</sup> The Commission derived its estimate from the following: (355 hours (one-time hourly burden for establishing and OMS) + 172 hours (one-time hourly burden for establishing security-based swap reporting mechanisms) + 180 hours (one-time hourly burden for compliance and ongoing support) = 707 hours (one-time total hourly burden). See Regulation SBSR Amendments Proposing Release, 80 FR 14789-90, notes 298 and 315. (436 hours (annual-ongoing hourly burden for order management) + 218 hours (annual-ongoing hourly burden for compliance and ongoing support) + 1,100 hours (annual-ongoing burden of reporting security-based swap transaction information) = 1,754 hours (annual-ongoing hourly burden). See id. at 80 FR 14789-90, notes 298 and 316 (707 one-time hourly burden + 1,754 revised annual-ongoing hourly burden = 2,461 total first-year hourly burden).

<sup>61</sup> The Commission derived its estimate from the following: (2,461 hours per reporting entity x 4 registered clearing agencies) = 9,844 hours.

<sup>62</sup> The Commission estimates: (436 hours (annual-ongoing hourly burden for order management) + 218 hours (annual-ongoing hourly burden for compliance and ongoing support) + 1,100 hours (annual-ongoing burden of reporting security-based swap transaction information) = 1,754 hours (annual-ongoing hourly burden)

<sup>63</sup> The Commission derived its estimate from the following: (1,754 hours per reporting entity x 4 registered clearing agencies) = 6,916 hours.

<sup>64</sup> This figure is based on the following:  $(((707 \text{ hours}/3 \text{ years}) + (1,754 \text{ hours}))/ (1 \text{ response per year})) = 1,989.7 \text{ hours}$ .

<sup>65</sup> Although Rule 901(b) provides that, if there is no registered SDR that would accept information pertaining to a security-based swap, reporting sides should report to the Commission, we expect the reporting burden pursuant to this provision will be minimal or even zero as registered SDRs should be operational prior to effectiveness of Regulation SBSR. Accordingly, we have assumed that all burden hours associated with this collection will be attributable to a third-party disclosure type, rather than a reporting type, of collection.

## 1. Reporting Sides

In summary, the Commission estimates that each reporting side would have an aggregate one-time burden of approximately 723 burden hours, taking into account those burdens previously adopted along with burdens resulting from the proposed amendments, which corresponds to 216,900 burden hours for all 300 reporting sides.<sup>66</sup> Furthermore, the Commission estimates that each reporting side would have an aggregate ongoing annual burden of approximately 699 burden hours, taking into account those burdens previously adopted along with burdens resulting from the proposed amendments, which corresponds to 209,700 burden hours for all 300 reporting sides.<sup>67</sup> The Commission estimates one response per respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 940 hours per response.<sup>68</sup> This collection is a third-party disclosure type of collection.<sup>69</sup>

## 2. Reporting Sides – New Respondents

In summary, the Commission estimates that each new respondent would have an aggregate one-time burden of approximately 707 burden hours, taking into account those burdens previously adopted along with burdens resulting from the proposed amendments, which corresponds to 84,840 burden hours for all 120 new respondents.<sup>70</sup> Furthermore, the Commission estimates that each reporting side would have an aggregate ongoing annual burden of approximately 654.11 burden hours, taking into account those burdens previously adopted along with burdens resulting from the proposed amendments, which corresponds to 78,493.20 burden hours for all 120 new respondents.<sup>71</sup> The Commission estimates one response per respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 889.78 hours per response.<sup>72</sup> This collection is a third-party disclosure

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<sup>66</sup> This figure is based on the following:  $(723 \text{ hours} * 300 \text{ reporting sides}) = 216,900 \text{ hours}$ .

<sup>67</sup> This figure is based on the following:  $(699 \text{ hours} * 300 \text{ reporting sides}) = 209,700 \text{ hours}$ .

<sup>68</sup> This figure is based on the following:  $(((723 \text{ hours}/3 \text{ years}) + (699 \text{ hours}))/ (1 \text{ response per year})) = 940 \text{ hours}$ .

<sup>69</sup> Although Rule 901(b) provides that, if there is no registered SDR that would accept information pertaining to a security-based swap, reporting sides should report to the Commission, we expect the reporting burden pursuant to this provision will be minimal or even zero as registered SDRs should be operational prior to effectiveness of Regulation SBSR. Accordingly, we have assumed that all burden hours associated with this collection will be attributable to a third-party disclosure type, rather than a reporting type, of collection.

<sup>70</sup> This figure is based on the following:  $(707 \text{ hours} * 120 \text{ respondents}) = 84,840 \text{ hours}$ .

<sup>71</sup> This figure is based on the following:  $(654.11 \text{ hours} * 120 \text{ respondents}) = 78,493.20 \text{ hours}$ .

<sup>72</sup> This figure is based on the following:  $(((707 \text{ hours}/3 \text{ years}) + (654.11 \text{ hours}))/ (1 \text{ response per year})) = 889.78 \text{ hours}$ .

type of collection.<sup>73</sup>

### 3. SDRs

Because the Commission does not believe that the proposed amendments will have any impact on the burdens of SDRs, the Commission believes that the burdens, as previously adopted, are still applicable. Therefore, the Commission continues to believe that Rules 901(f) and 901(g) will impose an initial one-time aggregate burden of 1,200 burden hours, which corresponds to 120 burden hours per SDR respondent. Further, the Commission continues to believe that Rules 901(f) and 901(g) will impose an aggregate ongoing annualized burden of 1,520 burden hours, which corresponds to 152 burden hours per SDR respondent. The Commission estimated two responses per SDR respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 192 hours per respondent per year.<sup>74</sup> This collection is a recordkeeping type of collection.

### 4. Platforms

In summary, the Commission estimates that the initial one-time burden would be 723 hours, resulting in a total initial one-time burden of 7,230 hours for all platforms under the proposed amendments to Rule 901.<sup>75</sup> The Commission estimates that the proposed amendments to Rule 901 would impose ongoing annualized aggregate burdens of approximately 726 hours per reporting entity for a total aggregate annualized cost of 7,260 hours for all platforms.<sup>76</sup> The Commission estimated one response per respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 967 hours per response.<sup>77</sup> This collection is a third-party disclosure type of collection.<sup>78</sup>

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<sup>73</sup> Although Rule 901(b) provides that, if there is no registered SDR that would accept information pertaining to a security-based swap, reporting sides should report to the Commission, we expect the reporting burden pursuant to this provision will be minimal or even zero as registered SDRs should be operational prior to effectiveness of Regulation SBSR. Accordingly, we have assumed that all burden hours associated with this collection will be attributable to a third-party disclosure type, rather than a reporting type, of collection.

<sup>74</sup> This figure is based on the following:  $(((120 \text{ hours}/3 \text{ years}) + (152 \text{ hours}))/ (2 \text{ responses per year})) = 96 \text{ hours per response or } 192 \text{ hours per respondent.}$

<sup>75</sup> The Commission derived its estimate from the following:  $(723 \text{ hours per reporting entity} \times 10 \text{ platforms}) = 7,230 \text{ hours.}$

<sup>76</sup> The Commission derived its estimate from the following:  $(726 \text{ hours per reporting entity} \times 10 \text{ platforms}) = 7,260 \text{ hours.}$

<sup>77</sup> This figure is based on the following:  $(((723 \text{ hours}/3 \text{ years}) + (726 \text{ hours}))/ (1 \text{ response per year})) = 967 \text{ hours.}$

<sup>78</sup> Although Rule 901(b) provides that, if there is no registered SDR that would accept information pertaining to a security-based swap, reporting sides should report to the

## 5. Clearing Agencies

In summary, the Commission estimates that the initial one-time burden would be 707 hours, resulting in a total initial one-time burden of 2,828 hours for all registered clearing agencies under the proposed amendments to Rule 901.<sup>79</sup> The Commission further estimates that the proposed amendments to Rule 901 would impose ongoing annualized aggregate burdens of approximately 1,754 hours per reporting entity for a total aggregate annualized cost of 6,916 hours for all registered clearing agencies.<sup>80</sup> The Commission estimated one response per respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 1,989.67 hours per response.<sup>81</sup> This collection is a third-party disclosure type of collection.<sup>82</sup>

### b. Public Dissemination of Transaction Report

#### i. Rule 902 – As Previously Adopted - SDRs

As previously adopted, Rule 902 requires a registered SDR to publicly disseminate a transaction report immediately upon receipt of information about a security-based swap, or a life cycle event to adjustment due to a life cycle event (or upon re-opening following a period when the registered SDR was closed), except in certain limited circumstances described in Rule 902(c).<sup>83</sup> A published transaction report must consist of all of the information reported pursuant to Rule 901(c), plus any condition flags required by the policies and procedures of the registered

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Commission, we expect the reporting burden pursuant to this provision will be minimal or even zero as registered SDRs should be operational prior to effectiveness of Regulation SBSR. Accordingly, we have assumed that all burden hours associated with this collection will be attributable to a third-party disclosure type, rather than a reporting type, of collection.

<sup>79</sup> The Commission derived its estimate from the following: (2,461 hours per reporting entity x 4 registered clearing agencies) = 9,844 hours.

<sup>80</sup> The Commission derived its estimate from the following: (1,754 hours per reporting entity x 4 registered clearing agencies) = 6,916 hours.

<sup>81</sup> This figure is based on the following:  $(((707 \text{ hours}/3 \text{ years}) + (1,754 \text{ hours}))/ (1 \text{ response per year})) = 1,989.67 \text{ hours}$ .

<sup>82</sup> Although Rule 901(b) provides that, if there is no registered SDR that would accept information pertaining to a security-based swap, reporting sides should report to the Commission, we expect the reporting burden pursuant to this provision will be minimal or even zero as registered SDRs should be operational prior to effectiveness of Regulation SBSR. Accordingly, we have assumed that all burden hours associated with this collection will be attributable to a third-party disclosure type, rather than a reporting type, of collection.

<sup>83</sup> The Commission notes that reporting side respondents incur no duties of dissemination under Rule 902. All duties of dissemination apply only to registered SDRs.

SDR to which the transaction is reported.<sup>84</sup> The Commission estimated that 10 entities will be subject to this burden. The Commission estimated that the initial one-time aggregate burden for the development and implementation of systems necessary to comply with Rule 902 will be 84,000 burden hours, which corresponds to 8,400 burden hours per SDR respondent. Further, the Commission estimated that the public dissemination requirements will impose an aggregate ongoing annualized burden of 50,400 burden hours, which corresponds to 5,040 burden hours per SDR respondent. The Commission estimated that each registered SDR will have to build the infrastructure only once and will have to update such infrastructure each year. As a result, the Commission estimates one response per SDR per year (representing the annual upkeep of the public dissemination system), which, including the one-time hourly burden equally allocated over three years, results in an hourly burden of 7,840 hours per respondent.<sup>85</sup> This collection is a third-party disclosure type of collection.

ii. Rule 902 – Proposed Amendments - SDRs

In February and April 2015, the Commission proposed rules, amendments, and guidance relation to Regulation SBSR. The burdens resulting from these proposals are summarized below. The Commission does not believe that the proposed amendments would result in any addition burdens being placed upon SDRs.

iii. Rule 902 – Aggregate Burdens - SDRs

Because the Commission does not believe that the proposed amendments will have any impact on the burdens of SDRs, the Commission believes that the burdens, as previously adopted, are still applicable. The Commission continues to believe that the initial one-time aggregate burden for the development and implementation of systems necessary to comply with Rule 902 will be 84,000 burden hours, which corresponds to 8,400 burden hours per SDR respondent. Further, the Commission continues to believe that the public dissemination requirements will impose an aggregate ongoing annualized burden of 50,400 burden hours, which corresponds to 5,040 burden hours per SDR respondent. The Commission continues to believe that each registered SDR will have to build the infrastructure only once and will have to update such infrastructure each year. As a result, the Commission continues to estimate that there will be one response per SDR per year (representing the annual upkeep of the public dissemination system), which, including the one-time hourly burden equally allocated over three years, results in an hourly burden of 7,840 hours per respondent.<sup>86</sup> This collection is a third-party disclosure type of collection.

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<sup>84</sup> Rule 902(b), as originally proposed and re-proposed, addressed how a registered SDR would be required to disseminate transaction reports of block trades. As discussed in the Regulation SBSR Adopting Release, however, the Commission did not adopt Rule 902(b).

<sup>85</sup> This figure is based on the following:  $[(8,400 \text{ hours}/3 \text{ years}) + (5,040 \text{ hours})] = 7,840$  hours per respondent.

<sup>86</sup> This figure is based on the following:  $[(8,400 \text{ hours}/3 \text{ years}) + (5,040 \text{ hours})] = 7,840$  hours per respondent.

c. Special Closing Hours

The burdens associated with Rule 904 of Regulation SBSR remain unchanged from those burdens preliminarily identified in the Commission's original PRA analysis, except that all hourly cost figures have been updated to reflect data from SIFMA's *Management & Professional Earnings in the Securities Industry 2013* and SIFMA's *Office Salaries in the Securities Industry 2013*, modified by Commission staff to account for an 1800-hour work-year and multiplied by 5.35 or 2.93, as appropriate, to account for bonuses, firm size, employee benefits, and overhead. Therefore, the Commission stated its belief that its original PRA analysis continues to apply.

i. Rule 904 – SDRs

As adopted in the Regulation SBSR Adopting Release, Rule 904 requires a registered SDR to operate continuously, subject to two exceptions. First, under Rule 904(a), a registered SDR may establish normal closing hours during periods when, in its estimation, the U.S. market and major foreign markets are inactive. A registered SDR is required to provide reasonable advance notice to participants and to the public of its normal closing hours. Second, under Rule 904(b), a registered SDR may declare, on an ad hoc basis, special closing hours to perform system maintenance that cannot wait until normal closing hours. A registered SDR is required, to the extent reasonably possible under the circumstances, to avoid scheduling special closing hours during a time when, in its estimation, the U.S. market and major foreign markets are the most active; and provide reasonable advance notice of its special closing hours to participants and the public. Rule 904(c) specifies requirements for handling and disseminating reported data during a registered SDR's normal and special closing hours. During normal closing hours and, to the extent reasonably practicable, during special closing hours, a registered SDR is required to have the capability to receive and hold in queue transaction data it receives.<sup>87</sup> Pursuant to Rule 904(d), immediately upon system re-opening, the registered SDR is required to publicly disseminate any transaction data required to be reported under Rule 901(c) that it received and held in queue, in accordance with the requirements of Rule 902. Pursuant to Rule 904(e), if a registered SDR cannot hold in queue transaction data to be reported, immediately upon re-opening the SDR is required to send a message to all participants that it has resumed normal operations. Thereafter, any participant that had an obligation to report transaction information to the registered SDR, but could not due to the registered SDR's inability to receive and hold in queue such transaction information, must promptly report the information to the registered SDR.<sup>88</sup> The Commission estimates that 10 entities will be subject to this burden. The Commission estimates that the requirements to notify participants and the public of closing hours and system availability will impose an aggregate ongoing annualized burden of 360 burden hours, which corresponds to 36 burden hours per SDR respondent. The Commission estimates 12 responses per respondent per year, resulting in a burden of 3 hours per response. This collection is a third-party disclosure type of collection.

d. Error Correction

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<sup>87</sup> See Rule 904(c).

<sup>88</sup> See Rule 904(e).

i. Rule 905 – As Previously Adopted

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

1. Reporting Sides

Under Rule 905(a)(2), as adopted in the Regulation SBSR Adopting Release, where a reporting side for a security-based swap transaction discovers an error in the information reported with respect to a security-based swap, or receives notification from its counterparty of an error, the reporting side must promptly submit to the entity to which the security-based swap was originally reported an amended report pertaining to the original transaction. The amended report must be submitted to the registered SDR in a manner consistent with the policies and procedures of the registered SDR required pursuant to Rule 907(a)(3). The Commission believes that compliance with this rule will require support and maintenance of error-reporting functions. The Commission believes that designing and building appropriate reporting system functionality to comply with the error-reporting rule will represent an incremental “add-on” to the cost to build a reporting system. The Commission estimates that the incremental burden will be equal to 5% of the one-time and annual costs associated with designing and building a reporting system pursuant to Rule 901 plus 10% of the corresponding one-time and annual costs associated with developing the overall compliance program required under Rule 901. The Commission previously estimated that 1,000 reporting parties would be subject to this burden. In the Cross-Border Proposing Release, the Commission revised its estimate to 300 reporting sides that would be subject to this burden, an estimate that the Commission also used in the Regulation SBSR Adopting Release. Thus, the Commission estimated that Rule 905(a) will impose an initial (first-year) aggregate burden of 15,015 hours, which is approximately 50 burden hours per reporting side,<sup>89</sup> and an ongoing aggregate annualized burden of 7,035 hours, which is 23.5 burden hours per reporting side.<sup>90</sup> The Commission estimated that each reporting side will, on average, only

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<sup>89</sup> See Regulation SBSR Adopting Release, 80 FR at 14682. This figure is calculated as follows: [(((172 burden hours for one-time development of reporting system) x (0.05)) + ((33 burden hours annual maintenance of reporting system) x (0.05)) + ((180 burden hours one-time compliance program development) x (0.1)) + ((218 burden hours annual support of compliance program) x (0.1))) x (300 reporting sides)] = 15,015 burden hours, which is 50 burden hours per reporting side. The burden hours for annual maintenance of the reporting system has been updated to reflect new information on the number of reportable events.

<sup>90</sup> See Regulation SBSR Adopting Release, 80 FR at 14682. This figure is calculated as follows: [(((33 burden hours annual maintenance of reporting system) x (0.05)) + ((218 burden hours annual support of compliance program) x (0.1))) x (300 reporting sides)] =



have to submit one error correction report per day. As a result, the Commission estimated the burden per respondent per year, which, including the one-time burden equally allocated over three years, to be 40.17 hours.<sup>91</sup> This collection is a third-party disclosure type of collection.

## 2. Non-Reporting Sides

Under Rule 905(a)(1), as adopted in the Regulation SBSR Adopting Release, where a side that was not the reporting side for a security-based swap transaction discovers an error in the information reported with respect to such security-based swap, the counterparty must promptly notify the reporting side of the error. The Commission estimated that as many as 4,800 entities will be subject to this burden. The Commission estimated that the requirements to notify reporting sides will impose an aggregate ongoing annualized burden of 998,640 hours, which corresponds to 208.05 burden hours per non-reporting-side participant.<sup>92</sup> This figure is based on the Commission's estimate of (1) 4,800 participants; and (2) 1.14 transaction per day per participant.<sup>93</sup> The burdens of Rule 905 on reporting sides and other participants will be reduced to the extent that complete and accurate information is reported to registered SDRs in the first instance pursuant to Rule 901. This collection is a third-party disclosure type of collection.

## 3. SDRs

Rule 905(b), as adopted in the Regulation SBSR Adopting Release, sets forth the duties of a registered SDR relating to corrections. If the registered SDR either discovers an error in a transaction on its system or receives notice of an error from a reporting side, Rule 905(b)(1)

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7,035 burden hours, which is 23.5 burden hours per reporting side. The burden hours for annual maintenance of the reporting system has been updated to reflect new information on the number of reportable events.

<sup>91</sup> This figure is based on the following:  $[(50.0 \text{ hours}/3 \text{ years}) + (23.5 \text{ hours})]$ . The Commission further estimated that each reporting side respondent would submit 365 error corrections reports each year for a per-response burden of 0.11005 hours  $[40.17 \text{ hours}/365 \text{ responses}]$ . This equates to a total burden of 12,051 hours  $[40.17 \text{ hours} \times 300 \text{ reporting sides}]$ .

<sup>92</sup> This burden was calculated using the same methodology as was used in the Regulation SBSR Proposing Release, updated to account for new estimates of the number of error notifications resulting from updates in the number of reportable events. See Regulation SBSR Adopting Release, 80 FR at 14682. This figure is based on the following:  $[(1.14 \text{ error notifications per non-reporting-side participant per day}) \times (365 \text{ days/year}) \times (\text{Compliance Clerk at } 0.5 \text{ hours/report}) \times (4,800 \text{ participants})] = 998,640 \text{ burden hours}$ , which corresponds to 208.05 burden hours per participant. The annual burden per respondent/per response is 0.57 hours  $[(208.05 \text{ total hourly burden per year}/365 \text{ responses per year}) = 0.57 \text{ hours per response}]$ .

<sup>93</sup> This figure is based on the following:  $[(2,000,000 \text{ estimated annual security-based swap transactions}) / (4,800 \text{ estimated participants})] / (365 \text{ days/year}) = 1.14 \text{ transactions per day, on average}$ .

requires the registered SDR to verify the accuracy of the terms of the security-based swap and, following such verification, promptly correct the erroneous information contained in its system. Rule 905(b)(2) further requires that, if such erroneous information relates to a security-based swap that the registered SDR previously disseminated and does not fall into any of the categories of information enumerated in Rule 901(c), the registered SDR must publicly disseminate a corrected transaction report of the security-based swap promptly following verification of the trade by the counterparties to the security-based swap, with an indication that the report relates to a previously disseminated transaction.

In the Regulation SBSR Adopting Release, the Commission estimated that 10 entities will be subject to this burden. The Commission estimates that 10 entities will be subject to this burden. The Commission estimated that to develop and publicly provide the necessary protocols will impose an initial one-time burden of approximately 7,300 burden hours, which corresponds to 730 burden hours per SDR respondent. The Commission estimated that to review and update such protocols on an ongoing basis will impose an annual aggregate burden of approximately 14,600 burden hours, which corresponds to 1,460 burden hours per SDR respondent. The Commission estimated that the protocols will have to be updated once each year, resulting in one response per respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 1,703.33 hours per response.<sup>94</sup> This collection is a third-party disclosure type of collection.

For registered SDRs, the Commission estimated that the initial (first-year) aggregate annualized burden on registered SDRs under Rule 905 would be 21,900 burden hours, which corresponds to 2,190 burden hours for each registered SDR.<sup>95</sup> The Commission further estimated that the ongoing aggregate annualized burden on registered SDRs under Rule 905, as adopted and as proposed to be amended herein, would be 14,600 burden hours, which corresponds to 1,460 burden hours for each registered SDR.<sup>96</sup>

## ii. Rule 905 – Proposed Amendments

In February and April 2015, the Commission proposed rules, amendments, and guidance relation to Regulation SBSR. The burdens resulting from these proposals are summarized below.

### 1. Reporting Sides – New Respondents

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<sup>94</sup> This figure is based on the following:  $[(730 \text{ hours}/3 \text{ years}) + (1,460 \text{ hours})]/ (1 \text{ response per year}) = 1703.33 \text{ hours}$ .

<sup>95</sup> This figure is based on the following:  $[(730 \text{ burden hours to develop protocols}) + (1,460 \text{ burden hours annual support})] \times (10 \text{ registered SDRs}) = 21,900 \text{ burden hours}$ , which corresponds to 2,190 burden hours per registered SDR.

<sup>96</sup> This figure is based on the following:  $[(1,460 \text{ burden hours annual support}) \times (10 \text{ registered SDRs})] = 14,600 \text{ burden hours}$ , which corresponds to 1,460 burden hours per registered SDR.

The Commission preliminarily estimates that an additional 120 respondents would incur the duty to report under the proposed amendments to Regulation SBSR in the U.S. Activity Proposing Release. Because any of these additional participants could become aware of errors in their reported transaction data, we estimate that there may be 120 respondents for purposes of the proposed amendments. Finally, Rule 905, would apply to registered SDRs. The Commission continues to estimate that there are 10 registered SDRs subject to Rule 905. The Commission estimates that 120 new reporting sides now subject to Regulation SBSR as a result of the U.S. Activity Proposal would incur, as a result of rule 905(a), an initial (first-year) aggregate burden of 5,808.7 hours, which is 48.4 burden hours per reporting side,<sup>97</sup> and an ongoing aggregate annualized burden of 2616.7 hours, which is 21.8 burden hours per respondent.<sup>98</sup> We preliminarily believe that the actual submission of amended transaction reports required under rule 905(a)(2) would not result in a material burden because this would be done electronically through the reporting system that the respondent already is required to develop and maintain to comply with existing rule 901. The overall burdens associated with such a reporting system are addressed in our analysis of rule 901.

## 2. Platforms

Rule 905 applies to all participants of registered SDRs. As noted above, we estimated that there would be approximately 300 respondents that incur the duty to report security-based swap transactions pursuant to current rule 901. In addition, Rule 905, as proposed to be amended in the Regulation SBSR Proposed Amendments Release, would apply to platforms. The Commission preliminarily estimates that there will be approximately 10 platforms that incur a duty to report security-based swap transactions pursuant to Rule 901, as amended, and thus may have a duty to correct errors under Rule 905. In light of the Commission's proposed amendment to Rule 901(a) to require a platform to report a security-based swap that is executed on the platform and that will be submitted to clearing, the Commission is proposing to make conforming changes to Rule 905(a) to require the person having the duty to report the initial transaction to correct previously reported erroneous information if it discovers an error. Thus, under the proposed amendments to Rule 905(a), the person having the duty to report a security-based swap, whether a counterparty or a platform, would be required to correct previously reported erroneous information with respect to that security-based swap if it discovers an error.

For platforms, the Commission preliminarily estimates that the proposed amendments to Rule 905(a) would impose an initial (first-year) aggregate burden of 500.5 hours, which is 50.0

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<sup>97</sup> This figure is calculated as follows: [(((172 burden hours for one-time development of reporting system) x (0.05)) + ((.11 burden hours annual maintenance of reporting system) x (0.05)) + ((180 burden hours one-time compliance program development) x (0.1)) + ((218 burden hours annual support of compliance program) x (0.1))) x (120 respondents)] = 5808.7 burden hours, which is 48.4 burden hours per respondent.

<sup>98</sup> This figure is calculated as follows: [(((.11 burden hours annual maintenance of reporting system) x (0.05)) + ((218 burden hours annual support of compliance program) x (0.1))) x (120 respondents)] = 2616.7 burden hours, which is 21.8 burden hours per respondent.

burden hours per platform,<sup>99</sup> and an ongoing aggregate annualized burden of 234.5 hours, which is 23.5 burden hours per platform.<sup>100</sup>

### iii. Rule 905 – Aggregate Burdens

#### 1. Reporting Sides

With respect to the 300 reporting sides previously identified, the Commission continues to estimate that Rule 905(a) will impose an initial (first-year) aggregate burden of 15,015 hours, which is approximately 50 burden hours per reporting side,<sup>101</sup> and an ongoing aggregate annualized burden of 7,035 hours, which is 23.5 burden hours per reporting side.<sup>102</sup> The Commission estimates that each reporting side will, on average, only have to submit one error correction report per day. This collection is a third-party disclosure type of collection.

#### 2. Non-Reporting Sides

With respect to the as many as 4,800 non-reporting sides that will be subject to this burden, the Commission continues to estimate that the requirements to notify reporting sides will impose an aggregate ongoing annualized burden of 998,640 hours, which corresponds to 208.05 burden hours per non-reporting-side participant.<sup>103</sup> This figure is based on the Commission's

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<sup>99</sup> This figure is calculated as follows: [(((172 burden hours for one-time development of reporting system) x (0.05)) + ((33 burden hours annual maintenance of reporting system) x (0.05)) + ((180 burden hours one-time compliance program development) x (0.1)) + ((218 burden hours annual support of compliance program) x (0.1))) x (10 platforms)] = 500.5 burden hours, which is 50 burden hours per reporting side.

<sup>100</sup> This figure is calculated as follows: [(((33 burden hours annual maintenance of reporting system) x (0.05)) + ((218 burden hours annual support of compliance program) x (0.1))) x (10 platforms)] = 234.5 burden hours, which is 23.5 burden hours per platform.

<sup>101</sup> See Regulation SBSR Adopting Release, 80 FR at 14682. This figure is calculated as follows: [(((172 burden hours for one-time development of reporting system) x (0.05)) + ((33 burden hours annual maintenance of reporting system) x (0.05)) + ((180 burden hours one-time compliance program development) x (0.1)) + ((218 burden hours annual support of compliance program) x (0.1))) x (300 reporting sides)] = 15,015 burden hours, which is 50 burden hours per reporting side. The burden hours for annual maintenance of the reporting system has been updated to reflect new information on the number of reportable events.

<sup>102</sup> See Regulation SBSR Adopting Release, 80 FR at 14682. This figure is calculated as follows: [(((33 burden hours annual maintenance of reporting system) x (0.05)) + ((218 burden hours annual support of compliance program) x (0.1))) x (300 reporting sides)] = 7,035 burden hours, which is 23.5 burden hours per reporting side. The burden hours for annual maintenance of the reporting system has been updated to reflect new information on the number of reportable events.

<sup>103</sup> This burden was calculated using the same methodology as was used in the Regulation

estimate of (1) 4,800 participants; and (2) 1.14 transaction per day per participant.<sup>104</sup> The burdens of Rule 905 on reporting sides and other participants will be reduced to the extent that complete and accurate information is reported to registered SDRs in the first instance pursuant to Rule 901. This collection is a third-party disclosure type of collection.

### 3. SDRs

The burdens associated with Rule 905(b) of Regulation SBSR remain unchanged from those burdens preliminarily identified in the Commission's original PRA analysis, except that all hourly cost figures have been updated to reflect data from SIFMA's *Management & Professional Earnings in the Securities Industry 2013* and SIFMA's *Office Salaries in the Securities Industry 2013*, modified by Commission staff to account for an 1800-hour work-year and multiplied by 5.35 or 2.93, as appropriate, to account for bonuses, firm size, employee benefits, and overhead. Rule 905(b) will require a registered SDR to develop protocols regarding the reporting and correction of erroneous information. The Commission believes, however, that this duty will represent only a minor extension of other duties for which the Commission estimated burdens, and consequently, will not impose substantial additional burdens on a registered SDR. The Commission estimates that 10 entities will be subject to this burden. The Commission estimates that to develop and publicly provide the necessary protocols will impose an initial one-time burden of approximately 7,300 burden hours, which corresponds to 730 burden hours per SDR respondent. The Commission estimates that to review and update such protocols on an ongoing basis will impose an annual aggregate burden of approximately 14,600 burden hours, which corresponds to 1,460 burden hours per SDR respondent. The Commission estimates that the protocols will have to be updated once each year, resulting in one response per respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 1,703.33 hours per response.<sup>105</sup> This collection is a third-party disclosure type of collection.

For registered SDRs, the Commission estimates that the initial (first-year) aggregate annualized burden on registered SDRs under Rule 905, as adopted and as proposed to be amended herein, would be 21,900 burden hours, which corresponds to 2,190 burden hours for

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

<sup>104</sup> This figure is based on the following: [((2,000,000 estimated annual security-based swap transactions) / (4,800 estimated participants)) / (365 days/year)] = 1.14 transactions per day, on average.

<sup>105</sup> This figure is based on the following: [((730 hours/3 years) + (1,460 hours)) / (1 response per year)] = 1703.33 hours.

each registered SDR.<sup>106</sup> The Commission further estimates that the ongoing aggregate annualized burden on registered SDRs under Rule 905, as adopted and as proposed to be amended herein, would be 14,600 burden hours, which corresponds to 1,460 burden hours for each registered SDR.<sup>107</sup>

#### 4. Reporting Sides – New Respondents

The Commission preliminarily estimates that an additional 120 respondents would incur the duty to report under the proposed amendments to Regulation SBSR in the U.S. Activity Proposing Release. Because any of these additional participants could become aware of errors in their reported transaction data, we estimate that there may be 120 respondents for purposes of the proposed amendments. Finally, Rule 905, would apply to registered SDRs. The Commission continues to estimate that there are 10 registered SDRs subject to Rule 905. The Commission estimates that 120 new reporting sides now subject to Regulation SBSR as a result of the U.S. Activity Proposal would incur, as a result of rule 905(a), an initial (first-year) aggregate burden of 5,808.7 hours, which is 48.4 burden hours per reporting side,<sup>108</sup> and an ongoing aggregate annualized burden of 2,616.7 hours, which is 21.8 burden hours per respondent.<sup>109</sup> This collection is a third-party disclosure type of collection. We preliminarily believe that the actual submission of amended transaction reports required under rule 905(a)(2) would not result in a material burden because this would be done electronically through the reporting system that the respondent already is required to develop and maintain to comply with existing rule 901. The overall burdens associated with such a reporting system are addressed in our analysis of rule 901.

#### 5. Platforms

Rule 905 applies to all participants of registered SDRs. As noted above, we estimated that there would be approximately 300 respondents that incur the duty to report security-based swap transactions pursuant to current rule 901. In addition, Rule 905, as proposed to be

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<sup>106</sup> This figure is based on the following:  $[(730 \text{ burden hours to develop protocols}) + (1,460 \text{ burden hours annual support})] \times (10 \text{ registered SDRs}) = 21,900 \text{ burden hours}$ , which corresponds to 2,190 burden hours per registered SDR.

<sup>107</sup> This figure is based on the following:  $[(1,460 \text{ burden hours annual support}) \times (10 \text{ registered SDRs})] = 14,600 \text{ burden hours}$ , which corresponds to 1,460 burden hours per registered SDR.

<sup>108</sup> This figure is calculated as follows:  $[(172 \text{ burden hours for one-time development of reporting system}) \times (0.05)] + [(11 \text{ burden hours annual maintenance of reporting system}) \times (0.05)] + [(180 \text{ burden hours one-time compliance program development}) \times (0.1)] + [(218 \text{ burden hours annual support of compliance program}) \times (0.1)] \times (120 \text{ respondents}) = 5808.7 \text{ burden hours}$ , which is 48.4 burden hours per respondent.

<sup>109</sup> This figure is calculated as follows:  $[(11 \text{ burden hours annual maintenance of reporting system}) \times (0.05)] + [(218 \text{ burden hours annual support of compliance program}) \times (0.1)] \times (120 \text{ respondents}) = 2616.7 \text{ burden hours}$ , which is 21.8 burden hours per respondent.

amended in the Regulation SBSR Proposed Amendments Release, would apply to platforms. The Commission preliminarily estimates that there will be approximately 10 platforms that incur a duty to report security-based swap transactions pursuant to Rule 901, as amended, and thus may have a duty to correct errors under Rule 905. In light of the Commission’s proposed amendment to Rule 901(a) to require a platform to report a security-based swap that is executed on the platform and that will be submitted to clearing, the Commission is proposing to make conforming changes to Rule 905(a) to require the person having the duty to report the initial transaction to correct previously reported erroneous information if it discovers an error. Thus, under the proposed amendments to Rule 905(a), the person having the duty to report a security-based swap, whether a counterparty or a platform, would be required to correct previously reported erroneous information with respect to that security-based swap if it discovers an error.

For platforms, the Commission preliminarily estimates that the proposed amendments to Rule 905(a) would impose an initial (first-year) aggregate burden of 500.5 hours, which is 50.0 burden hours per platform,<sup>110</sup> and an ongoing aggregate annualized burden of 234.5 hours, which is 23.5 burden hours per platform.<sup>111</sup> This collection is a third-party disclosure type of collection.

e. Other Duties of Participants

i. Rule 903(a) – Participants

The Regulation SBSR Proposed Amendments Release did not contain any changes to the previously estimated burdens as a result of the proposed amendments. As a result, Rule 903(a), as adopted, continues to provide that, if an internationally recognized standards-setting system (“IRSS”) that meets certain criteria is recognized by the Commission and has assigned a unique identification code (“UIC”) to a person, unit of a person, or product (or has endorsed a methodology for assigning transaction IDs), all registered SDRs must use that UIC in carrying out their responsibilities under Regulation SBSR. If no such system has been recognized by the Commission, or if such a system has not assigned a UIC to a particular person, unit of a person, or product (or has not endorsed a methodology for assigning transaction IDs), the registered SDR must assign a UIC to that person, unit of a person, or product using its own methodology (or endorse a methodology for assigning transaction IDs). In the Regulation SBSR Adopting Release, the Commission recognized the Global LEI System (“GLEIS”) as an IRSS that meets the criteria of Rule 903. The GLEIS issues UICs for legal entities, known as “legal entity identifiers” or “LEIs.” Therefore, if an entity has an LEI issued by or through the GLEIS, that

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<sup>110</sup> This figure is calculated as follows: [(((172 burden hours for one-time development of reporting system) x (0.05)) + ((33 burden hours annual maintenance of reporting system) x (0.05)) + ((180 burden hours one-time compliance program development) x (0.1)) + ((218 burden hours annual support of compliance program) x (0.1))) x (10 platforms)] = 500.5 burden hours, which is 50 burden hours per reporting side.

<sup>111</sup> This figure is calculated as follows: [(((33 burden hours annual maintenance of reporting system) x (0.05)) + ((218 burden hours annual support of compliance program) x (0.1))) x (10 platforms)] = 234.5 burden hours, which is 23.5 burden hours per platform.

LEI must be used for all purposes under Regulation SBSR. In conjunction with the Commission's recognition of the GLEIS, Rule 903 requires all persons who are participants of at least one registered SDR to obtain an LEI from or through the GLEIS for use under Regulation SBSR. Furthermore, each participant that acts as a guarantor of a direct counterparty's performance of any obligation under a security-based swap that is subject to Rule 908(a) shall, if the direct counterparty has not already done so, obtain a UIC for identifying the direct counterparty from or through that system, if that system permits third-party registration without a requirement to obtain prior permission of the direct counterparty.

Rule 903 applies to any person who is a participant of at least one registered SDR. The Commission estimates that there may be up to 4,800 security-based swap counterparties that are participants of one or more registered SDRs. As stated in the Regulation SBSR Adopting Release, the Commission believes that no fewer than 3,500 of approximately 4,800 accounts that participated in the market for single-name CDS in 2013 currently have LEIs. Consequently, the Commission estimated that, for purposes of the PRA, there may be as many as 1,300 participant respondents who do not already have a GLEIS LEI and who will be required to obtain one and as many as 4,800 participants who will need to maintain a GLEIS LEI. The Commission estimated that first-year aggregate burden imposed by Rule 903 will be 1,300 hours, which corresponds to 1 hour per participant, to account for the initial burdens of obtaining an LEI.<sup>112</sup> The Commission estimated that the ongoing burden imposed by Rule 903 will be 4,800 hours, which corresponds to 1 hour per participant, to account for ongoing administration of the LEI.<sup>113</sup> In addition, for these participants, the assignment of an LEI will entail both one-time and ongoing costs assessed by local operation units ("LOUs") of the GLEIS. This collection is a third-party disclosure type of collection.

i. Rule 906 – As Previously Adopted

1. Rule 906(a) – SDRs

Rule 906(a), as adopted in the Regulation SBSR Adopting Release, establishes procedures designed to ensure that a registered SDR obtains applicable UICs for both counterparties to a security-based swap. Rule 906(a) requires a registered SDR, once a day, to send a report to each of its participants identifying, for each security-based swap to which that participant is a counterparty, the security-based swap(s) for which the registered SDR lacks

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<sup>112</sup> This figure is based on the following: [Compliance Attorney at 1 hour/year) x (1,300 participants)] = 1,300 burden hours.

<sup>113</sup> This figure is based on the following: [(Compliance Attorney at 1 hour/year) x (4,800 participants)] = 4,800 burden hours. The Commission notes that for the 1,300 participants that currently do not have an LEI, the first year burden on obtaining an LEI will be one hour per participant. However, these same participants will not incur the annual recurring burden during that first year and will only incur this recurring burden in subsequent year. Thus, the one hour per year ongoing estimate for participants that do not currently have an LEI will be reduced (Y1: 0; Y2: 1 hour; Y3: 1 hour = 2 hours/3 = .67 hour).



participant ID and (if applicable) broker ID, trading desk ID, and trader ID. The Commission estimates that 10 entities will be subject to this burden. The Commission estimates that there will be a one-time, initial burden of 1,120 burden hours for a registered SDR to create a report template and develop the necessary systems and processes to produce a daily report required by Rule 906(a), which corresponds to 112 burden hours per SDR respondent. Further, the Commission estimates that there will be an ongoing annualized burden of 3,080 burden hours for SDRs to generate and issue the daily reports, and to enter into their systems the UICs supplied by participants in response to the daily reports, which corresponds to 308 burden hours per SDR respondent. The Commission believes that each participant will receive two missing information reports each day and that each SDR will be required to send 160,000 daily reports annually.<sup>114</sup> The Commission estimates that each daily report will result in a burden of 0.002158 hours.<sup>115</sup> This collection is a third-party disclosure type of collection.

## 2. Rule 906(a) – Participants

Rule 906(a) requires a participant that receives a daily report from a registered SDR to provide the missing identifier codes to the registered SDR within 24 hours. The Commission estimates that as many as 4,800 participants will be subject to this burden. The Commission further estimates that the ongoing annualized burden under Rule 906(a) to participants will be 199,728 burden hours, which corresponds to 41.6 burden hours per participant.<sup>116</sup> This figure is based on the Commission's estimates of (1) 4,800 participants; and (2) approximately 1.14 transactions per day per participant.<sup>117</sup> The Commission estimates that each participant will be required to respond to 1.14 missing information reports each day, resulting in 416.1 responses

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<sup>114</sup> The Commission estimated:  $[(2,000,000 \text{ estimated annual SBS transactions}) / (4,800 \text{ estimated participants})] / (365 \text{ days/year}) = \text{approximately } 1.14 \text{ transactions per day per participant}$ . The Commission further estimates:  $[(1 \text{ missing information report per participant (i.e., an error rate of } 80\%)) \times (365 \text{ days/year}) \times (4,800 \text{ participants})] = 1,597,824 \text{ daily reports per year, or approximately } 160,000 \text{ daily reports per year per SDR}$ .

<sup>115</sup> This figure is based on the following:  $[(112 \text{ hours}/3 \text{ years}) + (308 \text{ hours})] / (160,000 \text{ responses per year}) = 0.002158 \text{ hours}$ . The Commission stated its belief that the process of sending out daily reports will be automated.

<sup>116</sup> This burden was calculated using the same methodology as was used in the Regulation SBSR Proposing Release, updated to account for new estimates of the number of missing information reports resulting from updates in the number of reportable events. See Regulation SBSR Adopting Release, 80 FR at 14684. This figure is based on the following:  $[(1.14 \text{ missing information reports per participant per day}) \times (365 \text{ days/year}) \times (\text{Compliance Clerk at } 0.1 \text{ hours/report}) \times (4,800 \text{ participants})] = 199,728 \text{ burden hours, which corresponds to } 41.6 \text{ burden hours per participant}$ .

<sup>117</sup> This figure is based on the following:  $[(2,000,000 \text{ estimated annual security-based swap transactions}) / (4,800 \text{ participants})] / (365 \text{ days/year}) = 1.14 \text{ transactions per day, or approximately } 1 \text{ transaction per day}$ .

per participant respondent per year, for a burden of 0.1 hours per response.<sup>118</sup> This collection is a third-party disclosure type of collection.

### 3. Rule 906(b) – Participants

Rule 906(b) requires each participant of a registered SDR to provide to the registered SDR an initial parent/ affiliate report and subsequent reports, as needed. The Commission estimates that there will be as many as 4,800 participants, that each participant will connect to two registered SDRs on average, and that each participant will submit two reports each year.<sup>119</sup> Accordingly, the Commission estimates that the ongoing annualized burden associated with Rule 906(b) will be 9,600 burden hours, which corresponds to 2 burden hours per participant.<sup>120</sup> The Commission estimates 2 responses per participant respondent per year, resulting in a burden of 1 hour per response. This collection is a third-party disclosure type of collection.

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

Finally, Rule 906(c) requires each participant that is a registered security-based swap dealer or registered major security-based swap participant to establish, maintain, and enforce written policies and procedures (updated at least annually) that are reasonably designed to ensure compliance with any security-based swap transaction reporting obligations in a manner consistent with Regulation SBSR. The Commission estimates that 55 entities will be subject to this burden. The Commission estimates that the one-time, initial burden for covered participants to adopt written policies and procedures as required under Rule 906(c) will be approximately 11,880 burden hours, which corresponds to 216 burden hours per covered participant. Further, the Commission estimates the aggregate ongoing annual burden of maintaining such policies and procedures, including a full review at least annually, as required by Rule 906(c), will be approximately 6,600 burden hours, which corresponds to 120 burden hours for each covered participant. The Commission estimates 1 response per respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 192 hours per response.<sup>121</sup> This collection is a recordkeeping type of collection.

#### ii. Rule 906(c) – Proposed Amendments

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<sup>118</sup> This figure is based on the following:  $(41.6 \text{ hours} / (416.1 \text{ responses/year})) = 0.1 \text{ hours per response}$ .

<sup>119</sup> The Commission estimates that, during the first year, each participant will submit an initial report and one update report and, in subsequent years, will submit two update reports.

<sup>120</sup> See Regulation SBSR Adopting Release, 80 FR at 14684. This figure is based on the following:  $[(\text{Compliance Clerk at } 0.5 \text{ hours per report}) \times (2 \text{ reports/year/SDR connection}) \times (2 \text{ SDR connections/participant}) \times (4,800 \text{ participants})] = 9,600 \text{ burden hours, which corresponds to } 2 \text{ burden hours per participant}$ .

<sup>121</sup> This figure is based on the following:  $[(216 \text{ hours}/3 \text{ years}) + (120 \text{ hours})] / (1 \text{ response per year}) = 192 \text{ hours}$ .

## 1. Rule 906(c) – Registered Clearing Agencies and Platforms

The proposed amendments to Rule 906(c) contained in the Regulation SBSR Proposed Amendments Release would result in the rule applying to registered clearing agencies and platforms. The Commission estimates that there will be 4 registered clearing agencies and 10 platforms. The proposed amendment to Rule 906(c) would require each registered clearing agency or platform to establish, maintain, and enforce written policies and procedures that are reasonably designed to ensure compliance with applicable security-based swap transaction reporting obligations. The proposed amendment to Rule 906(c) also would require each registered clearing agency and platform to review and update such policies and procedures at least annually. The Commission estimates that the one-time, initial burden for each registered clearing agency or platform to adopt written policies and procedures as required under the proposed amendments to Rule 906(c) would be similar to the Rule 906(c) burdens discussed in the Regulation SBSR Adopting Release for covered participants, and would be approximately 216 burden hours per registered clearing agency or platform.<sup>122</sup> As discussed in the Regulation SBSR Proposing Release,<sup>123</sup> this figure is based on the estimated number of hours to develop a set of written policies and procedures, program systems, implement internal controls and oversight, train relevant employees, and perform necessary testing. In addition, the Commission estimates the burden of maintaining such policies and procedures, including a full review at least annually will be approximately 120 burden hours for each registered clearing agency or platform.<sup>124</sup> This figure includes an estimate of hours related to reviewing existing policies and procedures, making necessary updates, conducting ongoing training, maintaining internal controls systems, and performing necessary testing. Accordingly, the Commission estimates that the initial aggregate annualized burden associated with the proposed amendments to Rule 906(c) would be 4,704 burden hours, which corresponds to 336 burden hours per registered clearing agency or platform.<sup>125</sup> The Commission estimates that the ongoing aggregate annualized burden associated with the proposed amendments to Rule 906(c) will be 1,680 burden hours, which corresponds to 120 burden hours per registered clearing agency or platform.<sup>126</sup> This collection is a third-party disclosure type of collection.

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<sup>122</sup> See Regulation SBSR Adopting Release, 80 FR at 14684-85. This figure is based on the following: [(Sr. Programmer at 40 hours) + (Compliance Manager at 40 hours) + (Compliance Attorney at 40 hours) + (Compliance Clerk at 40 hours) + (Sr. Systems Analyst at 32 hours) + (Director of Compliance at 24 hours)] = 216 burden hours per registered clearing agency or platform.

<sup>123</sup> See Regulation SBSR Proposing Release, 75 FR at 75257.

<sup>124</sup> See *id.* This figure is based on the following: [(Sr. Programmer at 8 hours) + (Compliance Manager at 24 hours) + (Compliance Attorney at 24 hours) + (Compliance Clerk at 24 hours) + (Sr. Systems Analyst at 16 hours) + (Director of Compliance at 24 hours)] = 120 burden hours per registered clearing agency or platform.

<sup>125</sup> This figure is based on the following: [(216 + 120 burden hours) x (14 registered clearing agencies and platforms)] = 4,704 burden hours.

<sup>126</sup> This figure is based on the following: [(120 burden hours) x (14 registered clearing agencies and platforms)] = 1,680 burden hours.

## 2. Rule 906(c) – Registered Broker-Dealer Participants

The proposed amendments to rule 906(c) contained in the U.S. Activity Proposing Release would result in the rule applying to registered broker-dealers that are likely to become participants solely as a result of being required to report one or more security-based swaps to satisfy an obligation under proposed rule 901(a)(2)(ii)(E)(4). The Commission estimates that there would be 30 such registered broker-dealers. The proposed amendment to rule 906(c) would require each registered broker-dealer that is likely to become a participant solely as a result of making a report to satisfy an obligation under proposed rule 901(a)(2)(ii)(E)(4) to establish, maintain, and enforce written policies and procedures that are reasonably designed to ensure compliance with applicable security-based swap transaction reporting obligations. The proposed amendment to rule 906(c) also would require each such registered broker-dealer to review and update such policies and procedures at least annually. We estimate that the one-time, initial burden for each such registered broker-dealer to adopt written policies and procedures as required under the proposed amendments to rule 906(c) would be similar to the rule 906(c) burdens discussed in the Regulation SBSR Adopting Release for covered participants, and would be approximately 216 burden hours per registered broker-dealer.<sup>127</sup> As discussed in the Regulation SBSR Adopting Release,<sup>128</sup> this figure is based on the estimated number of hours to develop a set of written policies and procedures, program systems, implement controls and oversight, train relevant employees, and perform necessary testing. In addition, we estimate the burden of maintaining such policies and procedures, including a full review at least annually would be approximately 120 burden hours for each registered broker-dealer that is likely to become an SDR participant.<sup>129</sup> This figure includes an estimate of hours related to reviewing existing policies and procedures, making necessary updates, conducting ongoing training, maintaining controls systems, and performing necessary testing. Accordingly, the Commission estimates that the initial aggregate annualized burden associated with the proposed amendments to rule 906(c) would be 10,080 burden hours, which corresponds to 336 burden hours per registered broker-dealer that is likely to become a participant solely as a result of making a report to satisfy an obligation under proposed rule 901(a)(2)(ii)(E)(4).<sup>130</sup> The Commission estimates that the ongoing aggregate annualized burden associated with the proposed amendments to rule 906(c) would be 3,600 burden hours, which corresponds to 120 burden hours per registered broker-dealer that is likely to become a participant solely as a result of making a report to satisfy

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<sup>127</sup> See Regulation SBSR Adopting Release, 80 FR 14684. This figure is based on the following: [(Sr. Programmer at 40 hours) + (Compliance Manager at 40 hours) + (Compliance Attorney at 40 hours) + (Compliance Clerk at 40 hours) + (Sr. Systems Analyst at 32 hours) + (Director of Compliance at 24 hours)] = 216 burden hours per registered broker-dealer that is likely to become a participant solely as a result of making a report to satisfy an obligation under proposed rule 901(a)(2)(ii)(E)(4).

<sup>128</sup> See *id.*

<sup>129</sup> See *id.*

<sup>130</sup> This figure is based on the following: (216 + 120 burden hours) x (30 registered broker-dealers that are likely to become a participant solely as a result of making a report to satisfy an obligation under proposed rule 901(a)(2)(ii)(E)(4))] = 10,080 burden hours.

an obligation under proposed rule 901(a)(2)(ii)(E)(4).<sup>131</sup> This collection is a recordkeeping type of collection.

f. Policies and Procedures of Registered SDRs

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

In the Regulation SBSR Proposed Amendments Release, the Commission is proposing to revise Rule 907(a)(6) to indicate that a registered SDR's policies and procedures need not contain provisions for obtaining ultimate parent IDs and participant IDs from participants that are platforms or registered clearing agencies. Under the proposed amendments to Rule 901(a) and 901(e), platforms and registered clearing agencies would have the duty to report certain security-based swaps and become participants of registered SDRs to which they report. Rule 907(a)(6), as adopted, requires a registered SDR to establish and maintain written policies and procedures "[f]or periodically obtaining from each participant information that identifies the participant's ultimate parent(s) and any participant(s) with which the participant is affiliated, using ultimate parent IDs and participant IDs." The Commission preliminarily believes that requiring a platform or registered clearing agency to report parent and affiliate information to a registered SDR would not serve any regulatory purpose and, therefore, has proposed to amend Rule 907(a)(6) to indicate that the obligations under Rule 907(a)(6) do not attach to participants that are platforms or a registered clearing agencies. This proposed amendment would not result in any burdens being placed on platforms and registered clearing agencies.

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

The burdens associated with Rule 907 of Regulation SBSR, as adopted, remain unchanged from those burdens preliminarily identified in the Commission's original PRA analysis, except that all hourly cost figures have been updated to reflect data from SIFMA's *Management & Professional Earnings in the Securities Industry 2013* and SIFMA's *Office Salaries in the Securities Industry 2013*, modified by Commission staff to account for an 1800-

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<sup>131</sup> This figure is based on the following: (120 burden hours) x (30 registered broker-dealers that are likely to become a participant solely as a result of making a report to satisfy an obligation under proposed rule 901(a)(2)(ii)(E)(4))] = 3,600 burden hours.

hour work-year and multiplied by 5.35 or 2.93, as appropriate, to account for bonuses, firm size, employee benefits, and overhead. Therefore, the Commission believes that its original PRA analysis continues to apply.

i. Rule 907 – SDRs

Rule 907 requires a registered SDR to establish and maintain compliance with written policies and procedures; to make its policies and procedures publicly available on its website; review, and update as necessary, its policies and procedures at least annually; and have the capacity to provide to the Commission, upon request, information or reports related to the timeliness, accuracy, and completeness of data reported to it pursuant to Regulation SBSR and the registered SDR's policies and procedures thereunder. The Commission estimates that 10 registered SDRs will be subject to Rule 907. The Commission estimates that the one-time, initial burden for registered SDRs to comply with the requirements of Rule 907 will be approximately 150,000 burden hours, which corresponds to 15,000 burden hours per SDR respondent. Further, the Commission estimates that the annual burden of maintaining and reviewing policies and procedures as well as compiling statistics on non-compliance will be approximately 300,000 burden hours, which corresponds to 30,000 burden hours per SDR respondent. The Commission estimates one response per respondent per year, which, including the one-time burden equally allocated over three years, results in a burden of 35,000 hours per response.<sup>132</sup> This collection is a recordkeeping type of collection. No persons other than registered SDRs will incur any burdens under Rule 907.

g. Substituted Compliance

Rule 908 – Requesting Entities

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

The Commission estimates that the total paperwork burden associated with anticipated requests for substituted compliance determinations with respect to regulatory reporting and

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<sup>132</sup> This figure is based on the following:  $[((15,000 \text{ hours}/3 \text{ years}) + (30,000 \text{ hours}))/ (1 \text{ response per year})] = 35,000 \text{ hours}$ .

public dissemination will be approximately 1,120 hours.<sup>133</sup> This estimate includes all collection burdens associated with the request, including burdens associated with analyzing whether the regulatory requirements of the foreign jurisdiction impose a comparable system for the regulatory reporting and public dissemination of security-based swaps. Furthermore, this estimate assumes that each request will be prepared de novo, without any benefit of prior work on related subjects. The Commission notes, however, that as such requests are developed with respect to certain jurisdictions, the cost of preparing such requests with respect to other foreign jurisdictions could decrease.

Because only a small number of jurisdictions have substantial OTC derivatives markets and are implementing OTC derivatives reforms, the Commission estimates that it will receive approximately 10 requests in the first year for substituted compliance determinations with respect to regulatory reporting and public dissemination pursuant to Rule 908(c)(2)(ii) of Regulation SBSR. Assuming 10 requests in the first year, the Commission estimates an aggregated burden for the first year will be 800 hours.<sup>134</sup> The Commission estimates that it will receive 2 requests for substituted compliance determinations pursuant to Rule 908(c)(2)(ii) in each subsequent year. Assuming the same approximate time, the aggregate burden for each year following the first year will be up to 160 hours of the requester's time.<sup>135</sup> Because the Commission anticipates that entities will request substituted compliance beyond the initial implementation of Regulation SBSR, the Commission believes that it is appropriate to characterize these burdens as annual recurring burdens. However, the Commission also believes that these burdens will largely occur in the first year of implementation. As a result, the commission believes that the average annual burden of Rule 908(c) will be approximately 374 hours.<sup>136</sup> This collection is a reporting type of collection.

h. Registration of SDRs as Securities Information Processors

Rule 909 – SDRs

Rule 909 requires a registered SDR also to register with the Commission as a SIP on

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<sup>133</sup> The Commission estimates that the paperwork burden associated with making a substituted compliance request pursuant to Rule 908(c)(2)(ii) of Regulation SBSR will be approximately 80 hours of in-house counsel time.

<sup>134</sup> The Commission estimates that the paperwork burden associated with making 10 substituted compliance requests pursuant to Rule 908(c)(2)(ii) of Regulation SBSR will be up to approximately 800 hours (80 hours of in-house counsel time) x (10 respondents).

<sup>135</sup> The Commission estimates that the paperwork burden associated with making substituted compliance requests pursuant to Rule 908(c)(2)(ii) of Regulation SBSR will be up to approximately 160 hours (80 hours of in-house counsel time) x (2 respondents).

<sup>136</sup> The Commission estimates that the average annual paperwork burden associated with making 14 substituted compliance requests, during the first three years following implementation, will be up to 373.33 hours ((80 hours of in-house counsel time) x (14 respondents))/3 years).

Form SDR. Previously, in the Regulation SBSR Proposing Release, the Commission had proposed the use of a separate form, Form SIP. Based on the use of that form, the Commission stated in the Regulation SBSR Proposing Release that Rule 909 contained “collection of information requirements” within the meaning of the PRA and thus, the Commission preliminarily estimated certain burdens on registered SDRs that would result from Rule 909.<sup>137</sup> As a result of the consolidation of SDR and SIP registration on a single form, the Commission now believes that Rule 909 does not constitute a separate “collection of information” within the meaning of the PRA.<sup>138</sup> Any burdens and costs pertaining to the completion of Form SDR have been considered in connection with the Regulation SDR Adopting Release.

### **13. Estimate of Total Annual Cost Burden**

The total cost for all of Regulation SBSR, as adopted, for all respondents is approximately \$21,406,000 initially, with a total ongoing cost thereafter of approximately \$99,758,000. These costs are broken down by collection of information below.

#### a. Reporting Obligations

##### i. Rule 901 – As Previously Adopted

##### 1. Reporting Sides

The Commission, in the SBSR Adopting Release, estimated that reporting sides may incur annual costs to capture and maintain relevant security-based swap transaction information to comply with the reporting requirements of Rule 901. The Commission estimated that 300 entities would be subject to this cost burden. Reporting sides will need to establish and maintain connectivity to a registered SDR to facilitate the reporting required by Rule 901. The Commission estimated that the annual cost to establish connectivity to a registered SDR will be a dollar cost burden of approximately \$60,000,000, which corresponds to a dollar cost burden of \$200,000 for each reporting side.<sup>139</sup> In addition, the Commission estimated that the aggregate annual dollar cost burden to save relevant security-based swap information and documents will be \$300,000, which would correspond to \$1,000 for each reporting side.<sup>140</sup> Further, the

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<sup>137</sup> See Regulation SBSR Proposing Release, 75 FR at 75261.

<sup>138</sup> See SDR Adopting Release, Section VI(A)(1)(c).

<sup>139</sup> This estimate is based on discussions of Commission staff with various market participants, as well as the Commission’s experience regarding connectivity between securities market participants for data reporting purposes. The Commission derived the total estimated dollar cost burden from the following: [(\$100,000 hardware- and software-related expenses, including necessary back-up and redundancy, per SDR connection) x (2 SDR connections per reporting side) x (300 reporting sides)] = \$60,000,000.

<sup>140</sup> This estimate is based on discussions of Commission staff with various market participants and is calculated as follows: [(\$250/gigabyte of storage capacity) x (4 gigabytes of storage) x (300 reporting sides)] = \$300,000. The Commission stated its



Commission estimated that, in total, the dollar cost burden for reporting sides to comply with the reporting obligations of Rule 901 will be \$60,300,000 annually, or \$201,000 per reporting side per year. We estimated 1 response per respondent per year, resulting in a dollar cost burden of \$201,000 per response. This collection is a third-party disclosure type of collection.

i. Rule 901 – Proposed Amendments

In February and April 2015, the Commission proposed rules, amendments, and guidance relation to Regulation SBSR. The cost burdens resulting from these proposals are summarized below.

1. Reporting Sides

The Commission does not believe that the proposed amendments would result in any additional cost burdens being placed upon reporting sides.

2. Reporting Sides – New Respondents

The Commission estimates that new respondents may incur annual costs to capture and maintain relevant security-based swap transaction information to comply with the reporting requirements of Rule 901. The Commission estimates that 120 entities would be subject to this cost burden. These new respondents will need to establish and maintain connectivity to a registered SDR to facilitate the reporting required by Rule 901. The Commission estimates that the annual cost to establish connectivity to a registered SDR will be a dollar cost burden of approximately \$24,000,000, which corresponds to a dollar cost burden of \$200,000 for each new respondent.<sup>141</sup> In addition, the Commission estimates that the aggregate annual dollar cost burden to save relevant security-based swap information and documents will be \$120,000, which would correspond to \$1,000 for each new reporting side.<sup>142</sup> Further, the Commission estimates

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preliminarily belief that storage costs associated with saving relevant security-based swap information and documents would not vary significantly between the first year and subsequent years.

<sup>141</sup> This estimate is based on discussions of Commission staff with various market participants, as well as the Commission’s experience regarding connectivity between securities market participants for data reporting purposes. The Commission derived the total estimated dollar cost burden from the following: [(\$100,000 hardware- and software-related expenses, including necessary back-up and redundancy, per SDR connection) x (2 SDR connections per reporting side) x (120 new reporting sides)] = \$24,000,000.

<sup>142</sup> This estimate is based on discussions of Commission staff with various market participants and is calculated as follows: [(\$250/gigabyte of storage capacity) x (4 gigabytes of storage) x (300 reporting sides)] = \$300,000. The Commission stated its preliminarily belief that storage costs associated with saving relevant security-based swap information and documents would not vary significantly between the first year and subsequent years.

that, in total, the dollar cost burden for these new reporting sides to comply with the reporting obligations of Rule 901 will be \$24,120,000 annually, or \$201,000 per new reporting side per year. We estimate 1 response per respondent per year, resulting in a dollar cost burden of \$201,000 per response. This collection is a third-party disclosure type of collection.

### 3. SDRs

The Commission does not believe that the proposed amendments would result in any additional burdens being placed upon SDRs.

### 4. Platforms

The Commission estimates that platforms may incur annual costs to capture and maintain relevant security-based swap transaction information to comply with the reporting requirements of Rule 901 similar to reporting sides. The Commission estimates that 10 platforms would be subject to this cost burden. These platforms will need to establish and maintain connectivity to a registered SDR to facilitate the reporting required by Rule 901. The Commission estimates that the annual cost to establish connectivity to a registered SDR will be a dollar cost burden of approximately \$2,000,000, which corresponds to a dollar cost burden of \$200,000 for each new respondent.<sup>143</sup> In addition, the Commission estimates that the aggregate annual dollar cost burden to save relevant security-based swap information and documents will be \$10,000, which would correspond to \$1,000 for each platform.<sup>144</sup> Further, the Commission estimates that, in total, the dollar cost burden for these new reporting sides to comply with the reporting obligations of Rule 901 will be \$2,010,000 annually, or \$201,000 per platform per year. We estimate 1 response per respondent per year, resulting in a dollar cost burden of \$201,000 per response. This collection is a third-party disclosure type of collection.

### 5. Clearing Agencies

The Commission estimates that clearing agencies may incur annual costs to capture and maintain relevant security-based swap transaction information to comply with the reporting requirements of Rule 901 similar to reporting sides. The Commission estimates that 4 clearing agencies would be subject to this cost burden. These clearing agencies will need to establish and

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<sup>143</sup> This estimate is based on discussions of Commission staff with various market participants, as well as the Commission's experience regarding connectivity between securities market participants for data reporting purposes. The Commission derived the total estimated dollar cost burden from the following: [(\$100,000 hardware- and software-related expenses, including necessary back-up and redundancy, per SDR connection) x (2 SDR connections per reporting side) x (10 platforms)] = \$2,000,000.

<sup>144</sup> This estimate is based on discussions of Commission staff with various market participants and is calculated as follows: [(\$250/gigabyte of storage capacity) x (4 gigabytes of storage) x (10 platforms)] = \$10,000. The Commission stated its preliminary belief that storage costs associated with saving relevant security-based swap information and documents would not vary significantly between the first year and subsequent years.

maintain connectivity to a registered SDR to facilitate the reporting required by Rule 901. The Commission estimates that the annual cost to establish connectivity to a registered SDR will be a dollar cost burden of approximately \$800,000, which corresponds to a dollar cost burden of \$200,000 for each new respondent.<sup>145</sup> In addition, the Commission estimates that the aggregate annual dollar cost burden to save relevant security-based swap information and documents will be \$4,000, which would correspond to \$1,000 for each clearing agency.<sup>146</sup> Further, the Commission estimates that, in total, the dollar cost burden for these clearing agencies to comply with the reporting obligations of Rule 901 will be \$804,000 annually, or \$201,000 per clearing agency per year. We estimate 1 response per respondent per year, resulting in a dollar cost burden of \$201,000 per response. This collection is a third-party disclosure type of collection.

## ii. Rule 901 – Aggregate Burdens

### 1. Reporting Sides

In summary, the Commission believes that reporting sides may incur an annual dollar cost burden of approximately \$60,000,000, which corresponds to a dollar cost burden of \$200,000 for each reporting side.<sup>147</sup> In addition, the Commission estimated that the aggregate annual dollar cost burden to save relevant security-based swap information and documents will be \$300,000, which would correspond to \$1,000 for each reporting side.<sup>148</sup> Further, the

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<sup>145</sup> This estimate is based on discussions of Commission staff with various market participants, as well as the Commission's experience regarding connectivity between securities market participants for data reporting purposes. The Commission derived the total estimated dollar cost burden from the following: [(\$100,000 hardware- and software-related expenses, including necessary back-up and redundancy, per SDR connection) x (2 SDR connections per reporting side) x (10 platforms)] = \$2,000,000.

<sup>146</sup> This estimate is based on discussions of Commission staff with various market participants and is calculated as follows: [(\$250/gigabyte of storage capacity) x (4 gigabytes of storage) x (10 platforms)] = \$10,000. The Commission stated its preliminary belief that storage costs associated with saving relevant security-based swap information and documents would not vary significantly between the first year and subsequent years.

<sup>147</sup> This estimate is based on discussions of Commission staff with various market participants, as well as the Commission's experience regarding connectivity between securities market participants for data reporting purposes. The Commission derived the total estimated dollar cost burden from the following: [(\$100,000 hardware- and software-related expenses, including necessary back-up and redundancy, per SDR connection) x (2 SDR connections per reporting side) x (300 reporting sides)] = \$60,000,000.

<sup>148</sup> This estimate is based on discussions of Commission staff with various market participants and is calculated as follows: [(\$250/gigabyte of storage capacity) x (4 gigabytes of storage) x (300 reporting sides)] = \$300,000. The Commission stated its preliminary belief that storage costs associated with saving relevant security-based swap information and documents would not vary significantly between the first year and

Commission estimated that, in total, the dollar cost burden for reporting sides to comply with the reporting obligations of Rule 901 will be \$60,300,000 annually, or \$201,000 per reporting side per year. We estimated 1 response per respondent per year, resulting in a dollar cost burden of \$201,000 per response. This collection is a third-party disclosure type of collection.

## 2. Reporting Sides – New Respondents

In summary, the Commission estimates that new respondents may incur an annual dollar cost burden of approximately \$24,000,000, which corresponds to a dollar cost burden of \$200,000 for each new respondent.<sup>149</sup> In addition, the Commission estimates that the aggregate annual dollar cost burden to save relevant security-based swap information and documents will be \$120,000, which would correspond to \$1,000 for each new reporting side.<sup>150</sup> Further, the Commission estimates that, in total, the dollar cost burden for these new reporting sides to comply with the reporting obligations of Rule 901 will be \$24,120,000 annually, or \$201,000 per new reporting side per year. We estimate 1 response per respondent per year, resulting in a dollar cost burden of \$201,000 per response. This collection is a third-party disclosure type of collection.

## 3. SDRs

The Commission does not believe that the proposed amendments would result in any addition burdens being placed upon SDRs.

## 4. Platforms

In summary, the Commission estimates that platform may incur an annual dollar cost burden of approximately \$2,000,000, which corresponds to a dollar cost burden of \$200,000 for each new respondent.<sup>151</sup> In addition, the Commission estimates that the aggregate annual dollar

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subsequent years.

<sup>149</sup> This estimate is based on discussions of Commission staff with various market participants, as well as the Commission's experience regarding connectivity between securities market participants for data reporting purposes. The Commission derived the total estimated dollar cost burden from the following: [(\$100,000 hardware- and software-related expenses, including necessary back-up and redundancy, per SDR connection) x (2 SDR connections per reporting side) x (120 new reporting sides)] = \$24,000,000.

<sup>150</sup> This estimate is based on discussions of Commission staff with various market participants and is calculated as follows: [(\$250/gigabyte of storage capacity) x (4 gigabytes of storage) x (300 reporting sides)] = \$300,000. The Commission stated its preliminary belief that storage costs associated with saving relevant security-based swap information and documents would not vary significantly between the first year and subsequent years.

<sup>151</sup> This estimate is based on discussions of Commission staff with various market participants, as well as the Commission's experience regarding connectivity between

cost burden to save relevant security-based swap information and documents will be \$10,000, which would correspond to \$1,000 for each platform.<sup>152</sup> Further, the Commission estimates that, in total, the dollar cost burden for these new reporting sides to comply with the reporting obligations of Rule 901 will be \$2,010,000 annually, or \$201,000 per platform per year. We estimate 1 response per respondent per year, resulting in a dollar cost burden of \$201,000 per response. This collection is a third-party disclosure type of collection.

## 5. Clearing Agencies

In summary, the Commission estimates that clearing agencies may incur an annual dollar cost burden of approximately \$800,000, which corresponds to a dollar cost burden of \$200,000 for each new respondent.<sup>153</sup> In addition, the Commission estimates that the aggregate annual dollar cost burden to save relevant security-based swap information and documents will be \$4,000, which would correspond to \$1,000 for each clearing agency.<sup>154</sup> Further, the Commission estimates that, in total, the dollar cost burden for these clearing agencies to comply with the reporting obligations of Rule 901 will be \$804,000 annually, or \$201,000 per clearing agency per year. We estimate 1 response per respondent per year, resulting in a dollar cost burden of \$201,000 per response. This collection is a third-party disclosure type of collection.

### b. Public Dissemination of Transaction Reports

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securities market participants for data reporting purposes. The Commission derived the total estimated dollar cost burden from the following: [(\$100,000 hardware- and software-related expenses, including necessary back-up and redundancy, per SDR connection) x (2 SDR connections per reporting side) x (10 platforms)] = \$2,000,000.

<sup>152</sup> This estimate is based on discussions of Commission staff with various market participants and is calculated as follows: [(\$250/gigabyte of storage capacity) x (4 gigabytes of storage) x (10 platforms)] = \$10,000. The Commission stated its preliminary belief that storage costs associated with saving relevant security-based swap information and documents would not vary significantly between the first year and subsequent years.

<sup>153</sup> This estimate is based on discussions of Commission staff with various market participants, as well as the Commission's experience regarding connectivity between securities market participants for data reporting purposes. The Commission derived the total estimated dollar cost burden from the following: [(\$100,000 hardware- and software-related expenses, including necessary back-up and redundancy, per SDR connection) x (2 SDR connections per reporting side) x (10 platforms)] = \$2,000,000.

<sup>154</sup> This estimate is based on discussions of Commission staff with various market participants and is calculated as follows: [(\$250/gigabyte of storage capacity) x (4 gigabytes of storage) x (10 platforms)] = \$10,000. The Commission stated its preliminary belief that storage costs associated with saving relevant security-based swap information and documents would not vary significantly between the first year and subsequent years.

The burdens associated with Rule 902 of Regulation SBSR remain unchanged from those burdens identified in the Regulation SBSR Adopting Release. Therefore, the Commission believes that its previously adopted PRA analysis continues to apply.

### Rule 902 – SDRs

In the Regulation SBSR Adopting Release, the Commission stated its belief that a registered SDR will be able to integrate the capability to publicly disseminate security-based swap transaction reports required under Rule 902 as part of its overall system development for transaction data. Based on discussions with industry participants, the Commission estimated that, to implement and comply with the public dissemination requirement of Rule 902, each registered SDR will incur a dollar cost burden equal to an additional 20% of the first-year and ongoing burdens discussed in the SDR Registration Proposing Release.<sup>155</sup> The Commission previously estimated that each registered SDR would incur \$10,000,000 in initial one-time information technology costs. The Commission previously estimated that the total initial cost for all SDR respondents to comply with Rule 902 would be \$20,000,000, or \$2,000,000 per registered SDR.<sup>156</sup> The Commission further estimated that each registered SDR would incur \$6,000,000 in ongoing information technology costs. The Commission continues to believe that the total annual cost to comply with Rule 902 would be \$12,000,000, or \$1,200,000 per registered SDR per year.<sup>157</sup> This collection is a third-party disclosure type of collection.

#### c. Use of LEIs – Rule 903

As is discussed above, the Commission estimated that, for purposes of the PRA, there may be as many as 1,300 participant respondents that will be required to obtain a GLEIS LEI as a result of Rule 903(a) and the Commission’s recognition of the GLEIS—which issues legal entity identifiers—as an internationally recognized-standards setting body that meets the standards of Rule 903. In addition to the hourly burden associated with obtaining and renewing the LEI, the Commission estimated that the cost of registering a new LEI with a local operation unit of the GLEIS is approximately \$220, with an additional cost of \$120 per year for maintaining an LEI.<sup>158</sup> As a result, the Commission estimated that the three-year cost of

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<sup>155</sup> See SDR Registration Proposing Release, 75 FR 77348-50. See also SDR Adopting Release, 80 FR 14523-4. This estimate was based on discussions with industry members and market participants, including entities that may register as SDRs under Title VII, and includes time necessary to design and program a registered SDR’s system to calculate and disseminate initial and subsequent trade reports.

<sup>156</sup> The Commission derived the total estimated initial dollar cost burden from the following:  $[(\$10,000,000 \text{ in information technology costs}) \times (0.2) \times (10 \text{ potential registered SDRs})] = \$20,000,000.$

<sup>157</sup> The Commission derived the total estimated initial dollar cost burden from the following:  $[(\$6,000,000 \text{ in information technology costs}) \times (0.2) \times (10 \text{ potential registered SDRs})] = \$12,000,000.$

<sup>158</sup> See “GMEI Utility: Frequently Asked Questions” (available at: <https://www.gmeiutility.org/frequentlyAskedQuestions.jsp>, detailing registration and

obtaining and maintaining an LEI would be \$460 per participant, or \$153 per year, for a total cost of \$198,900 for all participants who do not already have GLEIS LEIs.<sup>159</sup> The Commission notes, however, that for those 3,500 participants that have already obtained an LEI, the annual maintenance cost will be \$120 per participant for a total cost of \$420,000 per year. These collections are third-party disclosure type of collections.

d. Substituted Compliance

Rule 908 – Requesting Entities

The Commission estimates that the total paperwork burden associated with submitting all anticipated requests for substituted compliance determinations with respect to regulatory reporting and public dissemination will be approximately \$1,120,000 for 14 requests.<sup>160</sup>

Because only a small number of jurisdictions have substantial OTC derivatives markets and are implementing OTC derivatives reforms, the Commission estimates that it will receive approximately 10 requests in the first year for substituted compliance determinations with respect to regulatory reporting and public dissemination pursuant to Rule 908(c)(2)(ii) of Regulation SBSR. Assuming 10 requests in the first year, the Commission staff estimates an aggregated burden for the first year would be \$800,000 for the services of outside professionals.<sup>161</sup> The Commission estimates that it will receive 2 requests for substituted compliance determinations pursuant to Rule 908(c)(2)(ii) in each subsequent year. Assuming the same approximate time and costs, the aggregate burden for each year following the first year will be \$160,000 for the services of outside professionals.<sup>162</sup> Because the Commission anticipates

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maintenance costs for LEIs issued by GMEI, an endorsed pre-LOU of the interim GLEIS, last visited January 4, 2015.)

<sup>159</sup> The Commission derived this estimate as follows: [\$220/initial registration cost per participant + (\$120/annual maintenance cost per participant x 2 (accounting for years 2 and 3)) = \$460 (three year cost per participant), or \$153/year/participant]. The resulting total cost for all 1,300 participants would be \$198,900 (\$153 x 1,300 participants who do not already have GLEIS LEIs).

<sup>160</sup> The Commission estimated that the paperwork burden associated with making a substituted compliance request pursuant to Rule 908(c)(2)(ii) of Regulation SBSR would be approximately \$80,000 for the services of outside professionals (based on (200 hours of outside counsel time) x (\$400/hour)).

<sup>161</sup> The Commission estimated that the paperwork burden associated with making a substituted compliance request pursuant to Rule 908(c)(2)(ii) of Regulation SBSR would be \$800,000 for the services of outside professionals (based on (200 hours of outside counsel time) x (\$400) x (10 respondents)).

<sup>162</sup> The Commission staff estimated that the paperwork burden associated with making a substituted compliance request pursuant to Rule 908(c)(2)(ii) of Regulation SBSR would be \$160,000 for the services of outside professionals (based on (200 hours of outside counsel time) x (\$400) x (2 respondents)).

that entities will request substituted compliance beyond the initial implementation of Regulation SBSR, the Commission believes that it is appropriate to characterize these burdens as annual recurring burdens. However, the Commission also believes that these burdens will largely occur in the first year of implementation. As a result, the commission believes that the average annual dollar cost of Rule 908(c) will be approximately \$373,334.<sup>163</sup>

#### **14. Estimate of Cost to the Federal Government**

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

#### **15. Explanation of Changes in Burden**

Regulation SBSR was adopted in the Regulation SBSR Adopting Release. Subsequently, amendments to Regulation SBSR were proposed in both the Regulation SBSR Proposed Amendments Release and the U.S. Activity Proposing Release. Certain changes, described above, to Regulation SBSR, as originally proposed, were included in these releases.

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

Not applicable.

#### **17. Approval to Omit OMB Expiration Date**

Not applicable.

#### **18. Exceptions to Certification Statement**

Not applicable.

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

This collection does not involve statistical method

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<sup>163</sup> The Commission estimates that the average annual dollar cost associated with making 14 substituted compliance requests, during the first three years following implementation, will be up to approximately \$373,334 ((((\$80,000 for services of outside professionals) x (14 respondents))/3 years).



**Summary of Hourly Burdens**

Rule	Type of Burden	Entity Type	# Entities Impacted	Annual Responses per Entity	Initial Burden per Entity	Initial Burden Annualized per Entity	Ongoing Burden per Entity	Annual Burden Per Entity per Response	Total Annual Burden Per Entity	Total Burden	Total Initial Burden For All Respondents	Total Ongoing Burden For All Respondents
901	Recordkeeping	SDR	10	2	120.00	40.00	152.00	96.00	192.00	1,920.00	1,200.00	1,520.00
902	Third-Party	SDR	10	1	8,400.00	2,800.00	5,040.00	7,840.00	7,840.00	78,400.00	84,000.00	50,400.00
904	Third-Party	SDR	10	12	0.00	0.00	36.00	3.00	36.00	360.00	0.00	360.00
905	Third-Party	SDR	10	1	730.00	243.33	1,460.00	1,703.33	1,703.33	17,033.33	7,300.00	14,600.00
906	Third-Party	SDR	10	160,000	112.00	37.33	308.00	0.002158	345.33	3,453.33	1,120.00	3,080.00
907	Recordkeeping	SDR	10	1	15,000.00	5,000.00	30,000.00	35,000.00	35,000.00	350,000.00	150,000.00	300,000.00
<b>Totals</b>									<b>45,116.67</b>	<b>451,166.67</b>	<b>243,620.00</b>	<b>369,960.00</b>
901	Third-Party	Platforms	10	1	723.00	241.00	726.00	967.00	967.00	9,670.00	7,230.00	7,260.00
905	Third-Party	Platforms	10	1	50.00	16.67	23.50	40.17	40.17	401.67	500.00	235.00
<b>Totals</b>									<b>1,007.17</b>	<b>10,071.67</b>	<b>7,730.00</b>	<b>7,495.00</b>
901	Third-Party	Clearing Agencies	4	1	707.00	235.67	1,754.00	1,989.67	1,989.67	7,958.67	2,828.00	7,016.00
<b>Totals</b>									<b>1,989.67</b>	<b>7,958.67</b>	<b>2,828.00</b>	<b>7,016.00</b>
906(c)	Third-Party	Registered Clearing Agencies and Platforms	14	1	216.00	72.00	120.00	192.00	192.00	2,688.00	3,024.00	1,680.00
<b>Totals</b>									<b>192.00</b>	<b>2,688.00</b>	<b>3,024.00</b>	<b>1,680.00</b>
903(a)	Third-Party	Participants w/o LEIs	1,300	1	1.00	0.33	0.67	1.00	1.00	1,300.00	1,300.00	866.67
903(a)	Third-Party	Participants w/ LEIs	3,500	1	0.00	0.00	1.00	1.00	1.00	3,500.00	0.00	3,500.00
<b>Totals</b>									<b>2.00</b>	<b>4,800.00</b>	<b>1,300.00</b>	<b>4,366.67</b>
901	Third-Party	Reporting Sides	300	1	723.00	241.00	699.00	940.00	940.00	282,000.00	216,900.00	209,700.00
905	Third-Party	Reporting Sides	300	365	50.00	16.67	23.50	0.11	40.17	12,050.00	15,000.00	7,050.00
<b>Totals</b>									<b>980.17</b>	<b>294,050.00</b>	<b>231,900.00</b>	<b>216,750.00</b>
901	Third-Party	Reporting Sides – New Respondents	120	1	707.00	235.67	654.11	889.78	889.78	106,773.20	84,840.00	78,493.20
905	Third-Party	Reporting Sides – New Respondents	120	1	48.40	16.13	21.80	37.93	37.93	4,552.00	5,808.00	2,616.00
<b>Totals</b>									<b>927.71</b>	<b>111,325.20</b>	<b>90,648.00</b>	<b>81,109.20</b>
906(c)	Recordkeeping	Security-Based Swap Dealers and Major Security-Based Swap Participants	55	1	216.00	72.00	120.00	192.00	192.00	10,560.00	11,880.00	6,600.00
<b>Totals</b>									<b>192.00</b>	<b>10,560.00</b>	<b>11,880.00</b>	<b>6,600.00</b>
906(c)	Recordkeeping	Registered Broker-Dealer Participants	30	1	216.00	72.00	120.00	192.00	192.00	5,760.00	6,480.00	3,600.00
<b>Totals</b>									<b>192.00</b>	<b>5,760.00</b>	<b>6,480.00</b>	<b>3,600.00</b>
905	Third-Party	Participants	4,800	365	0.00	0.00	208.05	0.57	208.05	998,640.00	0.00	998,640.00
906(a)	Third-Party	Participants	4,800	416.1	0.00	0.00	41.60	0.10	41.60	199,680.00	0.00	199,680.00
906(b)	Third-Party	Participants	4,800	2	0.00	0.00	2.00	1.00	2.00	9,600.00	0.00	9,600.00
<b>Totals</b>									<b>251.65</b>	<b>1,207,920.00</b>	<b>0.00</b>	<b>1,207,920.00</b>
908	Reporting	Requesting Entities	14	1	80.00	26.67	0.00	26.67	26.67	373.33	1,120.00	0.00
<b>Totals</b>									<b>26.67</b>	<b>373.33</b>	<b>1,120.00</b>	<b>0.00</b>
<b>TOTAL HOURLY BURDEN FOR ALL RESPONDENTS</b>									<b>50,877.69</b>	<b>2,106,673.53</b>	<b>600,530.00</b>	<b>1,906,496.87</b>

**Summary of Dollar Costs**

Rule	Type of Burden	Entity Type	# Entities Impacted	Annual Responses per Entity	Initial Cost per Entity	Initial Cost Annualized per Entity	Annual Ongoing Cost per Entity	Annual Cost Per Entity per Response	Total Annual Cost Per Entity	Total Cost	Total Initial Cost For All Respondents	Total Ongoing Cost For All Respondents
902	Third-Party	SDR	10	1	\$2,000,000	\$666,666.67	\$1,200,000.00	\$1,866,666.67	\$1,866,666.67	\$18,666,666.67	\$20,000,000.00	\$12,000,000.00
<b>Totals</b>									<b>\$1,866,666.67</b>	<b>\$18,666,666.67</b>	<b>\$20,000,000.00</b>	<b>\$12,000,000.00</b>
901	Third-Party	Reporting Sides	300	1	0	\$0.00	\$201,000.00	\$201,000.00	\$201,000.00	\$60,300,000.00	\$0.00	\$60,300,000.00
<b>Totals</b>									<b>\$201,000.00</b>	<b>\$60,300,000.00</b>	<b>\$0.00</b>	<b>\$60,300,000.00</b>
901	Third-Party	Reporting Sides – New Respondents	120	1	0	\$0.00	\$201,000.00	\$201,000.00	\$201,000.00	\$24,120,000.00	\$0.00	\$24,120,000.00
<b>Totals</b>									<b>\$201,000.00</b>	<b>\$24,120,000.00</b>	<b>\$0.00</b>	<b>\$24,120,000.00</b>
901	Third-Party	Platforms	10	1	0	\$0.00	\$201,000.00	\$201,000.00	\$201,000.00	\$2,010,000.00	\$0.00	\$2,010,000.00
<b>Totals</b>									<b>\$201,000.00</b>	<b>\$2,010,000.00</b>	<b>\$0.00</b>	<b>\$2,010,000.00</b>
901	Third-Party	Clearing Agencies	4	1	0	\$0.00	\$201,000.00	\$201,000.00	\$201,000.00	\$804,000.00	\$0.00	\$804,000.00
<b>Totals</b>									<b>\$201,000.00</b>	<b>\$804,000.00</b>	<b>\$0.00</b>	<b>\$804,000.00</b>
903(a) [2]	Third-Party	Participants w/o LEIs	1,300	1	\$220	\$73.33	\$80.00	\$153.33	\$153.33	\$199,333.33	\$286,000.00	\$104,000.00
903(a)	Third-Party	Participants w/ LEIs	3,500	1	\$0	\$0.00	\$120.00	\$80.00	\$80.00	\$280,000.00	\$0.00	\$420,000.00
<b>Totals</b>									<b>\$233.33</b>	<b>\$479,333.33</b>	<b>\$286,000.00</b>	<b>\$524,000.00</b>
908	Reporting	Requesting Entities	14	1	\$80,000	\$26,666.67	\$0.00	\$26,666.67	\$26,666.67	\$373,333.33	\$1,120,000.00	\$0.00
<b>Totals</b>									<b>\$26,666.67</b>	<b>\$373,333.33</b>	<b>\$1,120,000.00</b>	<b>\$0.00</b>
<b>TOTAL COST FOR ALL RESPONDENTS</b>									<b>2,697,566.67</b>	<b>106,753,333.33</b>	<b>21,406,000.00</b>	<b>99,758,000.00</b>