

SUPPORTING STATEMENT

For the Paperwork Reduction Act Information Collection Submission for Proposed Rule 204-5 under the Investment Advisers Act of 1940

A. JUSTIFICATION

1. Necessity for the Information Collection

On April 18, 2018, the Securities and Exchange Commission (the “Commission” or “SEC”) issued a release proposing, among other things, new rule 204-5 and amendments to Form ADV under the Investment Advisers Act of 1940. The proposal would require registered broker-dealers and registered investment advisers to provide a brief relationship summary to retail investors to inform them about certain aspects of the relationships and services the firm offers (the “relationship summary”). Proposed rule 204-5 would require that an investment adviser: (i) deliver the relationship summary to each retail investor before or at the time the adviser enters into an investment advisory agreement as well as to existing clients one time within a specified time period after the effective date of the proposed amendments; (ii) deliver the relationship summary to existing clients before or at the time (a) a new account is opened that is different from the retail investor’s existing account(s), or (b) changes are made to the retail investor’s existing account(s) that would materially change the nature and scope of the adviser’s relationship with the retail investor; (iii) post a current version of their relationship summary prominently on their public website (if they have one); and (iv) communicate any changes in an updated relationship summary to retail investors who are existing clients or customers of the firm within 30 days after the updates are required to be made and without charge. A firm would be permitted to deliver the relationship summary

(including updates) electronically, consistent with the Commission's guidance regarding electronic delivery.

The proposed rule 204-5 is a "collection of information" within the meaning on the Paperwork Reduction Act of 1995 ("Paperwork Reduction Act"),¹ and the Commission is submitting the collection of information to the Office of Management and Budget ("OMB") for review in accordance with 44 U.S.C. 3507(d) and 5 CFR 1320.11. The title for the collection of information is: "Rule 204-5 under the Investment Advisers Act of 1940."

2. Purpose and Use of the Information Collection

The purpose of Form CRS is to assist retail investors in making an informed choice when choosing an investment firm and professional, and type of account. Retail investors can use the information required in Form CRS to determine whether to hire or retain an investment adviser, as well as what types of accounts and services are appropriate for their needs. It is also intended to facilitate comparisons across firms that offer the same or substantially similar services. The Commission also will use the information to manage its regulatory and examination programs. The collection of information is necessary to provide investment adviser retail investors, prospective retail investors, and the Commission with information about the investment adviser and its business, conflicts of interest and personnel. This collection of information would be found at 17 CFR 275.204-5 and would be mandatory. Responses would not be kept confidential.

¹ 44 U.S.C. 3501 *et seq.*

3. Consideration Given to Information Technology

A firm would be permitted to deliver the relationship summary (including updates) electronically, consistent with the Commission's guidance regarding electronic delivery.² Proposed rule 204-5 would also require that a firm that maintain a public website to post their relationship summaries on their websites in a way that is easy for retail investors to find. Firms that do not maintain a website would be required to include in their relationship summaries a toll-free number for investors to call to obtain documents.

4. Duplication

The Commission periodically evaluates rule-based reporting and recordkeeping requirements for duplication and reevaluates them whenever it proposes a rule or a change in a rule. Proposed rule 204-5 would require that an investment adviser deliver a brief relationship summary to retail investors to inform them about certain aspects of the relationships and services the firm offers. A relationship summary would help retail investors to understand their relationship with a particular firm, to compare different types of accounts, and to compare that firm with other firms. Investment advisers have other disclosure obligations under the federal securities laws and other federal laws. For example, the information required by the relationship summary is generally already provided in greater detail for investment advisers by Form ADV Part 2. But we believe that all retail investors would benefit from a short summary that focuses on certain key

² See Use of Electronic Media by Broker-Dealers, Transfer Agents, and Investment Advisers for Delivery of Information; Additional Examples Under the Securities Act of 1933, Securities Exchange Act of 1934, and Investment Company Act of 1940, Exchange Act Release No. 37182 (May 9, 1996) [61 FR 24644 (May 15, 1996)]. See also Use of Electronic Media, Exchange Act Release No. 42728 (Apr. 28, 2000) [65 FR 25843 (May 4, 2000)]; and Use of Electronic Media for Delivery Purposes, Exchange Act Release No. 36345 (Oct. 6, 1995) [60 FR 53458 (Oct. 13, 1995)].

aspects of the firm and its services. By requiring both investment advisers and broker-dealers to deliver a relationship summary that discusses both types of services and their differences, the relationship summary would help all retail investors, whether they are considering an investment adviser or a broker-dealer. Brief disclosure would also facilitate a layered approach to disclosure in which firms would include certain information in the relationship summary, along with references and links to other disclosure where interested investors can find additional information.³

5. Effect on Small Entities

The information collection requirements of proposed rule 204-5 do not distinguish between investment advisers that are small entities and other investment advisers. Because the protections of the Advisers Act are intended to apply equally to retail investor clients and customers of both large and small firms, it would be inconsistent with the purposes of the Advisers Act to specify differences for small entities under the proposed rules and rule amendments. We believe that the proposed new rule 204-5 and relationship summary would result in multiple benefits to all retail investors, including alerting retail investors to certain information to consider when choosing a firm and a financial professional and prompting retail investors to ask informed questions. In addition, the content of the relationship summary would facilitate comparisons across firms. The Commission believes that these benefits should apply to retail investors of smaller firms as well as retail investors of larger firms. To establish different disclosure requirements for small entities would diminish this investor protection for clients of small

³ Firms would be required to include cross-references to where investors could find additional information, such as in the Form ADV Part 2 brochure and brochure supplement for investment advisers or on the firm's website or in the account opening agreement for broker-dealers. For electronic versions of the relationship summary, we would require firms to use hyperlinks to the cross-referenced document if it is available online.

advisers. The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act, to identify methods to minimize recordkeeping or reporting requirements affecting small businesses.

6. Consequences of Not Conducting Collection

The collection of information required by the form is necessary to protect investors and deter potentially misleading sales practices by providing retail investors and potential retail investors, as well as the Commission, with information about the investment adviser, the services it offers to retail investors, applicable standard of conduct, fees, and conflict of interests. Providing this information before or at the time the adviser enters into an investment advisory agreement with a retail investor, as well as at certain points during the relationship (*e.g.*, switching or adding account types) would help retail investors to make a more informed choice among the types of firms and services available to them. The consequences of not collecting this information include continued retail investor confusion about the differences among broker-dealers, investment advisers, and firms registered with the Commission as both broker-dealers and investment advisers. In addition, if the information is either not collected or is collected less frequently, the Commission's ability to protect investors would be reduced.

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

Not applicable.

8. Consultation Outside the Agency

In its release proposing, among other things, new rule 204-5, the Commission requested public comment on the effect of information collections under the proposed new rules and rule amendments. The Commission and the staff of the Division of

Investment Management continue to participate in an ongoing dialogue with representatives of the investment adviser industry through public conferences, meetings and informal exchanges. These various forums provide the Commission and the staff with a means of ascertaining and acting upon paperwork burdens facing the industry.

9. Payment or Gift

No payment or gift to respondents was provided.

10. Assurance of Confidentiality

Not Applicable.

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 names, job titles, work addresses, and phone numbers. 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.

12. Estimate of Hour Burden

We estimate the total collection of information burden for proposed new rule 204-5 to be 967,044 annual aggregate hours per year,⁴ or 126.8 hours per respondent,⁵ for a

⁴ 1,230 annual hours for posting initial relationship summaries to adviser websites + 240,953 annual hours for initial delivery to existing clients + 72,286 hours for delivery to existing clients based on material changes to accounts or scope of relationship + 6,286 annual hours to post amended relationship summary to website + 615,674 hours for delivery to existing clients to communicate updated information in amended relationship summaries + 30,614 hours for delivery to new or prospective clients = 967,044 annual total hours for investment advisers to post and deliver the relationship summary under proposed rule 204-5.

⁵ 967,044 hours (initial and other deliveries) / 7,625 advisers = 126.8 hours per adviser.

total annual aggregate monetized cost of \$58,022,611,⁶ or \$7,610⁷ per adviser. The likely respondents to this information collection would be the approximately 7,625 investment advisers registered with the Commission that would be required to deliver a relationship summary to retail investors pursuant to the proposed new rule 204-5.⁸

A. Posting of the Relationship Summary to Website

Under proposed new rule 204-5, advisers would be required to post a current version of their relationship summary prominently on their public website (if they have one). We estimate that each adviser would incur 0.5 hours to prepare the relationship summary, such as to ensure proper electronic formatting, and to post the disclosure to the adviser's website, if the adviser has one.⁹ Based on IARD system data, 91.1% of investment advisers with individual clients report at least one public website. Therefore, we estimate that 91.1% of the 7,625 existing and 477 newly-registered investment advisers with relationship summary obligations would incur a total of 3,690 aggregate

⁶ \$73,809 for posting initial relationship summaries to adviser websites + \$14,457,209 for initial delivery to existing clients + \$4,337,162 for delivery to existing clients based on material changes to accounts or scope of relationship + \$377,188 to post amended relationship summary to website + \$36,940,426 for delivery to existing clients to communicate updated information in amended relationship summaries + \$1,836,817 for delivery to new or prospective clients = \$58,022,611 in total annual aggregate monetized cost for investment advisers to post and deliver the relationship summary under proposed rule 204-5.

⁷ $\$58,022,611 / 7,625 \text{ advisers} = \$7,610 \text{ per adviser.}$

⁸ This figure includes the 366 registered broker-dealers that are dually registered as investment advisers as of December 31, 2017.

⁹ This estimate is based upon staff experience. *See e.g.*, Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies, Investment Company Act Release No. 28584 (Jan. 13, 2009) [74 FR 4546 (Jan. 26, 2009)] (“we estimate, as we did in the proposing release, that rule 498 will impose a ½ hour burden per portfolio annually associated with the compilation of the additional information required on a cover page or at the beginning of the Summary Prospectus. Rule 498 also imposes annual hour burdens associated with the posting of a fund’s Summary Prospectus, statutory prospectus, SAI, and most recent report to shareholders on an Internet website. We estimate that the average hour burden for one portfolio to comply with the Internet website posting requirements will be approximately one hour annually.”) Because rule 204-5 pertains to one document, the relationship summary, which is much shorter than the several documents to which rule 498 applies, we estimate that each adviser on average would incur approximately 0.5 hours for the preparation of the relationship summary for posting, and for the posting itself.

burden hours to post relationship summaries to their websites,¹⁰ with a monetized cost of \$221,428.¹¹ We amortize the estimated initial burden associated with posting the relationship summary over a three-year period.¹² Therefore, the total annual aggregate hourly burden related to the initial posting of the relationship summary is estimated to be 1,230 hours, with a monetized cost of \$73,809.¹³

B. Delivery to Existing Clients

i. One-Time Initial Delivery to Existing Clients

The burden for this proposed rule is based on each adviser with retail investors having, on average, an estimated 4,461 clients who are retail investors.¹⁴ Although advisers may either deliver the relationship summary separately, in a “bulk delivery” to clients, or as part of the delivery of information that advisers already provide, such as the annual Form ADV update, account statements or other periodic reports, we base our estimates here on a “bulk delivery” to existing clients. We estimate that advisers would require approximately 0.02 hours to deliver the relationship summary to each client.¹⁵

¹⁰ 0.5 hours to prepare and post the relationship summary x 91.1% x (7,625 existing advisers + 477 newly-registered advisers with relationship summary obligations) x 0.5 hours = 3,690 hours.

¹¹ Based on data from the SIFMA Office Salaries in the Securities Industry Report, modified to account for an 1,800-hour work year and multiplied by 2.93 to account for bonuses, firm size, employee benefits, and overhead (“SIFMA Office Salaries Report”), we expect that requirement for investment advisers to post their relationship summaries to their websites will most likely be performed by a general clerk at an estimated cost of \$60 per hour. 0.5 hours per adviser x \$60 = \$30 in monetized costs per adviser. \$30 per adviser x (7,625 existing advisers + 477 newly registered advisers) = \$221,428 total aggregate monetized cost.

¹² See the separate collection of information associated with the proposed amendment to Form ADV to add a new Part 3: Form CRS under the Advisers Act. See also Form ADV and Investment Advisers Act Rules, Final Rule, Investment Advisers Act Release No. 4509 (Aug. 25, 2016) [81 FR 60418 (Sep. 1, 2016)] (“2016 Form ADV Paperwork Reduction Analysis”).

¹³ 43,688 hours / 3 years = 1,230 hours annually. \$221,428 / 3 years = \$73,809 in annualized monetized costs.

¹⁴ Based on IARD system data as of December 31, 2017.

¹⁵ This is the same estimate we made in the Form ADV Part 2 proposal and for which we received no comment. See Amendments to Form ADV, Investment Advisers Act Release No. 3060 (Jul. 28, 2010)

Based on IARD data as of December 31, 2017, we estimate that advisers with the obligation to deliver the relationship summary under proposed rule 204-5 have, on average, 4,461 clients who are retail investors, per adviser. Thus, we estimate the total burden hours for 7,625 advisers for initial delivery of the relationship to existing clients to be 89.22 hours per adviser, or 722,860 total aggregate hours, for the first year after the rule is in effect,¹⁶ with a monetized cost of \$5,353¹⁷ per adviser or \$43,339,507 in aggregate.¹⁸ Amortized over three years, the total annual hourly burden is estimated to be 29.74 hours per adviser, or 240,953 annual hours in aggregate,¹⁹ with annual monetized costs of \$1,784 per adviser, or \$14,457,209 in aggregate.²⁰

ii. Delivery for New Account Types or Material Changes in the Nature or Scope of the Advisory Relationship

With respect to delivery of the relationship summary in the event new account types are opened or material changes occur in the nature or scope of the advisory relationship, we expect that such delivery would take place among 10% of an adviser's

[75 FR 49233 (Aug. 12, 2010)] (“Brochure Adopting Release”), at 49259. We note that the burden for preparing relationship summaries is already incorporated into the burden estimate for Form ADV discussed above.

¹⁶ $(0.02 \text{ hours per client} \times 4,461 \text{ retail clients per adviser}) = 89.22 \text{ hours per adviser. } 89.22 \text{ hours per adviser} \times (7,625 \text{ existing advisers} + 477 \text{ newly registered advisers}) = 722,860 \text{ total aggregate hours.}$

¹⁷ Based on data from the SIFMA Office Salaries Report, we expect that initial delivery requirement to existing clients of rule 204-5 will most likely be performed by a general clerk at an estimated cost of \$60 per hour. $89.22 \text{ hours per adviser} \times \$60 = \$5,353 \text{ in monetized costs per adviser.}$ We estimate that advisers will not incur any incremental postage costs because we assume that they will make such deliveries with another mailing the adviser was already delivering to clients, such as interim or annual updates to the Form ADV, or will deliver the relationship summary electronically.

¹⁸ $\$5,353 \text{ in monetized costs per adviser} \times (7,625 \text{ existing advisers} + 477 \text{ newly registered advisers}) = \$43,339,507 \text{ in total aggregate costs.}$

¹⁹ $89.22 \text{ initial hours per adviser} / 3 = 29.74 \text{ total annual hours per adviser. } 722,860 \text{ initial aggregate hours} / 3 = 240,953 \text{ total annual aggregate hours.}$

²⁰ $\$5,353 \text{ in monetized costs per adviser} / 3 = \$1,784 \text{ annualized monetized cost per adviser. } \$43,339,507 \text{ initial aggregate monetized cost} / 3 = \$14,457,209 \text{ in total annual aggregate monetized cost.}$

retail investors annually. We would therefore estimate a total annual hourly burden of 9 hours per adviser and 72,286 hours in total annual aggregate hours,²¹ with a monetized cost of \$535 per adviser²² and \$4,337,163 in aggregate.²³

iii. Posting of Amended Relationship Summaries to Websites and Communicating Changes to Amended Relationship Summaries, Including by Delivery

Investment advisers would be required to amend their relationship summaries within 30 days when any of the information becomes materially inaccurate. We do not expect amendments to be frequent, but based on the historical frequency of amendments made on Form ADV Parts 1 and 2, estimate that on average, each adviser preparing a relationship summary will likely amend the disclosure and average of 1.81 times per year.²⁴ As above, we estimate that preparation of the relationship summary for posting to the web and the posting itself will require 0.5 hours. Therefore, once again using the same percentage of investment advisers reporting public websites, 91.1% of 7,625 advisers would incur a total annual burden of 0.91 hours per adviser, or 6,286 hours in aggregate,²⁵ to post the amended relationship summaries to their website. This translates

²¹ 10% of 4,461 retail clients per adviser x .02 hours to deliver the relationship summary = 9 hours per adviser. 9 hours x (7,625 existing advisers + 477 new advisers) = 72,286 total aggregate hours.

²² Based on data from the SIFMA Office Salaries Report, we expect that delivery requirements of rule 204-5 will most likely be performed by a general clerk at an estimated cost of \$60 per hour. 9 hours per adviser x \$60 = \$535 per adviser. We estimate that advisers will not incur any incremental postage costs in the delivery of the relationship summary to existing clients for changes in accounts, because we assume that advisers will make such deliveries with another mailing the adviser was already delivering to clients, such as new account agreements and other documentation normally required in such circumstances.

²³ \$535 in monetized costs per adviser x (7,625 existing advisers + 477 newly registered advisers) = \$4,337,163 in total aggregate costs.

²⁴ This estimate is based on IARD system data regarding the number of filings of Form ADV amendments.

²⁵ 0.5 hours to post the amendment x 1.81 amendments annually = 0.91 hours per adviser annually to post amendments to the website. 0.91 x 7,625 existing advisers amending the relationship summary x 91.1% of advisers with public websites = 6,286 aggregate annual hours to post amendments of the relationship summary.

into an annual monetized cost of \$54.30 per adviser, or \$377,188 in the aggregate for existing registered advisers with relationship summary obligations.²⁶

Investment advisers also will be required to communicate any changes in an amended relationship summary to existing clients who are retail investors. The communication can be made by delivering the relationship summary or by communicating the information in another way. For this requirement, we estimate that 50% of advisers will choose to deliver the relationship summary to communicate the updated information, and that the delivery will be made along with other disclosures already required to be delivered, such as an interim or annual Form ADV update. We therefore estimate a burden of 615,674²⁷ hours, or 161.5 hours per adviser,²⁸ at a monetized cost of \$36,940,426 in aggregate,²⁹ or \$9,689 per adviser,³⁰ for the 50% of advisers that choose to deliver amended relationship summaries in order to communicate updated information.

²⁶ Based on data from the SIFMA Office Salaries Report, we expect that the posting requirements of rule 204-5 will most likely be performed by a general clerk at an estimated cost of \$60 per hour. $0.91 \text{ hours per adviser} \times \$60 = \$54.30 \text{ per adviser}$. $\$54.30 \text{ per adviser} \times 91.1\% \times 7,625 \text{ existing advisers} = \$377,188 \text{ in annual monetized costs}$.

²⁷ $7,625 \text{ advisers amending the relationship summary} \times 4,461 \text{ retail clients per adviser} \times 50\% \text{ delivering the amended relationship summary to communicate updated information} \times 0.02 \text{ hours per delivery} \times 1.81 \text{ amendments annually} = 615,674 \text{ hours to deliver amended relationship summaries}$.

²⁸ $4,461 \text{ retail clients per adviser} \times 0.02 \text{ hours per delivery} \times 1.81 \text{ amendments annually} = 161.5 \text{ hours per adviser}$.

²⁹ Based on data from the SIFMA Office Salaries Report, we expect that delivery requirements of rule 204-5 will most likely be performed by a general clerk at an estimated cost of \$60 per hour. $615,674 \text{ hours} \times \$60 = \$36,940,426$. We estimate that advisers will not incur any incremental postage costs to deliver the relationship summary for communicating updated information by delivering the relationship summary, because we assume that advisers will make the delivery along with other documents already required to be delivered, such as an interim or annual update to Form ADV, or will deliver the relationship summary electronically.

³⁰ Based on data from the SIFMA Office Salaries Report, modified to account for an 1,800-hour work-year and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead, we expect that delivery requirements of rule 204-5 will most likely be performed by a general clerk at an estimated cost of \$60 per hour. $161.5 \text{ hours per adviser} \times \$60 \text{ per hour} = \$9,689 \text{ per adviser}$.

C. Delivery to New Clients or Prospective New Clients

Data from the IARD system indicate that of the 12,721 advisers registered with the Commission, 7,625 have retail investors, and on average, each has 4,461 clients who are retail investors.³¹ Based on IARD system data from 2015 to 2017, we estimate that the client base for investment advisers will grow by approximately 4.5% annually.³² Based on our experience with Form ADV Part 2, we estimate the annual hour burden for initial delivery of a relationship summary would be the same by paper or electronic format, at 0.02 hours for each relationship summary,³³ or 4 annual hours per adviser.³⁴ Therefore, we estimate that the aggregate annual hour burden for initial delivery of the relationship summary to new clients would be 30,614 hours,³⁵ at a monetized cost of \$1,836,817, or \$241 per adviser.³⁶

³¹ This average is based on advisers' responses to Item 5 of Part 1A of Form ADV as of December 31, 2017.

³² The number of retail clients reported by RIAs changed by 6.7% between December 2015 and 2016, and by 2.3% between December 2016 and 2017. $(6.7\% + 2.3\%) / 2 = 4.5\%$ average annual rate of change over the past two years.

³³ This is the same as the estimate for the burden to deliver the brochure required by Form ADV Part 2. See Brochure Adopting Release, *supra* note 15.

³⁴ $4,461$ clients per adviser with retail clients $\times 4.5\% = 201$ new clients per adviser. 201 new clients per adviser $\times .02$ hours per delivery = 4.0 hours per adviser for delivery of a relationship summary to new or prospective new clients.

³⁵ 4.0 hours per adviser for delivery obligation to new or prospective clients $\times 7,625$ advisers = $30,614$ hours.

³⁶ Based on data from the SIFMA Office Salaries Report, modified to account for an 1,800-hour work-year and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead, we expect that delivery requirements of rule 204-5 will most likely be performed by a general clerk at an estimated cost of \$60 per hour. $7,625$ hours \times \$60 = \$1,836,817. We estimate that advisers will not incur any incremental postage costs to deliver the relationship summary to new or prospective clients because we assume that advisers will make the delivery along with other documentation normally provided in such circumstances, such as Form ADV Part 2. $\$1,835,371 / 7,625$ investment advisers = \$241 per adviser.

Table 1: Summary of Revised Annual Responses, Burden Hours, and Burden Hour Costs Estimates for Each Information Collection

IC	Rule 204-5 under the Investment Advisers Act of 1940	Annual No. of Responses			Annual Time Burden (Hrs.)			Monetized Time Burden (\$)		
		<i>Previously approved</i>	<i>Requested Change Due to Agency Discretion</i>	<i>Total</i>	<i>Previously approved</i>	<i>Requested Change Due to Agency Discretion</i>	<i>Total</i>	<i>Previously approved</i>	<i>Requested Change Due to Agency Discretion</i>	<i>Total</i>
IC1	Third Party Disclosure (Posting of the Relationship Summary to Website)	0	7,381	7,381	0	1,230	1,230	0	73,809	73,809
IC1	Third Party Disclosure (One-time Initial Delivery to Existing Clients)	0	36,143,022	36,143,022	0	240,953	240,953	0	14,457,209	14,457,209
IC1	Third Party Disclosure (Delivery for New Account Types or Material Changes in the Nature or Scope of the Advisory Relationship)	0	3,614,302	3,614,302	0	72,286	72,286	0	4,337,163	4,337,163
IC1	Third Party Disclosure (Posting of Amended Relationship Summaries to Websites)	0	12,573	12,573	0	6,286	6,286	0	377,188	377,188
IC1	Third Party Disclosure (Communicating Changes to Amended Relationship Summaries, Including by Delivery)	0	30,783,688	30,783,688	0	615,674	615,674	0	36,940,426	36,940,426
IC1	Third Party Disclosure (Delivery to New Clients or Prospective New Clients)	0	1,532,625	1,532,625	0	30,614	30,614	0	1,836,817	1,836,817
Total for IC		0	72,093,591	72,093,591	0	967,044	967,044	0	58,022,612	58,022,612

13. Cost to Respondents

There is no cost burden other than the cost of the hour burden described above. External costs for the preparation of the relationship summary are already included for the collection of information estimates for Form ADV, in a separate collection of information associated with the proposed amendment to Form ADV to add a new Part 3: Form CRS under the Advisers Act. We do not anticipate external costs to rule 204-5 for several reasons, as follows: (i) investment advisers without a public website would not be required to establish or maintain one; (ii) we do not expect that investment advisers will incur external costs for the initial delivery of the relationship summary to existing clients because we assume that advisers will make such deliveries along with another required delivery, such as an interim or annual update to the Form ADV Part 2; (iii) we do not expect advisers to incur external costs related to deliveries of the relationship summary due to new account type openings, or material changes to the nature or scope of the relationship, because we assume that advisers will deliver the relationship summary along with new account agreements and other information normally required in such circumstances; (iv) we do not expect investment advisers to incur external costs in delivering amended relationship summaries because we assume that they will make this delivery with other disclosures required to be delivered, such as an interim or annual update to Form ADV; and (v) we do not expect that advisers will incur external costs to deliver the relationship summary to new or prospective clients because we assume that advisers will make the delivery along with other documentation normally provided in such circumstances, such as Form ADV Part 2, or will deliver the relationship summary electronically.

14. Costs to Federal Government

There are no costs to the government directly attributable to proposed rule 204-5.

15. Changes in Burden

This is the first request for approval of the collection of information for this rule.

16. Information Collection Planned for Statistical Purposes

Not applicable.

17. Approval to Omit OMB Expiration Date

Not Applicable.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

The Commission is not seeking an exception to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

The collection of information will not employ statistical methods.