

**SUPPORTING STATEMENT**  
**FOR THE PAPERWORK REDUCTION ACT SUBMISSION FOR A NEW**  
**INFORMATION COLLECTION**  
**“OMBUDSMAN MATTER MANAGEMENT SYSTEM”**

**A. Justification**

**1. Circumstances Making the Collection of Information Necessary**

The Securities and Exchange Commission (“Commission”) is developing the Ombudsman Matter Management System (“OMMS”), an electronic data collection system for the receipt, collection and analysis of inquiries, complaints, and recommendations from retail investors directed to the SEC Ombudsman and the Office of the Investor Advocate. Section 919D of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Section 919D”), as codified under Section 4(g) of the Securities Exchange Act of 1934, requires the SEC Ombudsman to (i) act as a liaison between the Commission and any retail investor in resolving problems that retail investors may have with the Commission or with self-regulatory organizations (“SROs”); (ii) review and make recommendations regarding policies and procedures to encourage persons to present questions to the Investor Advocate regarding compliance with the securities laws; and (iii) establish safeguards to maintain the confidentiality of communications between the persons described in clause (ii) and the Ombudsman. In addition, Section 919D requires the Ombudsman to submit a semi-annual report to the Investor Advocate describing the activities and evaluating the effectiveness of the Ombudsman during the preceding year.

Currently, the Ombudsman uses a manual system to input investor inquiries and concerns, track staff responses, and analyze data and trends. OMMS is designed to automate the information collection and management process, centralize records and related information in a single system, and increase the efficiency with which the staff can access and use that information. OMMS uses a web-based form (the “OMMS Form”) to guide the user through a series of basic questions, prepopulated lists, and fillable input fields specifically tailored to elicit information concerning matters within the scope of the Ombudsman’s function. In addition, the OMMS Form requests detailed contact information to enhance efficient communication with users and provides an electronic attachment feature for users to upload and submit related documents for staff review. The Commission expects that OMMS will be operative no later than October 1, 2016.

**2. Purpose and Use of the Information Collection**

The purpose of collecting and managing information via OMMS is to enhance the overall effectiveness of services provided by the Ombudsman. OMMS is designed to: (i) provide an efficient, user-friendly method for retail investors to submit detailed information to the

Ombudsman; (ii) automate a significant portion of the existing manual intake process; (iii) reduce staff resources required to track and monitor matters and responses; (iv) increase staff resources available to interact with investors, research issues, and resolve concerns; and (v) supplement the existing safeguards used to maintain the confidentiality of communications with the Ombudsman.

The key use of information collected will be to resourcefully: (i) identify and respond to problems retail investors have with the Commission or with SROs; (ii) track and analyze matter volume, response, and resolution times; (iii) categorize and report matter trends and concerns; and (iv) provide data-driven support for recommendations presented by the Ombudsman to the Investor Advocate for review and consideration.

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

Currently, the public can contact the Ombudsman by traditional mail, electronic mail, telephone and facsimile. The requested information collection is voluntary and will not change the contact methods currently available. Persons who choose not to use the OMMS Form will receive the same level of service as those who do.

Persons who choose to contact the Ombudsman via the OMMS Form will encounter user-friendly features such as radio buttons, drop-down menu responses, pop-up explanation bubbles, webpage links, fillable narrative text fields, and document upload options. In addition, the OMMS Form incorporates functionality that, depending upon certain responses, pre-populates specific fields and prompts the user to provide additional information. By eliciting specific information from the user, the OMMS Form will facilitate communication between the user and the Ombudsman, reduce response and resolution times, and maximize Ombudsman staff resources available for recording, processing, and responding to matters.

### **4. Duplication**

There is no existing collection instrument available to gather the information necessary to meet the particular purposes described in Item 2 above. In addition, there is no system available to manage and retain that information in a manner that supports the Ombudsman's statutory requirements, including the requirement to establish safeguards to maintain the confidentiality of communications between certain persons and the Ombudsman. OMMS, and the corresponding OMMS Form, are tailored to collect and retain information in a manner designed to support the Ombudsman's statutory requirements under Section 919D.

### **5. Reducing the Burden on Small Businesses**

The burden of compliance with the information collection requirement does not impact small businesses or other small entities.

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

At present, the Ombudsman staff relies on several independent record-keeping systems to collect, document, track, and respond to telephone, electronic mail, facsimile, and paper correspondence received from retail investors and others members of the public. While some forms of correspondence capture snippets of useful data, the Ombudsman staff gathers and records most of the substantively relevant information manually. In the absence of an integrated matter management system, documenting and responding to a single inquiry can require the staff to enter, update, and search for related data in multiple systems. These separate systems also require independent procedures for maintaining the confidentiality of different types of information when circumstances so dictate.

The information solicited via the OMMS Form is the foundational information the Ombudsman needs to effectively serve as a liaison between the Commission and retail investors seeking assistance to resolve conflicts they may have with the Commission or with SROs. Likewise, the information covered by the OMMS Form is the same information the Ombudsman currently gathers manually to support the review, recommendation, and reporting obligations under Section 919D. Without OMMS, the Ombudsman and staff are dependent upon manual information management methods that limit the use and accuracy of the information and the efficacy of staff resources.

## **7. Inconsistencies with Guidelines in 5 CFR 1320.8(d)**

There are no special circumstances. This collection is consistent with the guidelines in 5 CFR 1320.8(d).

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

The information collection was proposed for public comment. No comments were received during the 60-day comments period prior to OMB's review this submission.

## **9. Payment or Gift to Respondents**

There are no such gifts or payments to respondents.

## **10. Confidentiality**

Section 919D requires the Ombudsman to establish safeguards to maintain the confidentiality of certain communications. The Ombudsman has existing safeguards in place, including a separate email address, dedicated telephone and fax lines, and secure file storage, to protect the confidentiality of communications. OMMS, the OMMS Form, and the use of information

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\* The SEC's "General Guidance" in the PRA Instructions states for paragraph 8, "If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden."

submitted via the OMMS Form, will comply with Section 919D and with the security, privacy, and confidentiality requirements and policies established by the Commission. The OMMS Form will provide additional information about privacy and confidentiality, and will include a web link to the Commission's privacy policy and related information available on [www.sec.gov](http://www.sec.gov).

In addition, to support and augment these requirements and policies, the Ombudsman follows a confidentiality standard of practice whereby information provided by a person in confidence, including identity, is not disclosed unless expressly authorized by the person to do so or if required by law or other exigent circumstances, such as a threat of imminent risk or serious harm. At times, the Ombudsman may need to disclose information on a limited basis to other agency staff to address inquiries and related issues. In these instances, information is shared only to the extent necessary to route and review the matter. This standard of practice is substantially similar to the standard of practice followed by ombudsmen at other federal financial regulatory agencies.

## **11. Sensitive Questions**

Privacy Act Statements are attached to and included with the OMMS Form. The respective Privacy Act Statements expressly state that the information requested on the Forms is voluntary. The collection of personally identifiable information in the OMMS Form also is covered by [SORN SEC-65 "Investor Response Information System \(IRIS\)"](#). It is believed that the treatment of confidential information collected using the OMMS Form is consistent with the Federal Information Security Management Act of 2002 and the Privacy Act of 1974. The Privacy Impact Assessment (PIA) is provided as a supplemental document.

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

The Commission anticipates that the burdens imposed by the OMMS Form will vary depending on the complexity of the issues raised with the Ombudsman and the amount of information possessed by the individual contacting the Ombudsman based on the circumstances involved, the individual's level of industry expertise, and whether the individual seeks the Ombudsman's assistance for a complaint or wishes to provide information and/or recommendations for the consideration of the Investor Advocate. With that in mind, the Commission estimates the burdens as follows:

**Estimated number of annual responses from all users = 500**

**Estimated annual reporting burden = 250 hours (30 minutes per submission)**

The estimated annual reporting burden specifically refers to the burden we anticipate that respondents using the OMMS Form to contact the Ombudsman will bear. The completion of each OMMS Form is a one-time burden for the user, and each use is strictly voluntary.

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

There are no fees or costs charged to use the OMMS Form. Likewise, users need no unique equipment specific to the SEC to respond to this information collection. Users may fill out and submit the OMMS Form using any standard device that allows the user to complete, submit, and transmit a web form to specific recipients.

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

The estimated annualized cost to the government of the information includes: the contract, design, development costs of creating and implementing the OMMS technology for data management, and the cost of SEC staff time required to review and respond to the OMMS Forms received. Breaking the cost down into its components, the estimate assumes:

#### ***Capital & Start-up Cost Component:***

Total estimated one-time cost of creating the OMMS program: \$400,000

Annual OMMS creation cost (above value annualized over 3 years): \$133,333

#### ***Regular Annual Costs:***

Estimated staff attorney hours reviewing and responding per form submitted: 3 hours

Estimated number of responses submitted annually: 500

SEC hourly cost for professional staff (CPI adjusted since 2009): \$255

#### ***Total Annual Cost (including annualized start-up costs)***

**Annual Creation Cost + (Attorney hours x responses x hourly rate)**

$(\$133,333) + (3 \times 500 \times 255)$

$(\$133,333) + (\$382,500) = \$515,833$

The total estimated cost to the government based on the assumptions noted above is \$515,833. This estimate is solely for purposes of the Paperwork Reduction Act.

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

Not applicable. This is the first request for approval of the collection of information addressed herein.

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

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

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

We request authorization to omit the expiration date on the electronic version of the form. Including the expiration date on the electronic version of the form will result in increased costs,

because the need to make changes to the form may not follow the application's scheduled version release dates. The OMB control number will be displayed.

**18. Exceptions to Certification**

This collection complies with the requirements in 5 CFR 1320.9.

**B. Collection of Information Employing Statistical Methods**

Not applicable. This collection will not involve statistical methods.