

**SUPPORTING STATEMENT**  
**for the Paperwork Reduction Act Information Collection Submission for**  
**Rule 17Ac3-1(a) and Form TA-W**

**A. Justification**

**1. Necessity of Information Collection**

As a result of the paperwork crisis that occurred in the late 1960s, during which the number of securities transactions exceeded the securities industry's capacity to process those transactions, Congress enacted the Securities Acts Amendments of 1975.<sup>1</sup> In order to establish a national system for the prompt and accurate clearance and settlement of securities transactions, Congress provided for a scheme of regulation with respect to the business of being a transfer agent. Those amendments to the Securities Exchange Act of 1934 ("Exchange Act") require transfer agents to meet minimum standards, as established by the Commission, in furtherance of the purposes of the Exchange Act and generally, to protect investors.

Transfer agents play an integral role in the national system for the clearance and settlement of securities transactions. Transfer agents cancel certificates presented for transfer, issue new certificates to the transferee, and record the change of record ownership of securities on the issuer's securityholder records. They also prepare, maintain, and certify securityholder records, disburse dividend and interest payments, and mail securityholder communications such as proxy material and annual reports to shareholders.

The threshold requirement applied to transfer agents is that they become registered with the appropriate regulatory agency ("ARA") as defined in Section 3(a)(34)(B) of the Exchange Act. Section 17A of the Act in essence provides that it is unlawful for transfer agents to perform any transfer agent function with respect to any security registered under Section 12 of the Exchange Act or issued by certain insurance or investment companies unless such transfer agents are registered with an ARA. Subsection (c)(4)(B) of Section 17A authorizes transfer agents registered with an ARA to withdraw from registration by filing with the ARA a written notice of withdrawal and by agreeing to such terms and conditions as the ARA deems necessary or appropriate in the public interest, for the protection of investors, or in furtherance of the purposes of Section 17A.

In order to implement Section 17A(c)(4)(B) of the Exchange Act, the Commission, on September 1, 1977, promulgated Rule 17Ac3-1(a) and accompanying Form TA-W. Rule 17Ac3-1(a) provides that notice of withdrawal from registration as a transfer agent with the Commission shall be filed on Form TA-W. On January 11, 2007, the Commission amended Rule 17Ac3-1(a) and

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<sup>1</sup> 1 Pub. L. No. 94-29, 89 Stat. 97 (June 4, 1975).

accompanying Form TA-W to require that the form be filed in electronic format on EDGAR. Form TA-W requires the withdrawing transfer agent to provide the Commission with certain information, including: (1) the locations where transfer agent activities are or were performed; (2) the reasons for ceasing the performance of such activities; (3) disclosure of unsatisfied judgments or liens; and (4) information regarding successor transfer agents.

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

The Commission uses the information disclosed on Form TA-W to determine whether the entity seeking to withdrawal from registration as a transfer agent should be allowed to deregister and, if so, whether the Commission should attach to the granting of the application any terms or conditions necessary or appropriate in the public interest, for the protection of investors, or in the furtherance of the purposes of Section 17A of the Exchange Act. Without Rule 17Ac3-1(a) and Form TA-W, transfer agents registered with the Commission would not have a means to voluntarily deregister when it is necessary or appropriate to do so.

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

Registered transfer agents are required to submit Form TA-W by electronic means through the Commission's EDGAR system.

## **4. Duplication**

There is no duplication of the information requested in Form TA-W because the information contained in the form and the form itself are collected solely by each registered transfer agent's ARA. For example, the FDIC has a form similar to Form TA-W, which must be filed by FDIC-regulated transfer agents seeking to cease performing transfer functions. Such transfer agents do not file an additional TA-W with the Commission.

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

Some transfer agents are small businesses. However, because the information requested on Form TA-W is simple and straightforward, the rule requirements and Form TA-W pose no undue burden. All transfer agents must provide this basic information so the Commission can make an informed decision as to whether the withdrawal from registration should be permitted and, if withdrawal is appropriate, the terms or conditions, if any, that should be attached to the granting of the withdrawal.

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

This information cannot be provided less frequently since the information is required only when a transfer agent seeks to cease doing business as a transfer agent and to deregister with the Commission.

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

## **9. Payment or Gift**

There are no payments or gifts to respondents.

## **10. Confidentiality**

There is no assurance of confidentiality to respondents because Forms TA-W filed with the Commission are public information.

## **11. Sensitive Questions**

Form TA-W collects basic personally identifiable information (PII) that may include name, phone number, email address and job title. However, this information collection does not constitute a system of records for purposes of the Privacy Act because information is not retrieved by a personal identifier. The EDGAR PIA that was published 1/29/2016 will cover this collection of information, and it provided as a supplementary document and may be found at the link; <https://www.sec.gov/about/privacy/pia/pia-edgar.pdf>.

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

On average, respondents have filed approximately 17 TA-Ws with the Commission annually from 2014 to 2017. Since the form is simple and straightforward, the Commission estimates that it takes approximately 30 minutes to complete. The burden on respondents should not vary widely because of differences in transfer agent size or complexity. Approximately 80 percent of the Forms are completed by the transfer agent or its employees and approximately 20 percent are completed by an outside filing agent. The total average annual time burden to the transfer agent industry is approximately 9.0 hours (17 filings x 0.5 hours), which comprises a one-time reporting burden. For

transfer agents that complete Form TA-W themselves, we estimate the internal labor cost of compliance per filing is \$25 (0.5 hours x \$50 average hourly rate for clerical staff time).

### **13. Costs to Respondents**

Approximately 20 percent of Forms TA-W are completed by an outside filing agent that is hired by the registrant to prepare the form and file it electronically. We estimate that outside filing agents charge \$100 to complete and file a Form TA-W on behalf of a registrant. Thus, the total annual external labor cost to respondents is \$340 (17 annual forms x 20% x \$100).

### **14. Costs to Federal Government**

On an annual basis, the Commission receives approximately 17 Form TA-Ws. Form TA-W is a one-time filing and takes the Commission staff approximately 30 minutes to review. Since the cost to review the forms consists solely of normal full-time employee labor costs, the cost to the federal government for purposes of this Supporting Statement is zero.

### **15. Changes in Burden**

The decrease in burden is due to a change in agency estimates, reflecting that, on average, fewer respondents file Form TA-Ws than previously estimated.

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

The collections of information results will not be tabulated or published and no complex analytical techniques will be used to analyze the collection of information.

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

We request authorization to omit the expiration date on the electronic version of the form, although the OMB control number will be displayed. Including the expiration date on the electronic version of this form will result in increased costs because the need to make changes to the form may not follow the application's scheduled software version release dates.

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

This collection complies with the requirements in 5 CFR 1320.9.

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

This collection does not involve statistical methods.