

**SUPPORTING STATEMENT**  
**for the Paperwork Reduction Act Information Collection Submission**  
**for the first extension of the Security-Based Swap Data Repository Registration, Duties, and**  
**Core Principles and Form SDR**

**A. JUSTIFICATION**

**1. Information Collection Necessity**

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 Securities Exchange Act of 1934 (“Exchange Act”) to require the Commission to adopt rules providing for, among other things, the regulation of security-based swap data repositories (“SDRs”).<sup>2</sup> On February 11, 2015, the Commission adopted Rule 13n-1 to 13n-12 under the Exchange Act (collectively, the “Rules”),<sup>3</sup> which govern SDR registration, duties, and core principles.<sup>4</sup> On the same day, the Commission adopted Rules 900 to 909 under the Exchange Act (collectively, “Regulation SBSR”),<sup>5</sup> which govern the reporting to registered SDRs of SBS data and public dissemination by registered SDRs of a subset of that data.<sup>6</sup> In addition, on July 14, 2016, the Commission adopted certain additional rules relating to regulatory reporting and public dissemination of SBS transaction not addressed in Regulation SBSR and certain rules to address the application of Title VII requirements to SBS activity engaged in by non-U.S. persons within the United States, including how Regulation SBSR would apply to such activity, and certain related issues.<sup>7</sup>

Under the Rules, SDRs are required to register with the Commission by filing a completed Form SDR. The Form SDR constitutes an application for registration not only as an SDR but also as a securities information processor (“SIP”) under Section 11A(b) of the Exchange Act.<sup>8</sup> SDRs are also required to abide by certain minimum standards set out in the Rules, including a requirement to update Form SDR, abide by certain duties and core principles, maintain data in accordance with the Rules, keep systems in accordance with the Rules, keep records, provide reports to the Commission, maintain the privacy of SBS data, make certain disclosures, and designate a Chief Compliance Officer (“CCO”). There are a number of collections of information contained in the Rules. The information collected pursuant to the

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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> See 15 U.S.C. 78m(n)(9).

<sup>3</sup> 17 CFR 240.13n-1 to 240.13n-11.

<sup>4</sup> See Securities Exchange Act Release No. 74246 (February 11, 2015), 80 FR 14437 (March 19, 2015) (“SDR Adopting Release”).

<sup>5</sup> 17 CFR 240.900 to 240.909.

<sup>6</sup> See Securities Exchange Act Release No. 74244 (February 11, 2015), 80 FR 14563 (March 19, 2015) (“Regulation SBSR Adopting Release”).

<sup>7</sup> See Securities Exchange Act Release No. 78321 (July 14, 2016), 81 FR 53545 (August 12, 2016) (“Regulation SBSR-Reporting and Dissemination of SBS Information” or “Regulation SBSR 2.0”).

<sup>8</sup> 15 U.S.C. 78k-1(b); see also, Form SDR, Instruction 2.

Rules is necessary to carry out the mandates of the Dodd-Frank Act and help ensure an orderly and transparent market for SBSs.

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

The Rules are part of the Commission's overall program of administering the SDR requirements of the Exchange Act. The Commission will use the information collected to (1) help identify SDRs, as well as understand their operations and organizational structure; (2) create tools to help oversee the SBS market; (3) conduct its inspection and examination of SDRs; and (4) help ensure compliance by SDRs with the provisions of the Exchange Act and the rules and regulations thereunder as well as assist the Commission in ensuring such compliance. The Commission will be unable to accomplish these goals without the Rules.

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

The Rules are drafted to utilize as much information technology as possible in collecting the information. SDRs would be required under the Rules to file Form SDR, compliance reports, and financial reports electronically with the Commission. SDRs would be required to data tag information in Form SDR as well as in the compliance and financial reports filed with the Commission to help ensure that the Commission, and to the extent the information is made public, the public, can effectively capture, review, and analyze data from these collections of information. SDRs would also be required to provide direct electronic access to the Commission, a requirement that should minimize the need for the Commission to make ad hoc requests. The Commission expects that the burden of the rules, over time, 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, SBSs or SDRs, the Commission must consult and coordinate with the Commodity Futures Trading Commission ("CFTC") and prudential regulators for the purposes of assuring regulatory consistency and comparability, to the extent possible. Any person that is required to be registered as an SDR under Exchange Act Section 13(n) must register with the Commission (absent an exemption), regardless of whether that person is also registered with the CFTC under the Commodities Exchange Act as a swap data repository. The Commission believes that a person that registers with the Commission as an SDR is likely to also register with the CFTC as a swap data repository. As a result, the Commission staff and the CFTC staff have consulted and coordinated with one another regarding their respective Commission's rules regarding SDRs and swap data repositories. The Commission staff has also consulted and coordinated with other prudential regulators.

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

Not applicable. The Rules will not have a significant economic impact on a substantial number of small entities.

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

The collection of information is designed to establish a registration regime, recordkeeping requirements, and duties for SDRs, as provided in Section 763(i) of the Dodd-Frank Act. Absent the collection of information, SDRs would not have a permanent mechanism through which to satisfy the requirement in Section 13(n)(1) of the Exchange Act that they register with the Commission. In addition, a less frequent collection of information would inhibit access by the Commission, other regulators, and participants in the SBS market, to current information about SDRs. Without access to current information about SDRs, the Commission may be unable to carry out its mission to oversee and regulate SDRs.

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

Because Rule 13n-1(d) requires registered SDRs to file amendments to Form SDR if certain information contained in Form SDR or any amendment to Form SDR becomes inaccurate, it is possible that, under the collection of information, a registered SDR will report information to the Commission more often than quarterly. This collection of information is necessary, however, to ensure that the Commission, SDRs, other regulators, and the public have access to current information regarding SDRs registered with the Commission.

Rule 13n-5(b)(4) requires each SDR to maintain transaction data and related identifying information for not less than five years after the applicable SBS expires and historical positions for not less than five years. This collection of information will help to ensure that the records exist of the transactions reported to the SDR, and that the transaction data could potentially be requested by the Commission and other regulators, for example, during an examination to evaluate the SDR's compliance with the Exchange Act, the rules thereunder, as well as for other regulatory purposes.

Rule 13n-7(b) requires each SDR to keep and preserve at least one copy of all documents as shall be made or received by it in the course of its business as such, other than the data collected and maintained pursuant to Rule 13n-5, for a period of not less than five years, the first two years in a place immediately available to representatives of the Commission for inspection and examination. Rule 13n-7(b) is modeled on Exchange Act Rule 17a-1 and OMB has previously approved that collection with the same five-year retention period. This collection of information would help ensure that records exist of the SDR's business activities, and that the records could potentially be requested by the Commission and other regulators, for example, during an examination to evaluate the SDR's compliance with the Exchange Act, the rules thereunder, as well as for other regulatory purposes.

## **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**

Not applicable.

## **10. Confidentiality**

Some information collected by SDRs pursuant to Regulation SBSR 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 Regulation SBSR. To the extent that the Commission receives direct electronic access to 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**

No information of a sensitive nature, including social security numbers, will be required under this collection of information. The information collection collects basic Personally Identifiable Information (“PII”) that may include name, job title, work address, telephone number and work history. However, the agency has determined that the information collection does not constitute a system of record for purposes of the Privacy Act. Information is not retrieved by a personal identifier. In accordance with Section 208 of the E-Government Act of 2002, the agency has conducted a Privacy Impact Assessment (“PIA”) of the EDGAR system in connection with this collection of information. The EDGAR PIA, published on January 29, 2016, is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

## **12. Information Collection Burden**

The total reporting burden for all of the Rules and Form SDR for all respondents is 463,493 hours initially, with a total annual burden thereafter of 270,511.70 hours totaling approximately 1,275,028 hours. This equates to approximately 425,009.29 hours per year when annualized over three years or 42,501.17 hours per respondent when annualized over three years. This burden is broken down by collection of information below.

### **a. Registration Requirements and Form SDR**

Rules 13n-1(b) and 13n-3(a), relating to successor SDRs, require SDRs to apply for registration using Form SDR and file such form electronically in tagged data format with the Commission in accordance with the instructions contained therein. Further, Rule 13n-1(e) requires SDRs to designate an agent for service of process on Form SDR, and Rule 13n-11(a) requires an SDR to identify its CCO on Form SDR. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that it will take an SDR approximately 481 hours to complete the initial Form SDR<sup>9</sup>, for a total one-time registration

<sup>9</sup> The Commission bases its burden estimate on the following: (400 hours for the burden of Form SDR, as proposed and as derived from the burden estimate for Form SIP) + (80 hours for the burden of responding to additional provisions incorporated from Form SIP) + (1 hour for the

burden of 4,810 hours initially. This equates to 1,603.33 hours per year when annualized over three years or 160.33 hours per respondent when annualized over three years. The Commission estimates no ongoing burdens associated with the registration requirement. This collection is a reporting type of collection.

Rule 13n-1(f) requires a non-resident SDR to (i) certify on Form SDR that the SDR can, as a matter of law, and will provide the Commission with prompt access to the SDR's books and records and can, as a matter of law, and will submit to onsite inspection and examination by the Commission and (ii) provide an opinion of counsel that the SDR can, as a matter of law, provide the Commission with prompt access to the SDR's books and records and can, as a matter of law, submit to onsite inspection and examination by the Commission. The Commission estimates that there will be 3 non-resident SDRs who will be required to comply with this requirement. The Commission estimates a non-resident SDR will spend 1 hour complying with this requirement<sup>10</sup>, for a total burden of 3 hours initially. This equates to approximately 1 hour per year when annualized over three years or .33 hours per respondent when annualized over three years. The Commission estimates no ongoing burdens associated with this requirement.

SDRs are required to amend Form SDR pursuant to Rule 13n-1(d) annually as well as when information in certain enumerated items is or becomes inaccurate. Amendments are also required in certain situations involving successor SDRs pursuant to Rule 13n-3(b). The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that each amendment will require 12 hours per respondent per year, and that respondents will file 3 amendments per year, for an annual burden of 36 hours<sup>11</sup> and a total burden of 1,080 hours. This equates to 360 hours per year when annualized over three years or 36 hours per respondent when annualized over three years. This collection is a reporting type of collection.

SDRs may withdraw from registration under Rule 13n-2 by filing a withdrawal from registration on Form SDR electronically in a tagged data format. An SDR withdrawing from registration must designate on Form SDR a person to serve as the custodian of the SDR's books and records. An SDR must also update any inaccurate information. The Commission estimates that an SDR's withdrawal from registration on Form SDR will be substantially similar to its most recently filed Form SDR. The Form SDR being filed in this circumstance will therefore already

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burden of responding to the revised disclosure of business affiliations) = 481 hours. The Commission estimates that an SDR will assign the responsibilities of completing Form SDR as follows: (Compliance Attorney for 180 hours) + (Compliance Clerk for 301 hours) = 481 hours.

<sup>10</sup> The Commission bases its burden estimate on a similar burden estimate for providing a legal opinion and additional disclosure as required by Instruction 3 to Item 7.B to Form 20-F. The Commission estimates that an SDR will assign the responsibilities of complying with Rule 13n-1(f) as follows: (Attorney for 1 hour) = 1 hour.

<sup>11</sup> The Commission bases its burden estimate on a similar burden estimate for Form ADV. The Commission estimates that an SDR will assign the responsibilities of complying with Rule 13n-1(d) as follows: (Compliance Attorney for 12 hours) + (Compliance Clerk for 24 hours) = 36 hours.

be substantially complete and as a result, the burden will not be as great as the burden of filing an application for registration on Form SDR. Rather, the Commission estimates that the burden of filing a withdrawal from registration on Form SDR will be akin to filing an amendment to Form SDR. The Commission estimates a total of 10 respondents for this provision per year. The Commission estimates that this provision will require a one-time burden of 12 hours per respondent to file a Form SDR to withdraw from registration<sup>12</sup>, for a total burden of 120 hours. This equates to 40 hours per year when annualized over three years or 4 hours per respondent when annualized over three years. The Commission estimates no ongoing burdens associated with this provision. This collection is a reporting type of collection.

b. SDR Duties, Data Collection and Maintenance, and Direct Electronic Access

Rules 13n-4(b)(2) and (4), and 13n-5 require SDRs to accept and maintain data, including transaction data, received from third parties and to calculate and maintain positions. Rule 13n-4(b)(5) requires SDRs to provide direct electronic access to the Commission or its designees. SDRs also have an obligation under Rules 13n-4(b)(3) and 13n-5(b)(1)(iii) to confirm the accuracy of data submitted and to establish, maintain, and enforce written policies and procedures reasonably designed to satisfy themselves that the transaction data that has been submitted to them is complete and accurate. Rule 13n-5(b)(4) requires that SDRs maintain the transaction data and related identifying information for not less than five years after the applicable SBS expires and historical positions for not less than five years. Under Rule 13n-5(b)(7), this obligation continues even if an SDR withdraws from registration or ceases doing business. SDRs are required to make and keep current a plan to ensure compliance with this requirement. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that these provisions will require 42,000 hours initially<sup>13</sup> to establish systems compliant with all of the various requirements and 25,200 hours to administer per year per respondent<sup>14</sup>, for a total burden of 1,176,000 hours. This equates to 392,000 hours per year

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<sup>12</sup> The Commission bases its burden estimate on its burden estimate for amendments to Form SDR. The Commission believes that an SDR's withdrawal from registration on Form SDR will be substantially similar to its most recently filed Form SDR. The Form SDR being filed in this circumstance will therefore already be substantially complete and as a result, the burden will not be as great as the burden of filing an application for registration on Form SDR. Rather, the Commission believes that the burden of filing a withdrawal from registration on Form SDR will be akin to filing an amendment on Form SDR. The Commission estimates that an SDR will assign the responsibilities of complying with Rule 13n-2 as follows: (Compliance Attorney for 12 hours) = 12 hours.

<sup>13</sup> The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Attorney for 7,000 hours) + (Compliance Manager for 8,000 hours) + (Programmer Analyst for 20,000 hours) + (Senior Business Analyst for 7,000 hours) = 42,000 hours.

<sup>14</sup> The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Attorney for 4,200 hours) + (Compliance Manager for 4,800

when annualized over three years or 39,200 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

Each SDR is also required to establish, maintain, and enforce written policies and procedures, reasonably designed: (1) under Rule 13n-5(b)(1), for the reporting of complete and accurate transaction data to the SDR and to satisfy itself that such information is complete and accurate; (2) under Rule 13n-5(b)(2), to calculate positions for all persons with open SBSs for which the SDR maintains records; (3) under Rule 13n-5(b)(3), to ensure transaction data and positions that the SDR maintains are complete and accurate; (4) under Rule 13n-5(b)(5), to prevent any provision in a valid SBS from being invalidated or modified through the procedures or operations of the SDR; and (5) under Rule 13n-6, with respect to its systems that support or are integrally related to the performance of the SDR's activities, to ensure that those systems provide adequate levels of capacity, integrity, resiliency, availability, and security. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that each policy and procedure will require 210 hours to implement<sup>15</sup> and 60 hours to administer per year per respondent<sup>16</sup>, for a total burden of 10,500 hours initially and 3,000 hours annually to create and administer all five policies and procedures for a total burden of 19,500 hours. This equates to 6,500 hours per year when annualized over three years or 650 per respondent when annualized over three years. This collection is a recordkeeping type of collection.

c. Recordkeeping

Every SDR is required, under Rule 13n-7(a)(1), to make and keep current a record of persons at each office of the SDR that can assist with explaining the SDR's records. Every SDR is also required, under Rule 13n-7(a)(2), to make and keep current a record listing officers, managers, or persons performing similar functions with responsibility for establishing the policies and procedures of the SDR that are reasonably designed to ensure compliance with the Exchange Act and the rules and regulations thereunder. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that these records will require 1 hour to implement<sup>17</sup> and 0.17 hours (10 minutes) to administer per year per respondent<sup>18</sup>, for a

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hours) + (Programmer Analyst for 12,000 hours) + (Senior Business Analyst for 4,200 hours) = 25,200 hours.

<sup>15</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS.

<sup>16</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS.

<sup>17</sup> The Commission bases its burden estimate on the Commission's estimates for similar requirements for broker-dealers. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Senior Systems Analyst for 1 hour) = 1 hour.

total burden of 10 hours initially and 1.7 hours annually for a total of 15.10 hours. This equates to approximately 5 hours per year when annualized over three years or .50 per respondent when annualized over three years. These estimates are based on the Commission's estimates for similar requirements for broker-dealers. This collection is a recordkeeping type of collection.

Rule 13n-7(b) requires each SDR to keep and preserve at least one copy of all documents as shall be made or received by it in the course of its business as such, other than the data collected and maintained pursuant to Rule 13n-5. These records are required to be kept for a period of not less than five years, the first two years in a place immediately available to representatives of the Commission for inspection and examination. Upon the request of any representative of the Commission, an SDR is required to furnish promptly documents kept and preserved by it pursuant to Rule 13n-7(a) or (b) to such a representative. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that this storage requirement will require 345 hours to implement<sup>19</sup> and 279 hours to administer per year per respondent<sup>20</sup>, for a total burden of 3,450 hours initially and 2,790 hours annually totaling 11,820 hours. This equates to 3,940 hours per year when annualized over three years or 394 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

d. Reports and Reviews

Under Rule 13n-8, SDRs are required to report promptly to the Commission, in a form and manner acceptable to the Commission, such information as the Commission determines necessary or appropriate for the Commission to perform the duties of the Commission. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that it will request these reports at a maximum of once per year, per respondent. The Commission estimates that these reports will be limited to information already compiled under the SDR Rules and thus will require only 1 hour per response to compile and transmit.<sup>21</sup> Thus,

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<sup>18</sup> The Commission bases its burden estimate on the Commission's estimates for similar requirements for broker-dealers. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 0.17 hours) = 0.17 hours.

<sup>19</sup> The Commission bases its burden estimate on the Commission's estimates for similar requirements for broker-dealers. The Commission estimates that an SDR will assign the responsibilities of complying with this requirement as follows: (Compliance Manager for 300 hours) + (Senior Systems Analyst for 45 hours) = 345 hours.

<sup>20</sup> The Commission bases its burden estimate on the Commission's estimates for similar requirements for broker-dealers. The Commission estimates that an SDR will assign the responsibilities of complying with this requirement as follows: (Compliance Manager for 279 hours) = 279 hours.

<sup>21</sup> The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Senior Business Analyst for 1 hour) = 1 hour.



the Commission estimates the total annual burden for these reports will be 10 hours totaling 30 hours. This equates to 10 hours per year when annualized over three years or 1 hour per respondent when annualized over three years. This collection is a reporting type of collection.

e. Disclosure

Pursuant to Rule 13n-10, SDRs are required to provide certain disclosures to market participants. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that an SDR will initially spend 97.5 hours preparing the disclosure document<sup>22</sup> and 1 hour annually distributing the disclosure document<sup>23</sup>, for a total burden of 975 hours initially and 10 hours annually totaling 1,005 hours. This equates to 335 hours per year when annualized over three years or 33.50 per respondent when annualized over three years. This collection is a third-party disclosure type of collection.

f. Chief Compliance Officer

Under Rules 13n-11(c)(6) and (7), an SDR's CCO is responsible for, among other things, establishing procedures for the remediation of noncompliance issues identified by the CCO, and establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that these two provisions will require 420 hours to implement<sup>24</sup> and 120 hours to administer per year per respondent<sup>25</sup>, for a total burden of 4,200 hours initially and 1,200 hours annually totaling 7,800 hours. This equates to 2,600 hours per year when annualized over three years or 260 per respondent when annualized over three years. This collection is a recordkeeping type of collection.

A CCO is also required under Rules 13n-11(d), (e), and (g) to prepare and submit annual compliance reports to an SDR's board of directors for review before the annual compliance

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<sup>22</sup> The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 48.75 hours) + (Compliance Clerk at for 48.75 hours) = 97.5 hours.

<sup>23</sup> The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 0.5 hours) + (Compliance Clerk for 0.5 hours) = 1 hour.

<sup>24</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 420 hours) = 420 hours.

<sup>25</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 120 hours) = 120 hours.

reports are filed with the Commission. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that these reports will require 5 hours per year per respondent<sup>26</sup>, for a total burden of 150 hours. This equates to 50 hours per year when annualized over three years or 5 hours per respondent when annualized over three years. This collection is a reporting type of collection.

Rules 13n-11(f) and (g) require that financial reports be prepared and filed with the Commission as an official filing in accordance with the EDGAR Filer Manual and include, as part of the official filing, an Interactive Data Financial Report filed in accordance with Rule 407 of Regulation S-T. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that these reports will require 500 hours per year per respondent<sup>27</sup>, for a total burden of 15,000 hours. This equates to 5,000 hours per year when annualized over three years or 500 hours per respondent when annualized over three years. This collection is a reporting type of collection.

Rules 13n-11(d) and (f) require the compliance reports be filed in a tagged data format in accordance with the instructions contained in the EDGAR Filer Manual, and the financial reports must be provided as an official filing in accordance with the EDGAR Filer Manual and include, as part of the official filing, an Interactive Data Financial Report filed in accordance with Rule 407 of Regulation S-T. These filing requirements will create additional burdens on respondents beyond the burdens associated with the preparation of these reports. The Commission estimates a total of 10 respondents for these filing requirements. The Commission estimates that these filing requirements will impose an additional burden of 54 hours per year per respondent<sup>28</sup>, for a total burden of 1,620 hours. This equates to 540 hours per year when annualized over three years or 54 hours per respondent when annualized over three years. This collection is a reporting type of collection.

g. Other Provisions Relevant to the Collection of Information

Rule 13n-4(c)(1)(iii) requires SDRs to establish, monitor on an ongoing basis, and enforce clearly stated objective criteria that will permit fair, open, and not unreasonably discriminatory access to services offered and data maintained by the SDRs. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that this

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<sup>26</sup> The Commission bases its burden estimate on the Commission's estimates for similar annual reviews by CCOs of investment companies. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 5 hours) = 5 hours.

<sup>27</sup> The Commission bases its burden estimate on its experience with entities of similar size to SDRs. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Senior Accountant for 500 hours) = 500 hours.

<sup>28</sup> The Commission bases its burden estimate on its experience with other tagged data initiatives. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Senior Systems Analyst for 54 hours) = 54 hours.

provision will require 157.5 hours to implement<sup>29</sup> and 45 hours to administer per year per respondent<sup>30</sup>, for a total burden of 1575 hours initially and 450 hours annually totaling 2,925 hours. This equates to 975 hours per year when annualized over three years or 97.5 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

Rule 13n-4(c)(1)(iv) requires SDRs to establish, maintain, and enforce certain policies and procedures to review any prohibition or limitation of any person with respect to access to services offered or data maintained by the SDRs and to grant such person access to such services or data if such person has been discriminated against unfairly. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that this provision will require 210 hours to implement<sup>31</sup> and 60 hours to administer per year per respondent<sup>32</sup>, for a total burden of 2,100 hours initially and 600 hours annually totaling 3,900 hours. This equates to 1,300 hours per year when annualized over three years or 130 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

Rule 13n-4(c)(2)(iv) requires SDRs to establish, maintain, and enforce written policies and procedures reasonably designed to ensure that the SDR's senior management and each member of the board or committee that has the authority to act on behalf of the board possess requisite skills and expertise to fulfill their responsibilities in the management and governance of the SDR, to have a clear understanding of their responsibilities, and to exercise sound judgment about the SDR's affairs. The Commission estimates a total of 10 respondents for this provision.

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<sup>29</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 58 hours) + (Attorney for 65.5 hours) + (Senior Systems Analyst for 17 hours) + (Operations Specialist for 17 hours) = 157.5 hours.

<sup>30</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 16 hours) + (Attorney for 19 hours) + (Senior Systems Analyst for 5 hours) + (Operations Specialist for 5 hours) = 45 hours.

<sup>31</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 77 hours) + (Attorney for 87 hours) + (Senior Systems Analyst for 23 hours) + (Operations Specialist for 23 hours) = 210 hours.

<sup>32</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 22 hours) + (Attorney for 26 hours) + (Senior Systems Analyst for 6 hours) + (Operations Specialist for 6 hours) = 60 hours.

The Commission estimates that this provision will require 210 hours to implement<sup>33</sup> and 60 hours to administer per year per respondent<sup>34</sup>, for a total burden of 2,100 hours initially and 600 hours annually totaling 3,900 hours. This equates to 1,300 hours per year when annualized over three years or 130 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

Rule 13n-4(c)(3) addresses the conflicts of interest requirements governing SDRs. SDRs will be required to establish and enforce policies and procedures reasonably designed to minimize conflicts of interest. This includes establishing, maintaining, and enforcing written policies and procedures reasonably designed to identify and mitigate potential and existing conflicts of interest in the SDR's decision-making process on an ongoing basis. It also includes establishing, maintaining, and enforcing written policies and procedures regarding the SDR's non-commercial and commercial use of the SBS transaction information that it receives. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that these two provisions will require 420 hours to implement<sup>35</sup> and 120 hours to administer per year per respondent<sup>36</sup>, for a total burden of 4,200 hours initially and 1,200 hours annually totaling 7,800 hours. This equates to 2,600 hours per year when annualized over three years or 260 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

Rule 13n-5(b)(6) requires SDRs to establish procedures and provide facilities reasonably designed to effectively resolve disputes over the accuracy of the transaction data and positions that are recorded in the SDRs. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that this provision will require 315 hours to implement<sup>37</sup>

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<sup>33</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 210 hours) = 210 hours.

<sup>34</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 60 hours) = 60 hours.

<sup>35</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 420 hours) = 420 hours.

<sup>36</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 120 hours) = 120 hours.

<sup>37</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation

and 90 hours to administer per year per respondent<sup>38</sup>, for a total burden of 3,150 hours initially and 900 hours annually totaling 5,850 hours. This equates to 1,950 hours per year when annualized over three years or 195 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

Rules 13n-4(b)(8) and 13n-9 address privacy requirements for SDRs. Rule 13n-4(b)(8) requires SDRs to maintain the privacy of any and all SBS transaction information that the SDR receives from a SBS dealer, counterparty, or any registered entity as prescribed in Rule 13n-9. Rule 13n-9(b)(1) requires SDRs to establish, maintain, and enforce written policies and procedures reasonably designed to protect the privacy of any and all SBS transaction information that the SDR receives from any SBS dealer, counterparty, or any registered entity. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that these two provisions will require 420 hours to implement<sup>39</sup> and 120 hours to administer per year per respondent<sup>40</sup>, for a total burden of 4,200 hours initially and 1,200 hours annually totaling 7,800 hours. This equates to 2,600 hours per year when annualized over three years or 260 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

Rule 13n-9(b)(2) requires SDRs to establish and maintain safeguards, policies, and procedures reasonably designed to prevent the misappropriation or misuse of (1) any confidential information received by the SDR, (2) material, nonpublic information, and/or (3) intellectual property. These safeguards, policies, and procedures must address limiting access to such information and intellectual property, standards pertaining to the trading by persons associated with the SDR for their personal benefit or the benefit of others, and adequate oversight. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that this provision will require 210 hours to implement<sup>41</sup> and 60 hours to administer per year per

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NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 315 hours) = 315 hours.

<sup>38</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 90 hours) = 90 hours.

<sup>39</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 420 hours) = 420 hours.

<sup>40</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 120 hours) = 120 hours.

<sup>41</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation

respondent<sup>42</sup>, for a total burden of 2,100 hours initially and 600 hours annually totaling 3,900 hours. This equates to 1,300 hours per year when annualized over three years or 130 hours per respondent when annualized over three years. This collection is a recordkeeping type of collection.

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NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 210 hours) = 210 hours.

<sup>42</sup> The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 60 hours) = 60 hours.

Collection of Information	Type of Burden	Total Number of Respondents	Total Number of Responses Per Year	Type of Burden	Initial Burden Per Response Per Year Per Respondent	Ongoing Burden Per Response Per Year Per Respondent	Total Annualized Burden Per Year Per Respondent	Total Reporting Burden For All Respondents	Total Burden Per Three Year Reporting Period Per Respondent	Total Burden Per Three Year Reporting Period For All Respondents
Registration on Form SDR: 13n-1(b) and 13n-3(a) and Form SDR	Reporting	10	1	Initial	160.33	0.00	160.33	1,603.30	480.99	4,809.90
Certification and Opinion of Counsel for Non-Resident SDRs: 13n-1(f)	Reporting	3	1	Initial	0.33	0.00	0.33	0.99	0.99	2.97
Amendments to Form SDR: 13n-1(d)	Reporting	10	3	Ongoing	0.00	12.00	36.00	360.00	108.00	1,080.00
Withdrawal from Registration: 13n-2	Reporting	10	1	Initial	4.00	0.00	4.00	40.00	12.00	120.00
IT Systems: 13n-4(b)(2) and (4) and 13n-5	Recordkeeping	10	1	Initial and Ongoing	14,000.00	25,200.00	39,200.00	392,000.00	117,600.00	1,176,000.00
Policies and Procedures: 13n-5(b)(1), (2), (3), and (5) and 13n-6	Recordkeeping	10	1	Initial and Ongoing	350.00	300.00	650.00	6,500.00	1,950.00	19,500.00
Make and Keep Records of Persons: 13n-7(a)(1) and (2)	Recordkeeping	10	1	Initial and Ongoing	0.33	0.17	0.50	5.00	1.50	15.10
Storage of Records: 13n-7(b)	Recordkeeping	10	1	Initial and Ongoing	115.00	279.00	394.00	3,940.00	1,182.00	11,820.00
Reports: 13n-8	Reporting	10	1	Ongoing	0.00	1.00	1.00	10.00	3.00	30.00
Disclosure: 13n-10	Third-Party Disclosure	10	1	Initial and Ongoing	32.50	1.00	33.50	335.00	100.50	1,005.00
Establish Procedures for Remediation of Compliance Issues: 13n-11(c)(6) and (7)	Recordkeeping	10	1	Initial and Ongoing	140.00	120.00	260.00	2,600.00	780.00	7,800.00
Prepare and Submit Annual Compliance Report: 13n-11(d), (e), and (g)	Reporting	10	1	Ongoing	0.00	5.00	5.00	50.00	15.00	150.00
Annual Financial Reports: 13n-11(f) and (g)	Reporting	10	1	Ongoing	0.00	500.00	500.00	5,000.00	1,500.00	15,000.00
Tagging Financial Reports: 13n-11(d) and (f)	Reporting	10	1	Ongoing	0.00	54.00	54.00	540.00	162.00	1,620.00
Establish and Enforce Objective Criteria: 13n-4(c)(1)(iii)	Recordkeeping	10	1	Initial and Ongoing	52.50	45.00	97.50	975.00	292.50	2,925.00
Policies and procedures to review any prohibition or limitation: 13n-4(c)(1)(iv)	Recordkeeping	10	1	Initial and Ongoing	70.00	60.00	130.00	1,300.00	390.00	3,900.00
Written Policies and Procedures for Board and Senior Management: 13n-4(c)(2)(iv)	Recordkeeping	10	1	Initial and Ongoing	70.00	60.00	130.00	1,300.00	390.00	3,900.00
Conflict of Interest Controls: 13n-4(c)(3)	Recordkeeping	10	1	Initial and Ongoing	140.00	120.00	260.00	2,600.00	780.00	7,800.00
Procedures and Facilities to Resolve Disputes: 13n-5(b)(6)	Recordkeeping	10	1	Initial and Ongoing	105.00	90.00	195.00	1,950.00	585.00	5,850.00
Privacy Requirements: 13n-9(b)(1) and 13n-4(b)(8)	Recordkeeping	10	1	Initial and Ongoing	140.00	120.00	260.00	2,600.00	780.00	7,800.00
Privacy Requirements: 13n-9(b)(2)	Recordkeeping	10	1	Initial and Ongoing	70.00	60.00	130.00	1,300.00	390.00	3,900.00
<b>Totals</b>					<b>15,450.00</b>	<b>27,027.17</b>	<b>42,501.17</b>	<b>425,009.29</b>	<b>127,503.48</b>	<b>1,275,027.97</b>

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

The total cost for all of the Rules and Form SDR for all respondents is approximately \$103,364,700 initially, with a total annual cost thereafter of \$65,227,720 totaling approximately \$299,047,860. This equates to \$99,682,619.90 per year when annualized over three years or \$9,968,472 per respondent when annualized over three years. These costs are broken down by collection of information below.

#### a. Registration Requirements and Form SDR

Rule 13n-1(f) requires a non-resident SDR to (i) certify on Form SDR that the SDR can, as a matter of law, and will provide the Commission with prompt access to the SDR's books and records and can, as a matter of law, and will submit to onsite inspection and examination by the Commission and (ii) provide an opinion of counsel that the SDR can, as a matter of law, provide the Commission with prompt access to the SDR's books and records and can, as a matter of law, submit to onsite inspection and examination by the Commission. The Commission estimates that there will be 3 non-resident SDRs who will be required to comply with the certification and opinion requirement. The Commission estimates that a non-resident SDR will spend \$900 in outside legal costs<sup>43</sup> in complying with these requirements, for a total cost of \$2,700 initially. This equates to \$900 when annualized over three years or \$300 per respondent when annualized over three years. The Commission estimates no ongoing costs associated with the certification requirement. This collection is a reporting type of collection.

#### b. SDR Duties, Data Collection and Maintenance, and Direct Electronic Access

Rules 13n-4(b)(2) and (4), and 13n-5 require SDRs to accept and maintain data, including transaction data, received from third parties and to calculate and maintain positions. Rule 13n-4(b)(5) requires SDRs to provide direct electronic access to the Commission or its designees. SDRs also have an obligation under Rules 13n-4(b)(3) and 13n-5(b)(1)(iii) to confirm the accuracy of data submitted and to establish, maintain, and enforce written policies and procedures reasonably designed to satisfy themselves that the transaction data that has been submitted to them is complete and accurate. Rule 13n-5(b)(4) requires that SDRs maintain the transaction data and related identifying information for not less than five years after the applicable SBS expires and historical positions for not less than five years. Under Rule 13n-5(b)(7), this obligation continues even if an SDR withdraws from registration or ceases doing business. SDRs are required to make and keep current a plan to ensure compliance with this requirement. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that these provisions will require \$10 million in information technology costs initially to establish systems compliant with all of the requirements and \$6 million in ongoing costs to administer per year per respondent, for a total cost of \$100 million initially and \$60 million annually totaling approximately \$280,000,000. This equates to \$93,333,333.30 when annualized over three years or \$9,333,333.33 per respondent when annualized over three years. This collection is a recordkeeping type of collection.

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<sup>43</sup> The Commission bases its cost estimate on its cost estimate for providing a legal opinion and additional disclosure as required by Instruction 3 to Item 7.B to Form 20-F.



Each SDR is also required to establish, maintain, and enforce written policies and procedures, reasonably designed: (1) under Rule 13n-5(b)(1), for the reporting of complete and accurate transaction data to the SDR and to satisfy itself that such information is complete and accurate; (2) under Rule 13n-5(b)(2), to calculate positions for all persons with open SBSs for which the SDR maintains records; (3) under Rule 13n-5(b)(3), to ensure transaction data and positions that the SDR maintains are complete and accurate; (4) under Rule 13n-5(b)(5), to prevent any provision in a valid SBS from being invalidated or modified through the procedures or operations of the SDR; and (5) under Rule 13n-6, with respect to its systems that support or are integrally related to the performance of the SDR's activities, to ensure that those systems provide adequate levels of capacity, integrity, resiliency, availability, and security. The Commission estimates a total of 10 respondents for these provisions. While these policies and procedures will vary in exact cost, the Commission estimates that these policies and procedures will require a total of \$100,000 in outside legal costs<sup>44</sup> per respondent to establish, for a total of \$1,000,000 in outside legal costs initially. This equates to \$333,333.30 when annualized over three years or \$33,333.33 per respondent when annualized over three years. The Commission estimates no ongoing costs associated with creating these policies and procedures. This collection is a recordkeeping type of collection.

c. Recordkeeping

The Commission does not estimate that SDRs will incur any external costs in complying with Rules 13n-7(a)(1) and (a)(2).

Under Rule 13n-7(b)(3), upon the request of any representative of the Commission, an SDR is required to furnish promptly documents kept and preserved by it pursuant to Rules 13n-7(a) or (b) to such a representative. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that this requirement will require \$1,800 in information technology costs per respondent, for a total cost of \$18,000 initially. This equates to \$6,000 when annualized over three years or \$600 per respondent when annualized over three years. The Commission estimates no ongoing external costs associated with this provision. This collection is a recordkeeping type of collection.

d. Reports and Reviews

The Commission does not estimate that SDRs will incur any external costs in complying with Rule 13n-8.

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<sup>44</sup> The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (5 policies and procedures) = \$100,000.

e. Disclosure

Pursuant to Rule 13n-10, SDRs are required to provide certain disclosures to market participants. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that preparing the required disclosures will require \$4,400 in external legal costs and \$5,000 in external compliance consulting cost per respondent<sup>45</sup>, resulting in a total cost for all respondents of \$94,000 initially. This equates to \$31,333.30 when annualized over three years or \$3,133.33 per respondent when annualized over three years. The Commission estimates no ongoing external costs associated with this provision. This collection is a third-party disclosure type of collection.

f. Chief Compliance Officer

Under Rules 13n-11(c)(6) and (7), an SDR's CCO is responsible for, among other things, establishing procedures for the remediation of noncompliance issues identified by the CCO, and establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that an SDR will incur \$40,000 in outside legal costs<sup>46</sup> to create these policies and procedures, for a total initial outside cost of \$400,000. This equates to \$133,333.30 when annualized over three years or \$13,333.33 per respondent when annualized over three years. The Commission estimates no ongoing external costs associated with these provisions. This collection is a recordkeeping type of collection.

Rules 13n-11(f) and (g) require that annual financial reports be prepared and filed with the Commission as an official filing in accordance with the EDGAR Filer Manual and include, as part of the official filing, an Interactive Data Financial Report filed in accordance with Rule 407 of Regulation S-T. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that an SDR will incur \$500,000 annually for independent public accounting services, for a total cost of \$5,000,000 annually totaling \$15,000,000. This equates to \$5,000,000 when annualized over three years or \$500,000 per respondent when annualized over three years. This collection is a reporting type of collection.

Rules 13n-11(d) and (f) require the compliance reports be filed in a tagged data format in accordance with the instructions contained in the EDGAR Filer Manual, and the financial reports must be provided as an official filing in accordance with the EDGAR Filer Manual and include, as part of the official filing, an Interactive Data Financial Report filed in accordance with Rule 407 of Regulation S-T. The Commission estimates a total of 10 respondents for these filing

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<sup>45</sup> The Commission bases its cost estimate on the Commission's experience with and burden estimates for similar disclosure document requirements applied to investment advisers with 1,000 or fewer employees and as a result of its discussions with market participants.

<sup>46</sup> The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (2 policies and procedures) = \$40,000.

requirements. The Commission estimates that an SDR will incur \$22,772 in outside software and other costs per year in complying with these filing requirements, for a total cost of \$227,720 annually totaling \$683,160. This equates to \$227,720 when annualized over three years or \$22,772 per respondent when annualized over three years. This collection is a reporting type of collection.

g. Other Provisions Relevant to the Collection of Information

Rule 13n-4(c)(1)(iii) requires SDRs to establish, monitor on an ongoing basis, and enforce clearly stated objective criteria that will permit fair, open, and not unreasonably discriminatory access to services offered and data maintained by the SDR. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that an SDR will incur \$15,000 in outside legal costs<sup>47</sup> associated with the creation of the objective criteria, for a total cost of \$150,000 initially. This equates to \$50,000 when annualized over three years or \$5,000 per respondent when annualized over three years. The Commission estimates no ongoing external costs associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-4(c)(1)(iv) requires SDRs to establish, maintain, and enforce certain policies and procedures to review any prohibition or limitation of any person with respect to access to services offered or data maintained by the SDR and to grant such person access to such services or data if such person has been discriminated against unfairly. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that an SDR will incur a total of \$20,000 in outside legal costs<sup>48</sup> to create these policies and procedures, for a total cost of \$200,000 initially. This equates to \$66,666.70 when annualized over three years or \$6,666.67 per respondent when annualized over three years. The Commission estimates no ongoing external costs associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-4(c)(2)(iv) requires SDRs to establish, maintain, and enforce written policies and procedures reasonably designed to ensure that the SDR's senior management and each member of the board or committee that has the authority to act on behalf of the board possess requisite skills and expertise to fulfill their responsibilities in the management and governance of the SDR, to have a clear understanding of their responsibilities, and to exercise sound judgment about SDR's affairs. The Commission estimates a total of 10 respondents for this provision.

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<sup>47</sup> The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (37.5 hours of outside legal consulting per policy and procedure) x (1 policy and procedure) = \$15,000.

<sup>48</sup> The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (1 policy and procedure) = \$20,000.

The Commission estimates that an SDR will incur \$20,000 in outside legal costs<sup>49</sup> to create these policies and procedures, for a total cost of \$200,000 initially. This equates to \$66,666.70 when annualized over three years or \$6,666.67 per respondent when annualized over three years. The Commission estimates no ongoing costs associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-4(c)(3) addresses the conflicts of interest requirements governing SDRs. SDRs are required to establish and enforce written policies and procedures reasonably designed to minimize conflicts of interest, including establishing, maintaining, and enforcing written policies and procedures reasonably designed to identify and mitigate potential and existing conflicts of interest in the SDR's decision-making process on an on-going basis. It also includes establishing, maintaining, and enforcing written policies and procedures regarding the SDR's non-commercial and commercial use of the SBS transaction information that it receives. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that an SDR will incur \$40,000 in outside legal costs<sup>50</sup> to create these policies and procedures, for a total cost of \$400,000 initially. This equates to \$133,333.30 when annualized over three years or \$13,333.33 per respondent when annualized over three years. The Commission estimates no ongoing costs associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-5(b)(6) requires SDRs to establish procedures and provide facilities reasonably designed to effectively resolve disputes over the accuracy of the transaction data and positions that are recorded in the SDR. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that SDRs will incur \$30,000 in outside legal costs<sup>51</sup> in establishing these procedures and facilities, for a total cost of \$300,000 initially. This equates to \$100,000 when annualized over three years or \$10,000 per respondent when annualized over three years. The Commission estimates no ongoing cost associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-4(b)(8) and Rule 13n-9 address privacy requirements for SDRs. Rule 13n-4(b)(8) requires SDRs to maintain the privacy of any and all SBS transaction information that the SDR receives from an SBS dealer, counterparty, or any registered entity as prescribed in Rule 13n-9. Rule 13n-9(b)(1) requires SDRs to establish, maintain, and enforce written policies and procedures reasonably designed to protect the privacy of any and all SBS transaction information

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<sup>49</sup> The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (1 policy and procedure) = \$20,000.

<sup>50</sup> The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (2 policies and procedures) = \$40,000.

<sup>51</sup> The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (75 hours of outside legal consulting per policy and procedure) x (1 policy and procedure) = \$30,000.

that the SDR receives from any SBS dealer, counterparty, or any registered entity. The Commission estimates a total of 10 respondents for these provisions. The Commission estimates that an SDR will incur \$40,000 in outside legal costs<sup>52</sup> to create these policies and procedures, for a total cost of \$400,000 initially. This equates to \$133,333.30 when annualized over three years or \$13,333.33 per respondent when annualized over three years. The Commission estimates no ongoing costs associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-9(b)(2) requires SDRs to establish and maintain safeguards, policies, and procedures reasonably designed to prevent the misappropriation or misuse of (1) any confidential information received by the SDR, (2) material, nonpublic information, and/or (3) intellectual property. These safeguards, policies and procedures must address limiting access to such information and intellectual property, standards pertaining to trading by persons associated with the SDR for their personal benefit or the benefit of others, and adequate oversight. The Commission estimates a total of 10 respondents for this provision. The Commission estimates that SDRs will incur \$20,000 outside legal costs<sup>53</sup> to create these safeguards, policies, and procedures, for a total cost of \$200,000 initially. This equates to \$66,666.70 when annualized over three years or \$6,666.67 per respondent when annualized over three years. The Commission estimates no ongoing costs associated with this provision. This collection is a recordkeeping type of collection.

Collection of Information	Type of Burden	Total Number of Respondents	Total Number of Responses Per Year	Type of Burden	Initial Cost Per Response Per Year Per Respondent	Ongoing Cost Per Response Per Year Per Respondent	Total Annualized Cost Per Year Per Year Per Respondent	Total Burden Reporting Cost For All Respondents	Total Cost Per Three Year Reporting Period Per Respondent	Total Cost Per Three Year Reporting Period For All Respondents
Registration on Form SDR: 13n-1(b) and 13n-3(a) and Form SDR	Reporting	10	1	Initial	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Certification and Opinion of Counsel for Non-Resident SDRs: 13n-1(f)	Reporting	3	1	Initial	\$300.00	\$0.00	\$300.00	\$900.00	\$900.00	\$2,700.00
Amendments to Form SDR: 13n-1(d)	Reporting	10	3	Ongoing	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Withdrawal from Registration: 13n-2	Reporting	10	1	Initial	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
IT Systems: 13n-4(b)(2) and (4) and 13n-5	Recordkeeping	10	1	Initial and Ongoing	\$3,333,333.33	\$6,000,000.00	\$9,333,333.33	\$93,333,333.30	\$27,999,999.99	\$279,999,999.90
Policies and Procedures: 13n-5(b)(1), (2), (3), and (5) and 13n-6	Recordkeeping	10	1	Initial	\$33,333.33	\$0.00	\$33,333.33	\$333,333.30	\$99,999.99	\$999,999.90

<sup>52</sup> The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (2 policies and procedures) = \$40,000.

<sup>53</sup> The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (1 policy and procedure) = \$20,000.

Collection of Information	Type of Burden	Total Number of Respondents	Total Number of Responses Per Year	Type of Burden	Initial Cost Per Response Per Year Per Respondent	Ongoing Cost Per Response Per Year Per Respondent	Total Annualized Cost Per Year Per Respondent	Total Burden Reporting Cost For All Respondents	Total Cost Per Three Year Reporting Period Per Respondent	Total Cost Per Three Year Reporting Period For All Respondents
Make and Keep Records of Persons at Each Office: 13n-7(a)(1)	Recordkeeping	10	1	Initial and Ongoing	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Storage of Records: 13n-7(b)	Recordkeeping	10	1	Initial	\$600.00	\$0.00	\$600.00	\$6,000.00	\$1,800.00	\$18,000.00
Reports: 13n-8	Reporting	10	1	Ongoing	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Disclosure: 13n-10	Third-Party Disclosure	10	1	Initial	\$3,133.33	\$0.00	\$3,133.33	\$31,333.30	\$9,399.99	\$93,999.90
Establish Procedures for Remediation of Compliance Issues: 13n-11(c)(6) and (7)	Recordkeeping	10	1	Initial	\$13,333.33	\$0.00	\$13,333.33	\$133,333.30	\$39,999.99	\$399,999.90
Prepare and Submit Annual Compliance Report: 13n-11(d), (e), and (h)	Reporting	10	1	Ongoing	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Financial Reports: 13n-11(f) and (g)	Reporting	10	1	Ongoing	\$0.00	\$500,000.00	\$500,000.00	\$5,000,000.00	\$1,500,000.00	\$15,000,000.00
Tagging Financial Reports: 13n-11(d) and (f)	Reporting	10	1	Ongoing	\$0.00	\$22,772.00	\$22,772.00	\$227,720.00	\$68,316.00	\$683,160.00
Establish and Enforce Objective Criteria: 13n-4(c)(1)(iii)	Recordkeeping	10	1	Initial	\$5,000.00	\$0.00	\$5,000.00	\$50,000.00	\$15,000.00	\$150,000.00
Policies and procedures to review any prohibition or limitation: 13n-4(c)(1)(iv)	Recordkeeping	10	1	Initial	\$6,666.67	\$0.00	\$6,666.67	\$66,666.70	\$20,000.01	\$200,000.10
Written Policies and Procedures for Board and Senior Management: 13n-4(c)(2)(iv)	Recordkeeping	10	1	Initial	\$6,666.67	\$0.00	\$6,666.67	\$66,666.70	\$20,000.01	\$200,000.10
Conflict of Interest Controls: 13n-4(c)(3)	Recordkeeping	10	1	Initial	\$13,333.33	\$0.00	\$13,333.33	\$133,333.30	\$39,999.99	\$399,999.90
Procedures and Facilities to Resolve Disputes: 13n-5(b)(6)	Recordkeeping	10	1	Initial	\$10,000.00	\$0.00	\$10,000.00	\$100,000.00	\$30,000.00	\$300,000.00
Privacy Requirements: 13n-9(b)(1) and 13n-4(b)(8)	Recordkeeping	10	1	Initial	\$13,333.33	\$0.00	\$13,333.33	\$133,333.30	\$39,999.99	\$399,999.90
Privacy Requirements: 13n-9(b)(2)	Recordkeeping	10	1	Initial	\$6,666.67	\$0.00	\$6,666.67	\$66,666.70	\$20,000.01	\$200,000.10
<b>Totals</b>					<b>\$3,445,700.00</b>	<b>\$6,522,772.00</b>	<b>\$9,968,472.00</b>	<b>\$99,682,619.90</b>	<b>\$29,905,415.97</b>	<b>\$299,047,859.70</b>

## 14. Costs to 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. The Commission believes that certain of these rules could reduce the potential cost to the government by facilitating the Commission's ability to analyze the data. However, at this time, the Commission is unable to quantify these costs.

**15. Explanation of Changes in Burden**

No changes in burden expected as a result of this extension.

**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**

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 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.