SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission for
Rule 15Ba2-1 and Form MSD

A.   JUSTIFICATION

1.   Necessity of Information Collection

Section 15B(a)(2) of the Securities Exchange Act of 1934 (the "Act") authorizes the Commission to prescribe by rule an application form for registration that requires such information about a municipal securities dealer and its associated persons as is necessary and appropriate in the public interest and for the protection of investors. Rule 15Ba2-1 (17 CFR 240.15Ba2-1), adopted pursuant to Sections 15B(a)(2), 17(a) and 23(a) of the Act, 15 U.S.C. 78q-4(a)(2), 78q(a) and 78w(a), implements Section 15B(a)(1) and (2) by providing that an application for registration by a bank municipal securities dealer (or a separately identifiable department or division of a bank) must be filed on Form MSD (17 CFR 249.1100).

2.   Purpose and Use of the Information Collection

The Commission uses the information obtained from Form MSD filings to determine whether bank municipal securities dealers meet the standards for registration set forth in the Exchange Act, to maintain a central registry where members of the public may obtain information about particular bank municipal securities dealers, and to develop risk assessment information about bank municipal securities dealers. The information is provided to the public through the central registry because it is important to give investors an independent means of obtaining or verifying information that they may deem relevant regarding management, supervisory, and certain other persons associated with a municipal securities dealer, with whom they may be entrusting a substantial portion of their assets. Such information includes, but is not necessarily limited to, the qualifications of such persons.

3.   Consideration Given to Information Technology

While the Commission continues to improve its systems for information gathering and compilation through the increasing use of computer technology, the burden associated with filing each Form MSD is already negligible. Thus, improved information technology will have little effect in reducing the burden.

4.   Duplication

The Rule requires that applications for registration as bank municipal securities dealers be filed on Form MSD. The information contained on Form MSD is not duplicative, nor is it available from any other source. In order to avoid unnecessary duplication with respect to the response to question 5, an applicant may submit a copy of the Form MSD-4, the form filed with the federal bank authorities regarding individuals associated with the municipal securities dealer, rather than the otherwise required Schedule A. The information requested on Schedules B and C is not available from any other source and is necessary for the Commission to determine whether or not to grant an applicant's application for registration.

5.   Effect on Small Entities

Although some bank municipal securities dealers using Form MSD may be characterized as small businesses, the need for information on bank municipal securities dealers (as described in item 2 above) is the same regardless of the size of the dealer.

6.   Consequences of Not Conducting Collection

If the collection were not conducted, the Commission would not be able to use Form MSD information for purposes such as evaluating applications for registration and developing risk assessment information about bank municipal securities dealers. Also, the public would not be able to obtain or verify form MSD information on municipal securities dealers and their associated persons.

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

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

8.   Consultations Outside the Agency

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

9.   Payment or Gift

None.

10. Confidentiality

A Privacy Act Statement, pursuant to 5 U.S.C. 552(e)(3), has been added to Form MSD. This statement provides no assurance of confidentiality.

11. Sensitive Questions

No questions of a sensitive nature are asked. The information collection does not collect any Personally Identifiable Information (PII).

12. Information Collection Burden

Form MSD is a one-time registration form that must be amended only if it becomes inaccurate. The Commission annually receives approximately three new applications on Form MSD and 19 Form MSD amendments. The time required to complete Form MSD varies with the

size and complexity of the bank municipal securities dealer's proposed operations. Bank personnel that prepare Form MSD filings previously indicated that it can take up to 15 hours for a bank with a large operation and many employees to complete the form, but that smaller banks with fewer personnel can complete the form in one to two hours. We believe that most recent applications have come from smaller banks. Also, amendments to form MSD are likely to require significantly less time. We estimate that the total annual burden is currently 31.5 hours at an average of 1.5 hours per respondent. (21 Respondents/year x 1.5 hours/Respondent = 31.5 hours/year). The staff estimates that the average internal compliance cost per hour is approximately $343. Therefore, the estimated total annual cost of compliance is approximately $10,805 per year. (31.5 hours/year x $343/hour = $10,805/year.)

13. Costs to Respondents

There are no costs to respondents other than those identified in item 12, above.

14. Costs to Federal Government

Currently, there are no developmental costs associated with Rule 15Ba2-1 or Form MSD. On an annual basis, the Commission receives approximately one new Form MSD filing and 20 Form MSD amendments. The staff estimates that the cost of processing a single new Form MSD filing is approximately $71, and the cost of processing an amendment to form MSD is approximately $35.50. Accordingly, the staff estimates the total annual cost of processing one new Form MSD filing and 20 Form MSD amendments to be approximately $781. [(1 new filing x $71/new filing) + (20 amendments x $35.50/amendment)]. These figures reflect an estimate of the cost of staff time devoted to processing forms, plus related overhead valued at 35 percent of staff time, at $71 per hour, computed based on General Services Administration, Guide to Estimating Reporting Costs (1973) and an adjustment for inflation since 2013 when the hourly cost of staff processing time was estimated at $44.80 per hour. The reasonableness of $71 as an estimate of the hourly cost of staff processing time is corroborated by reference to U.S. Department of Labor Occupational Employment Statistics in which the hourly mean wage for Federal Executive Branch Paralegals and Legal Assistants is estimated at $32.14, which, with the addition of 35 percent for related overhead, suggests an hourly staff processing cost of $43.39. See Bureau of Labor Statistics, Occupational Employment and Wages, 23-2011 Paralegals and Legal Assistants (May 2015), http://www.bls.gov/oes/current/oes232011.htm.

15. Changes in Burden

Since the last time Commission staff estimated the burden in 2013, the approximate number of Form MSD filings received by the Commission each year has decreased from 22 to 21, resulting in a decrease in the estimated annual burden from the 2013 estimate of 33 hours to the current estimate of 31.5 hours as detailed in item 12 above.

16. Information Collection Planned for Statistical Purposes

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

17. Approval to Omit OMB Expiration Date

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

18. Exceptions to Certification for Paperwork Reduction Act Submissions

This collection complies with the requirements in 5 CFR 1320.9.

B.   COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not employ statistical methods.