

**SUPPORTING STATEMENT for the Paperwork Reduction Act Information Collection
Submission for Definition of “Covered Clearing Agency” under Rule 17Ad-22**

This submission is being made pursuant to the Paperwork Reduction Act of 1995, 44 U.S.C. 3501 et seq.

A. JUSTIFICATION

1. Necessity of Information Collection

Legal Requirements

i. Exchange Act

Section 17A of the Securities Exchange Act of 1934 (“Exchange Act”) directs the Securities and Exchange Commission (“Commission”) to facilitate the establishment of (i) a national system for the prompt and accurate clearance and settlement of securities transactions and (ii) linked or coordinated facilities for clearance and settlement of securities transactions.¹ In facilitating the establishment of the national clearance and settlement system, the Commission must have due regard for the public interest, the protection of investors, the safeguarding of securities and funds, and maintenance of fair competition among brokers and dealers, clearing agencies, and transfer agents.²

Clearing agencies are broadly defined in the Exchange Act and undertake a variety of functions.³ Under Section 17A of the Exchange Act and Rule 17Ab2-1 under the Exchange Act, an entity that meets the definition of a clearing agency is required to register with the Commission or obtain from the Commission an exemption from registration prior to performing the functions of a clearing agency.⁴ To grant registration to a clearing agency, the Exchange Act requires the Commission to determine that the rules and operations of the applicant clearing agency meet the standards set forth in Section 17A of the Exchange Act.⁵ Specifically, Section 17A(b)(3)

¹ See 15 U.S.C. 78q-1(a)(2); see also Report of the Senate Committee on Banking, Housing & Urban Affairs, S. Rep. No. 94-75, at 4 (1975) (urging that “[t]he Committee believes the banking and security industries must move quickly toward the establishment of a fully integrated national system for the prompt and accurate processing and settlement of securities transactions”).

² See 15 U.S.C. 78q-1(a)(2)(A).

³ See 15 U.S.C. 78c(a)(23)(A) (providing the definition of “clearing agency”); see also Exchange Act Release No. 34-71699 (Mar. 12, 2014), 79 FR 16865 (Mar. 26, 2014), corrected at 79 FR 29507, 29510–11 (May 22, 2014) (“2014 Proposing Release”); Exchange Act Release No. 34-68080 (Oct. 22, 2012), 77 FR 66219, 66221–22 (Nov. 2, 2012) (discussing the same) (“2012 Adopting Release”).

⁴ See 15 U.S.C. 78q-1; 17 CFR 240.17Ab2-1.

⁵ See 15 U.S.C. 78q-1(b)(3)(A) through(I) (identifying nine determinations that the

provides that a clearing agency shall not be registered unless the Commission determines that the clearing agency's rules are consistent with the Exchange Act. In so doing, the Commission must determine that, among other things, (i) the clearing agency is so organized and has the capacity to be able to facilitate the prompt and accurate clearance and settlement of securities transactions and to safeguard securities or funds in its custody or control, (ii) the rules of the clearing agency assure a fair representation of its members and participants in the selection of its directors and administration of its affairs, (iii) the rules of the clearing agency provide for the equitable allocation of reasonable dues and fees, and (iv) the rules of the clearing agency are designed to promote the prompt and accurate clearance and settlement of securities transactions.⁶

Following this registration process, the Commission supervises registered clearing agencies using various tools. One of these tools is the rule filing process for self-regulatory organizations ("SROs"), set forth in Section 19(b) of the Exchange Act and rules and regulations thereunder.⁷ A registered clearing agency is required to file with the Commission any proposed rule or proposed change in, addition to, or deletion from the registered clearing agency's rules.⁸ The Commission publishes all proposed rule changes for comment and reviews them. Proposed rule changes are generally required to be approved by the Commission prior to going into effect.⁹ When reviewing a proposed rule change, the Commission considers the submissions of the clearing agency together with any comments received on the proposed rule change in making a determination of whether the proposed rule change is consistent with the requirements of the Exchange Act. In addition, Section 17A of the Exchange Act further provides the Commission with authority to adopt rules as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act and prohibits a clearing agency from engaging in any activity in contravention of such rules and regulations.¹⁰

Commission must make regarding the rules and structure of a clearing agency to grant registration). In 1980, the Commission published a statement of the views and positions of Commission staff regarding the requirements of Section 17A. See Exchange Act Release No. 16900 (June 17, 1980), 45 FR 41920 (June 23, 1980).

⁶ See 15 U.S.C. 78q-1(b)(3)(A), (C), (D), (F).

⁷ Upon registration, registered clearing agencies are SROs under Section 3(a)(26) of the Exchange Act. See 15 U.S.C. 78c(a)(26).

⁸ An SRO must submit proposed rule changes to the Commission for review and approval pursuant to Rule 19b-4 under the Exchange Act. A stated policy, practice, or interpretation of an SRO, such as its written policies and procedures, would generally be deemed to be a proposed rule change. See 15 U.S.C. 78s(b)(1); 17 CFR 240.19b-4.

⁹ See 15 U.S.C. 78s(b)(3)(A) (setting forth the types of proposed rule changes that take effect upon filing with the Commission). The Commission may temporarily suspend those rule changes within 60 days of filing and institute proceedings to determine whether to approve or disapprove the rule changes. See 15 U.S.C. 78s(b)(3)(C).

¹⁰ See 15 U.S.C. 78q-1(d).

In addition, Commission staff conducts examinations of registered and exempt clearing agencies to assess, among other things, existing and emerging risks, compliance with applicable statutory and regulatory requirements (including any terms and conditions set forth in an order granting registration or an exemption from registration), and a clearing agency's oversight of compliance by its participants with its rules. Section 21(a) of the Exchange Act provides the Commission with authority to initiate and conduct investigations to determine if there have been violations of the federal securities laws.¹¹ Section 19(h) of the Exchange Act also provides the Commission with authority to institute civil actions seeking injunctive and other equitable remedies and/or administrative proceedings arising out of such investigations.¹²

ii. Dodd-Frank Act

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") provides the Commission with authority to regulate certain over-the-counter ("OTC") derivatives. Specifically, Title VII added provisions to the Exchange Act that (i) require entities performing the functions of a clearing agency with respect to security-based swaps ("security-based swap clearing agencies") to register with the Commission, and (ii) direct the Commission to adopt rules with respect to security-based swap clearing agencies.¹³

In addition, the Payment, Clearing, and Settlement Supervision Act of 2010 ("Clearing Supervision Act"), enacted in Title VIII of the Dodd-Frank Act, provides for the enhanced regulation of certain financial market utilities ("FMUs").¹⁴ FMUs include clearing agencies that manage or operate a multilateral system for the purpose of transferring, clearing, or settling payments, securities, or other financial transactions among financial institutions or between financial institutions and the FMU.¹⁵ The Financial Stability Oversight Council ("FSOC") has

¹¹ See 15 U.S.C. 78u(a).

¹² See 15 U.S.C. 78s(h).

¹³ See 15 U.S.C. 78q-1(i), (j); Dodd-Frank Act, Sec. 763(b), 124 Stat. at 1768–69 (adding paragraphs (i) and (j) to Section 17A of the Exchange Act).

¹⁴ The objectives and principles for the risk management standards prescribed under the Clearing Supervision Act shall be to (i) promote robust risk management; (ii) promote safety and soundness; (iii) reduce systemic risks; and (iv) support the stability of the broader financial system. Further, the Clearing Supervision Act states that the standards may address areas such as risk management policies and procedures; margin and collateral requirements; participant or counterparty default policies and procedures; the ability to complete timely clearing and settlement of financial transactions; capital and financial resources requirements for designated FMUs; and other areas that are necessary to achieve the objectives and principles described above. See 12 U.S.C. 5464(b), (c).

¹⁵ See 12 U.S.C. 5462(6). The definition of "financial market utility" in Section 803(6) of the Clearing Supervision Act contains a number of exclusions that include, but are not limited to, certain designated contract markets, registered futures associations, swap data repositories, swap

designated certain FMUs as systemically important or likely to become systemically important (“SIFMUs”).¹⁶ The Commission is the supervisory agency for four SIFMUs: DTC, FICC, NSCC, and OCC. The Commission jointly regulates ICC and OCC with the Commodity Futures Trading Commission (“CFTC”). The Commission also jointly regulates ICE Clear Europe and LCH SA, which have not been designated as systemically important by FSOC, with various other regulators, including the CFTC and the Bank of England.

SIFMUs are required to file 60-days advance notice of changes to rules, procedures, and operations that could materially affect the nature or level of risk presented by the SIFMU (“advance notice”).¹⁷ The Clearing Supervision Act authorizes the Commission to object to changes proposed in such an advance notice, which would prevent the clearing agency from implementing the change.¹⁸ The Clearing Supervision Act also provides for enhanced coordination between the Commission and Board of Governors of the Federal Reserve System (“FRB”) by allowing for regular on-site examinations and information sharing.¹⁹ The Clearing Supervision Act further provides that the Commission and CFTC shall coordinate with the FRB to jointly develop risk management supervision programs for SIFMUs.²⁰ In addition, the Clearing Supervision Act provides that the Commission and CFTC may each prescribe risk management standards governing the operations related to payment, clearing, and settlement activities of SIFMUs for which each is the supervisory agency, in consultation with the FSOC

execution facilities, national securities exchanges, national securities associations, alternative trading systems, security-based swap data repositories, security-based swap execution facilities, brokers, dealers, transfer agents, investment companies, and futures commission merchants. See 12 U.S.C. 5462(6)(B).

¹⁶ See 12 U.S.C. 5463. An FMU is systemically important if the failure of or a disruption to the functioning of such FMU could create or increase the risk of significant liquidity or credit problems spreading among financial institutions or markets and thereby threaten the stability of the U.S. financial system. See 12 U.S.C. 5462(9). On July 18, 2012, the FSOC designated as systemically important the following then-registered clearing agencies: CME Group (“CME”), The Depository Trust Company (“DTC”), Fixed Income Clearing Corporation (“FICC”), ICE Clear Credit (“ICC”), National Securities Clearing Corporation (“NSCC”), and The Options Clearing Corporation (“OCC”).

¹⁷ See 12 U.S.C. 5465(e)(1)(A); 17 CFR 240.19b-4(n). The Commission published a final rule concerning the filing of advance notices for designated clearing agencies in 2012. See Exchange Act Release No. 34-67286 (June 28, 2012), 77 FR 41602 (July 13, 2012).

¹⁸ See 12 U.S.C. 5465(e).

¹⁹ See 12 U.S.C. 5466.

²⁰ See 12 U.S.C. 5472; see also Risk Management Supervision of Designated Clearing Entities (July 2011), <https://www.federalreserve.gov/publications/other-reports/files/risk-management-supervision-report-201107.pdf> (describing the joint supervisory framework of the Commission, CFTC, and FRB).

and FRB and taking into consideration relevant international standards and existing prudential requirements.²¹

iii. Rule 17Ad-22

In 2012, the Commission adopted Rule 17Ad-22 under the Exchange Act to strengthen the substantive regulation of clearing agencies, promote the safe and reliable operation of covered clearing agencies, and improve efficiency, transparency, and access to covered clearing agencies.²² At that time, the Commission noted that the implementation of Rule 17Ad-22 would be an important first step in developing the regulatory changes contemplated by Titles VII and VIII of the Dodd-Frank Act.²³ In 2016, the Commission adopted Rule 17Ad-22(e), building on the existing framework by establishing enhanced requirements for registered clearing agencies that meet the definition of a “covered clearing agency.”²⁴ The Commission is now proposing to amend the definition of “covered clearing agency” and certain other definitions under Rule 17Ad-22, so that it encompasses all registered clearing agencies performing the functions of a central counterparty (“CCP”), central securities depository (“CSD”), or a securities settlement system (“SSS”).²⁵

The Commission believes that the proposed amendment to the “covered clearing agency” definition, which takes into account the specific functions performed by registered clearing agencies, would lead to greater regulatory consistency among all registered clearing agencies that perform these critical functions of a CCP, CSD, or SSS. Additionally, by focusing on these functions, the proposed definition of “covered clearing agency” would ensure that all clearing agencies performing these critical functions are subject to enhanced requirements that address the particular services provided by and risks inherent in these critical functions.

The proposed amendments would change the number of respondents under Rule 17Ad-22(e), and therefore the corresponding burdens and costs for paragraph (e), but would otherwise not affect the information collection as described in previous supporting statements for this information collection.

2. Purpose and Use of the Information Collection

As noted above, the proposed amendments would only affect the number of respondents under Rule 17Ad-22(e), and therefore the proposed amendments would not change the purpose and use

²¹ See 12 U.S.C. 5464(a)(2).

²² See 17 CFR 240.17Ad-22; see also 2012 Adopting Release at 66225–26.

²³ See 2012 Adopting Release at 66225–26.

²⁴ See Standards for Covered Clearing Agencies, Final Rules; Exchange Act Release No. 78961 (Sept. 28, 2016), 81 Fr 70786 (Oct. 13, 2016) (“2016 Adopting Release”).

²⁵ See Definition of Covered Clearing Agency, Proposed Rules; Exchange Act Release No. 78963 (Sept. 28, 2016), 81 FR 70744 (Oct. 13, 2016) (“2016 Proposing Release”).

of the information collection for Rule 17Ad-22 as described in previous PRA supporting statements.

3. Consideration Given to Information Technology

As noted above, the proposed amendments would only affect the number of respondents under Rule 17Ad-22(e), and therefore the use of information technology contemplated under this information collection is unchanged. As a general matter, the collection of information contemplated by Rule 17Ad-22 depends on the use of technologies and systems that a clearing agency already maintains to conduct its business, including its risk management and recordkeeping functions. Improvements to these technologies and systems may, over time, reduce the burdens contemplated under Rule 17Ad-22.

4. Duplication

Rule 17Ad-22 does not duplicate information required to be collected by other Commission rules or regulations.

5. Effect on Small Entities

For the purposes of Commission rulemaking and as applicable to Rule 17Ad-22, a small entity includes, when used with reference to a clearing agency, a clearing agency that (i) compared, cleared, and settled less than \$500 million in securities transactions during the preceding fiscal year, (ii) had less than \$200 million of funds and securities in its custody or control at all times during the preceding fiscal year (or at any time that it has been in business, if shorter), and (iii) is not affiliated with any person (other than a natural person) that is not a small business or small organization.²⁶

Based on the Commission's existing information about the clearing agencies currently registered with the Commission, the Commission believes that all such registered clearing agencies exceed the thresholds defining "small entities" set out above. While other clearing agencies may emerge and seek to register as clearing agencies with the Commission, the Commission does not believe that any such entities would be "small entities" as defined in Exchange Act Rule 0-10.

6. Consequences of Not Conducting Collection

The Dodd-Frank Act enacted sweeping reforms in the financial system, including with respect to FMUs such as clearing agencies. It also charged the Commission with significant duties to carry out these reforms. The consequences of not conducting collections of information or any less frequent collections of information pursuant to Rule 17Ad-22 would significantly impair the Commission's ability to carry out its statutory obligations under the Exchange Act as amended by the Dodd-Frank Act.

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

²⁶ See 17 CFR 240.0-10(d).

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

8. Consultations Outside of the Agency

The Commission issued the 2016 Proposing Release to solicit comment on the amended collection of information requirements and associated paperwork burdens. A copy of the release is attached.²⁷

Comments on Commission releases are generally received from registrants, investors, and other market participants. In addition, the Commission and staff participate in ongoing dialogue with representatives of various market participants through public conferences, meetings, and informal exchanges. Any comments received on this proposed rulemaking are posted on the Commission's public website, and made available through <http://www.sec.gov/rules/proposed.shtml>. To date, the Commission has received seven comments on the proposed amendments. None of the comments received have concerned the Commission's PRA analysis. The Commission will consider all comments received prior to publishing the final rule, and will explain in any adopting release how the final rule responds to such comments, in accordance with 5 C.F.R. 1320.11(f).

In addition, Section 712(a)(2) of the Dodd-Frank Act provides that, before commencing any rulemaking regarding, among other things, clearing agencies for security-based swaps, the Commission must consult and coordinate with the Commodity Futures Trading Commission ("CFTC") and other prudential regulators for the purposes of assuring regulatory consistency and comparability, to the extent possible. The Commission staff and the CFTC staff have consulted and coordinated with one another regarding their respective Commissions' rules regarding clearing agencies as mandated by the Dodd-Frank Act. The Commission staff has also consulted and coordinated with the relevant prudential regulators, including FRB staff.

9. Payment or Gift

No payment or gift will be provided to any respondents.

10. Confidentiality

While the recordkeeping burdens under this information collection need not be submitted to the Commission, the Commission may request that the records be provided, such as during an inspection or examination of a respondent. When the Commission requests that records be provided, a respondent can request confidential treatment pursuant to Section 24(b) of the Exchange Act and 17 CFR 240.24b-2.

11. Sensitive Questions

²⁷ Definition of Covered Clearing Agency, Proposed Rules; Exchange Act Release No. 78963 (Sept. 28, 2016), 81 FR 70744 (Oct. 13, 2016).

Rule 17Ad-22 does not expressly require the collection of Personally Identifiable Information (“PII”). While there may be instances when certain information (including, but not limited to, a person’s name, email, phone number, or address) could be retained in response to one of the collections of information, Commission staff cannot envision any circumstance in which a social security number would be provided pursuant to any of the collections of information.

Furthermore, any information would not be collected or stored by the Commission, nor would it be retrievable on a Commission system or database. As such, we believe that the treatment of any PII with the collection of information associated with the proposed and adopted rules is not likely to implicate the Federal Information Security Management Act of 2002 or the Privacy Act of 1974.

12. Burden of Information Collection

As previously discussed, the proposed amendments would change the number of respondents under Rule 17Ad-22(e), and therefore the corresponding burdens and costs for paragraph (e), but otherwise not change the information collection for Rules 17Ad-22. Specifically, the number of respondents for Rules 17Ad-22(b), (c), and (d) have not changed. The burden estimates for Rules 17Ad-22(b), (c),²⁸ and (d) have only been changed because the initial three-year burden period for these rules has elapsed, and therefore only the ongoing burdens remain.²⁹ In addition,

²⁸ Additionally, Rule 17Ad-22(c)(1) requires four responses per year, one per quarter. The prior PRA supporting statement indicated that the rule required only one response per year. The burdens, however, have been calculated assuming four responses per year, so while the burdens have not changed the number of responses per year has been corrected to indicate four responses.

²⁹ The total burden per entity per year previously approved for Rule 17Ad-22(b)(1)–(3) was 19.67 hours, which included 9.67 hours of initial burden and 10 hours of ongoing burden. Because the initial burden was calculated based upon an initial three-year burden period that began in 2013 and has now run, those burdens have expired and the only remaining burden is the ongoing burden. Accordingly, the total estimated industry burden is 90 hours.

The total burden per entity per year previously approved for Rule 17Ad-22(b)(4) was 163.33 hours, which included 103.33 hours of initial burden and 60 hours of ongoing burden. Because the initial burden was calculated based upon an initial three-year burden period that began in 2013 and has now run, those burdens have expired and the only remaining burden is the ongoing burden. Accordingly, the total estimated industry burden is 540 hours.

The total burden per entity per year previously approved for Rule 17Ad-22(b)(5)–(7) was 130 hours, which included 70 hours of initial burden and 60 hours of ongoing burden. Because the initial burden was calculated based upon an initial three-year burden period that began in 2013 and has now run, those burdens have expired and the only remaining burden is the ongoing burden. Accordingly, the total estimated industry burden is 540 hours.

The total burden per entity per year previously approved for Rule 17Ad-22(c) was 160 hours, which included 100 hours of initial burden and 60 hours of ongoing burden. Because the

below is a summary of the burden estimates for Rule 17Ad-22(e), as modified by the proposed amendments. Also below is the burden chart for Rules 17Ad-22(b), (c), and (d) reflecting the end of the initial three-year burden period.

i. Number of Respondents for Rule 17Ad-22(e)

In the 2016 Adopting Release, the Commission estimated that Rule 17Ad-22(e) would generally apply to seven respondent clearing agencies, of which (i) six would be CCPs and one would be a CSD and (ii) two would be security-based swap clearing agencies. The Commission then further clarified that Rule 17Ad-22(e)(6) would only have six respondents because it only applies to CCPs, Rule 17Ad-22(e)(11) would only have one respondent because it only applies to CSDs, and Rule 17Ad-22(e)(14) would only have two respondents because it only applies to security-based swap clearing agencies.³⁰

In the 2016 Proposing Release, the Commission preliminarily estimated that, under the proposed amendment to the definition of “covered clearing agency,” a majority of the requirements under Rule 17Ad-22(e) would have eight (rather than seven) respondents, of which (i) seven (rather than six) would be CCPs and one would be a CSD and (ii) two would be security-based swap clearing agencies. The Commission also noted that, under the proposal, Rule 17Ad-22(e)(6) would have seven (rather than six) respondents because it applies to CCPs, Rule 17Ad-22(e)(11) would continue to only have one respondent because it applies to CSDs, and Rule 17Ad-22(e)(14) would continue to only have two respondents because it applies to security-based swap clearing agencies.

initial burden was calculated based upon an initial three-year burden period that begin in 2013 and has now run, those burdens have expired and the only remaining burden is the ongoing burden. Accordingly, the total estimated industry burden is 600 hours.

The total burden per entity per year previously approved for Rule 17Ad-22(c)(1) was 20 hours, which included 0 hours of initial burden and 5 hours of ongoing burden. Because the initial burden was calculated based upon an initial three-year burden period that began in 2013 and has now run, those burdens have expired and the only remaining burden is the ongoing burden. Accordingly, the total estimated industry burden is 180 hours.

The total burden per entity per year previously approved for Rule 17Ad-22(c)(2) was 416.67 hours, which included 166.67 hours of initial burden and 250 hours of ongoing burden. Because the initial burden was calculated based upon an initial three-year burden period that began in 2013 and has now run, those burdens have expired and the only remaining burden is the ongoing burden. Accordingly, the total estimated industry burden is 2,500 hours.

The total burden per entity per year previously approved for Rule 17Ad-22(d)(1)–(15) was 98.67 hours, which included 48.67 initial burden and 50 hours of ongoing burden. Because the initial burden was calculated based upon an initial three-year burden period that begin in 2013 and has now run, those burdens have expired and the only remaining burden is the ongoing burden. Accordingly, the total estimated industry burden is 200 hours.

³⁰ See 2016 Adopting Release at 70890.

ii. Source of Estimates, Annual Hour Burden, and Explanation of Estimates for Rule 17Ad-22(e)

The Commission preliminarily expects that the sources of estimates and annual hour burdens for Rule 17Ad-22(e) would not change as a result of the proposed amendments. However, for the purposes of this PRA supporting statement, the estimates below have been modified to reflect that approximately one year of the initial three-year period remains and therefore one-third of the initial burden estimate should be included in the burden estimates for the seven original respondents estimated for Rule 17Ad-22(e).

Requirements in Rule 17Ad-22(e)(1) that Impose a PRA Burden

Rule 17Ad-22(e)(1) imposes a recordkeeping PRA burden and, under the proposed amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(1) continues to require policies and procedures that provide for a well-founded, clear, transparent, and enforceable legal basis substantially the same as Rule 17Ad-22(d)(1). As a result, the Commission continues to expect that a respondent has in place written rules, policies and procedures substantially similar to those required by Rule 17Ad-22(e)(1) and, therefore, the PRA burden imposed by the rule continues to be minimal and likely limited to reviewing and updating current policies and procedures, where appropriate, to ensure compliance.

Based on similar policies and procedures requirements and the corresponding burden estimates for Rule 17Ad-22(d)(1), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 8 hours in the first year and an ongoing burden of 3 hours per year (including the first year).³¹ This results in an estimated initial burden of 2.67 hours per new respondent when annualized over three years,³² or a total annual burden of 5.67 hours per year per new respondent.³³

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 0.89 hours remaining per respondent when annualized over three years,³⁴ or a total annual burden of 3.89 hours per year per each of these respondents.³⁵

³¹ These figures were calculated as follows: Assistant General Counsel for 2 hours + Compliance Attorney for 6 hours = 8 hours of initial burden; Compliance Attorney for 3 hours = 3 hours of ongoing burden.

³² 8 hours of initial burden ÷ 3 years = 2.67 hours per year.

³³ 2.67 hours + 3 hours of ongoing burden per year = 5.67 hours.

³⁴ 2.67 hours ÷ 3 years = 0.89 hours per year.

³⁵ 0.89 hours + 3 hours of ongoing burden = 3.89 hours.

Accordingly, the total estimated annual burden for the new respondent is 5.67 hours,³⁶ and the total estimated annual burden for the seven original respondents is 27.23 hours.³⁷

Requirements in Rule 17Ad-22(e)(2) that Impose a PRA Burden

Rule 17Ad-22(e)(2) imposes a recordkeeping PRA burden and, under the proposed amendment, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(2) continues to contain some provisions that are similar to Rule 17Ad-22(d)(8) while adding requirements that do not appear in Rules 17Ad-22(b), (c) or (d). As a result, a respondent clearing agency already had some written rules, policies, and procedures substantially similar to those required by Rule 17Ad-22(e)(2) and would have needed to establish and implement a limited number of new policies and procedures. The PRA burden therefore continues to include reviewing current policies and procedures and updating those policies and procedures or establishing new policies and procedures, where appropriate, to ensure compliance with the rule.

Based on similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(8), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 25 hours in the first year and an ongoing burden of 5 hours per year (including the first year).³⁸ This results in an estimated initial burden of 8.33 hours per new respondent when annualized over three years,³⁹ or a total annual burden of 13.33 hours per year per new respondent.⁴⁰

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 2.78 hours remaining per respondent when annualized over three years,⁴¹ or a total annual burden of 7.78 hours per year per each of these respondents.⁴²

³⁶ 5.67 hours x 1 new respondent = 5.67 hours.

³⁷ 3.89 hours x 7 respondents = 27.23 hours.

³⁸ These figures were calculated as follows: Assistant General Counsel for 14 hours + Compliance Attorney for 11 hours = 25 hours of initial burden; Compliance Attorney for 5 hours = 5 hours of ongoing burden.

³⁹ 25 hours of initial burden ÷ 3 years = 8.33 hours per year.

⁴⁰ 8.33 hours + 5 hours of ongoing burden per year = 13.33 hours.

⁴¹ 8.33 hours ÷ 3 years = 2.78 hours per year.

⁴² 2.78 hours + 5 hours of ongoing burden = 7.78 hours.

Accordingly, the total estimated annual burden for the new respondent is 13.33 hours,⁴³ and the total estimated annual burden for the seven original respondents is 54.44 hours.⁴⁴

Requirements in Rule 17Ad-22(e)(3) that Impose a PRA Burden

Rule 17Ad-22(e)(3) imposes a recordkeeping PRA burden and, under the proposed amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(3) continues to require policies and procedures that provide for a sound risk management framework. Under Rule 17Ad-22(d), registered clearing agencies were already required to have policies and procedures to manage certain risks, but this rule requires a comprehensive framework for risk management that requires risk management policies and procedures be designed holistically, be consistent with each other, and work effectively together. Accordingly, the rule continues to impose a PRA burden that requires respondent clearing agencies to update current policies and procedures in order to develop a more comprehensive framework that includes a periodic review thereof and a plan for orderly recovery and wind-down of the covered clearing agency.

The Commission continues to estimate that the rule imposes on each new respondent an initial burden of 57 hours in the first year and an ongoing burden of 49 hours per year (including the first year).⁴⁵ This results in an estimated initial burden of 19 hours per new respondent when annualized over three years,⁴⁶ or a total annual burden of 68 hours per year per new respondent.⁴⁷

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 6.33 hours remaining per

⁴³ 13.33 hours x 1 new respondent = 13.33 hours.

⁴⁴ 7.78 hours x 7 respondents = 54.44 hours.

⁴⁵ These figures were calculated as follows: Assistant General Counsel for 25 hours + Compliance Attorney for 18 hours + (Senior Risk Management Specialist for 7 hours + Computer Operations Manager for 7 hours = 57 hours of initial burden; Compliance Attorney for 8 hours + Administrative Assistant for 3 hours + Senior Business Analyst for 5 hours + Risk Management Specialist for 33 hours = 49 hours of ongoing burden.

⁴⁶ 57 hours of initial burden ÷ 3 years = 19 hours per year.

⁴⁷ 19 hours + 49 hours of ongoing burden per year = 68 hours.

respondent when annualized over three years,⁴⁸ or a total annual burden of 55.33 hours per year per each of these respondents.⁴⁹

Accordingly, the total estimated annual burden for the new respondent is 68 hours,⁵⁰ and the total estimated annual burden for the seven original respondents is 387.33 hours.⁵¹

Requirements in Rule 17Ad-22(e)(4) that Impose a PRA Burden

Rule 17Ad-22(e)(4) imposes a recordkeeping PRA burden and, under the proposed amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

The Commission continues to estimate that the PRA burdens for Rule 17Ad-22(e)(4) are significant, as changes to existing policies and procedures for the rule involve more than adjustments and may require a respondent to make substantial changes. In addition, Rule 17Ad-22(e)(4) requires one-time systems adjustments related to the capability to test the sufficiency of financial resources and to perform an annual conforming model validation.

The Commission continues to estimate that the rule imposes on each new respondent an initial burden of 219 hours in the first year and an ongoing burden of 62 hours per year (including the first year).⁵² This results in an estimated initial burden of 73 hours per new respondent when

⁴⁸ 19 hours ÷ 3 years = 6.33 hours per year.

⁴⁹ 6.33 hours + 49 hours of ongoing burden = 55.33 hours.

⁵⁰ 68 hours x 1 new respondent = 68 hours.

⁵¹ 55.33 hours x 7 respondents = 387.33 hours.

⁵² These figures were calculated as follows: Assistant General Counsel for 74 hours + Compliance Attorney for 45 hours + Senior Risk Management Specialist for 30 hours + Computer Operations Manager for 45 hours + Chief Compliance Officer for 15 hours + Senior Programmer for 10 hours = 219 hours of initial burden; Compliance Attorney for 26 hours + Administrative Assistant for 3 hours + Senior Business Analyst for 3 hours + Risk Management Specialist for 30 hours = 62 hours of ongoing burden.

⁵² These figures were calculated as follows: Assistant General Counsel for 74 hours + Compliance Attorney for 45 hours + Senior Risk Management Specialist for 30 hours + Computer Operations Manager for 45 hours + Chief Compliance Officer for 15 hours + Senior Programmer for 10 hours = 219 hours of initial burden; Compliance Attorney for 26 hours + Administrative Assistant for 3 hours + Senior Business Analyst for 3 hours + Risk Management Specialist for 30 hours = 62 hours of ongoing burden.

annualized over three years,⁵³ or a total annual burden of 135 hours per year per new respondent.⁵⁴

The seven original respondents are approximately two years into the initial three-year burden period, so they have only year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 24.33 hours remaining per respondent when annualized over three years,⁵⁵ or a total annual burden of 86.33 hours per year per each of these respondents.⁵⁶

Accordingly, the total estimated annual burden for the new respondent is 135 hours,⁵⁷ and the total estimated annual burden for the seven original respondents is 604.33 hours.⁵⁸

Requirements in Rule 17Ad-22(e)(5) that Impose a PRA Burden

Rule 17Ad-22(e)(5) imposes a recordkeeping PRA burden and, under the proposed amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

The Commission continues to expect that respondent clearing agencies subject to Rule 17Ad-22(e)(5) would already have some written policies and procedures designed to address the collateral risks borne by these entities. As a result, the Commission continues to believe that a respondent clearing agency would have needed to review and update existing policies and procedures as necessary and would have needed to adopt new policies and procedures with respect to an annual review of the sufficiency of collateral haircuts and concentration limits.

Based on the similar policies and procedures requirements in and the Commission's previous corresponding burden estimates for Rule 17Ad-22(d)(3), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 42 hours in the first year and an ongoing burden of 36 hours per year (including the first year).⁵⁹ This results in an estimated

⁵³ 219 hours of initial burden ÷ 3 years = 73 hours per year.

⁵⁴ 73 hours + 62 hours of ongoing burden per year = 135 hours.

⁵⁵ 73 hours ÷ 3 years = 24.33 hours per year.

⁵⁶ 24.33 hours + 62 hours of ongoing burden = 86.33 hours.

⁵⁷ 135 hours x 1 new respondent = 135 hours.

⁵⁸ 86.33 hours x 7 new respondents = 604.33 hours.

⁵⁹ These figures were calculated as follows: Assistant General Counsel for 16 hours + Compliance Attorney for 12 hours + Senior Risk Management Specialist for 7 hours + Computer Operations Manager for 7 hours = 42 hours of initial burden; Compliance Attorney for 6 hours + Risk Management Specialist for 30 hours = 36 hours of ongoing burden.

initial burden of 14 hours per new respondent when annualized over three years,⁶⁰ or a total annual burden of 50 hours per year per new respondent.⁶¹

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 4.67 hours remaining per respondent when annualized over three years,⁶² or a total annual burden of 40.67 hours per year per each of these respondents.⁶³

Accordingly, the total estimated annual burden for the new respondent is 50 hours,⁶⁴ and the total estimated annual burden for the seven original respondents is 284.67 hours.⁶⁵

Requirements in Rule 17Ad-22(e)(6) that Impose a PRA Burden

Rule 17Ad-22(e)(6) imposes a recordkeeping PRA burden and, under the proposed amendments, would apply to seven respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

The Commission continues to expect that the PRA burdens for Rule 17Ad-22(e)(6) are more significant and would require a respondent clearing agency to make substantial changes to its policies and procedures. In addition, Rule 17Ad-22(e)(6) continues to require one-time systems adjustments related to the capability to perform daily backtesting and monthly (or more frequent than monthly) sensitivity analyses.

The Commission continues to estimate that the rule imposes on each new respondent an initial burden of 180 hours in the first year and an ongoing burden of 60 hours per year (including the first year).⁶⁶ This results in an estimated initial burden of 60 hours per new respondent when

⁶⁰ 42 hours of initial burden ÷ 3 years = 14 hours per year.

⁶¹ 14 hours + 36 hours of ongoing burden per year = 50 hours.

⁶² 14 hours ÷ 3 years = 4.67 hours per year.

⁶³ 4.67 hours + 36 hours of ongoing burden = 40.67 hours.

⁶⁴ 50 hours x 1 new respondent = 50 hours.

⁶⁵ 40.67 hours x 7 respondents = 284.67 hours.

⁶⁶ These figures were calculated as follows: Assistant General Counsel for 50 hours + Compliance Attorney for 40 hours + Senior Risk Management Specialist for 25 hours + Computer Operations Manager for 40 hours + Chief Compliance Officer for 15 hours + Senior Programmer for 10 hours = 180 hours of initial burden; Compliance Attorney for 24 hours + Administrative Assistant for 3 hours + Senior Business Analyst for 3 hours + Risk Management Specialist for 30 hours = 60 hours of ongoing burden.

annualized over three years,⁶⁷ or a total annual burden of 120 hours per year per new respondent.⁶⁸

The six original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 20 hours remaining per respondent when annualized over three years,⁶⁹ or a total annual burden of 80 hours per year per each of these respondents.⁷⁰

Accordingly, the total estimated annual burden for the new respondent is 120 hours,⁷¹ and the total estimated annual burden for the six original respondents is 480 hours.⁷²

Requirements in Rule 17Ad-22(e)(7) that Impose a PRA Burden

Rule 17Ad-22(e)(7) imposes a recordkeeping PRA burden and, under the proposed amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

The Commission continues to expect that the PRA burdens for Rule 17Ad-22(e)(7) are more significant and would require a respondent clearing agency to make substantial changes to its policies and procedures. In addition, Rule 17Ad-22(e)(7) continues to require one-time systems adjustments related to the capability to perform an annual conforming model validation, the testing of sufficiency of liquid resources and the testing of access to liquidity providers.

The Commission continues to estimate that the rule imposes on each new respondent an initial burden of 330 hours in the first year and an ongoing burden of 128 hours per year (including the first year).⁷³ This results in an estimated initial burden of 110 hours per new respondent when

⁶⁷ 180 hours of initial burden ÷ 3 years = 60 hours.

⁶⁸ 60 hours + 60 hours of ongoing burden per year = 120 hours.

⁶⁹ 60 hours ÷ 3 years = 20 hours per year.

⁷⁰ 20 hours + 60 hours of ongoing burden = 80 hours.

⁷¹ 120 hours x 1 new respondent = 120 hours.

⁷² 80 hours x 6 respondents = 480 hours.

⁷³ These figures were calculated as follows: Assistant General Counsel for 95 hours + Compliance Attorney for 85 hours + Senior Risk Management Specialist for 45 hours + Computer Operations Manager for 60 hours + Chief Compliance Officer for 30 hours + Senior Programmer for 15 hours = 330 hours of initial burden; Compliance Attorney for 48 hours + Administrative Assistant for 5 hours + Senior Business Analyst for 5 hours + Risk Management Specialist for 60 hours + Senior Risk Management Specialist for 10 hours = 128 hours of ongoing burden.

annualized over three years,⁷⁴ or a total annual burden of 238 hours per year per new respondent.⁷⁵

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 36.67 hours remaining per respondent when annualized over three years,⁷⁶ or a total annual burden of 164.67 hours per year per each of these respondents.⁷⁷

Accordingly, the total estimated annual burden for the new respondent is 238 hours,⁷⁸ and the total estimated annual burden for the seven original respondents is 1,152.67 hours.⁷⁹

Requirements in Rule 17Ad-22(e)(8) that Impose a PRA Burden

Rule 17Ad-22(e)(8) imposes a recordkeeping PRA burden and, under the proposed amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(8) continues to contain substantially similar provisions to Rule 17Ad-22(d)(12). As a result, the Commission continues to expect that a respondent clearing agency would already have written rules, policies, and procedures substantially similar to those required by Rule 17Ad-22(e)(8). The Commission continues to believe that respondent clearing agencies would incur only the incremental burdens of reviewing and updating existing policies and procedures as necessary.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(12), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 12 hours in the first year and an ongoing burden of 5 hours per year (including the first year).⁸⁰ This

⁷⁴ 330 hours of initial burden ÷ 3 years = 110 hours per year.

⁷⁵ 110 hours + 128 hours of ongoing burden per year = 238 hours.

⁷⁶ 110 hours ÷ 3 years = 36.67 hours per year.

⁷⁷ 36.67 hours + 128 hours of ongoing burden = 164.67 hours.

⁷⁸ 238 hours x 1 new respondent = 238 hours.

⁷⁹ 164.67 hours x 7 respondents = 1,152.67 hours.

⁸⁰ These figures were calculated as follows: Assistant General Counsel for 2 hours + Compliance Attorney for 6 hours + Senior Business Analyst for 2 hours + Computer Operations Manager for 2 hours = 12 hours of initial burden; Compliance Attorney for 5 hours = 5 hours of ongoing burden.

results in an estimated initial burden of 4 hours per new respondent when annualized over three years,⁸¹ or a total annual burden of 9 hours per year per new respondent.⁸²

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 1.33 hours remaining per respondent when annualized over three years,⁸³ or a total annual burden of 6.33 hours per year per each of these respondents.⁸⁴

Accordingly, the total estimated annual burden for the new respondent is 9 hours,⁸⁵ and the total estimated annual burden for the seven original respondents is 44.33 hours.⁸⁶

Requirements in Rule 17Ad-22(e)(9) that Impose a PRA Burden

Rule 17Ad-22(e)(9) imposes a recordkeeping PRA burden and, under the proposed amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(9) continues to contain substantially similar provisions to Rule 17Ad-22(d)(5). As a result, the Commission continues to expect that a respondent clearing agency already has written rules, policies, and procedures substantially similar to those required by Rule 17Ad-229(e)(9). Therefore, the Commission continues to believe that respondent clearing agencies would incur incremental burdens of reviewing and updating existing policies and procedures as necessary.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(5), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 12 hours in the first year and an ongoing burden of 5 hours per year (including the first year).⁸⁷ This

⁸¹ 12 hours in the first year ÷ 3 years = 4 hours per year.

⁸² 4 hours + 5 hours of ongoing burden per year = 9 hours.

⁸³ 4 hours ÷ 3 years = 1.33 hours per year.

⁸⁴ 1.33 hours + 5 hours of ongoing burden = 6.33 hours.

⁸⁵ 9 hours x 1 new respondent = 9 hours.

⁸⁶ 6.33 hours x 7 respondents = 44.33 hours.

⁸⁷ These figures were calculated as follows: Assistant General Counsel for 2 hours + Compliance Attorney for 6 hours + Senior Business Analyst for 2 hours + Computer Operations Manager for 2 hours = 12 hours of initial burden; Compliance Attorney for 5 hours = 5 hours of ongoing burden.

results in an estimated initial burden of 4 hours per new respondent when annualized over three years,⁸⁸ or a total annual burden of 9 hours per year per new respondent.⁸⁹

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 1.33 hours remaining per respondent when annualized over three years,⁹⁰ or a total annual burden of 6.33 hours per year per each of these respondents.⁹¹

Accordingly, the total estimated annual burden for the new respondent is 9 hours,⁹² and the total estimated annual burden for the seven original respondents is 44.33 hours.⁹³

Requirements in Rule 17Ad-22(e)(10) that Impose a PRA Burden

Rule 17Ad-22(e)(10) imposes a recordkeeping PRA burden and, under the proposed amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(10) continues to contain substantially similar provisions to Rule 17Ad-22(d)(15). As a result, the Commission continues to expect that a respondent clearing agency would already have written rules, policies, and procedures substantially similar to those required by Rule 17Ad-22(e)(10). The Commission continues to believe that a respondent clearing agency would incur the incremental burdens of reviewing and updating existing policies and procedures as necessary.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(15), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 12 hours in the first year and an ongoing burden of 5 hours per year (including the first year).⁹⁴ This

⁸⁸ 12 hours in the first year ÷ 3 years = 4 hours per year.

⁸⁹ 4 hours + 5 hours of ongoing burden per year = 9 hours.

⁹⁰ 4 hours ÷ 3 years = 1.33 hours per year.

⁹¹ 1.33 hours + 5 hours of ongoing burden = 6.33 hours.

⁹² 9 hours x 1 new respondent = 9 hours.

⁹³ 6.33 hours x 7 respondents = 44.33 hours.

⁹⁴ These figures were calculated as follows: Assistant General Counsel for 2 hours + Compliance Attorney for 6 hours + Senior Business Analyst for 2 hours + Computer Operations Manager for 2 hours = 12 hours of initial burden; Compliance Attorney for 5 hours = 5 hours of ongoing burden.

results in an estimated initial burden of 4 hours per new respondent when annualized over three years,⁹⁵ or a total annual burden of 9 hours per year per new respondent.⁹⁶

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 1.33 hours remaining per respondent when annualized over three years,⁹⁷ or a total annual burden of 6.33 hours per year per each of these respondents.⁹⁸

Accordingly, the total estimated annual burden for the new respondent is 9 hours,⁹⁹ and the total estimated annual burden for the seven original respondents is 44.33 hours.¹⁰⁰

Requirements in Rule 17Ad-22(e)(11) that Impose a PRA Burden

Rule 17Ad-22(e)(11) imposes a recordkeeping PRA burden and, under the proposed amendments, would continue to apply to one respondent clearing agency. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(11) continues to contain similar provisions to Rule 17Ad-22(d)(10). As a result, the Commission continues to expect that a respondent clearing agency providing CSD services would already have written rules, policies, and procedures similar to those required by Rule 17Ad-22(e)(11). Rule 17Ad-22(e)(10) also continues to impose requirements that do not appear in Rule 17Ad-22(d)(10). Accordingly, the Commission continues to expect that a covered clearing agency providing CSD services may need to update or amend existing policies and procedures, as necessary, to satisfy the requirements and may also need to create new policies and procedures.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(10), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 55 hours in the first year and an ongoing burden of 8 hours per year (including the first year).¹⁰¹ This

⁹⁵ 12 hours in the first year ÷ 3 years = 4 hours per year.

⁹⁶ 4 hours + 5 hours of ongoing burden per year = 9 hours.

⁹⁷ 4 hours ÷ 3 years = 1.33 hours per year.

⁹⁸ 1.33 hours + 5 hours of ongoing burden = 6.33 hours.

⁹⁹ 9 hours x 1 new respondent = 9 hours.

¹⁰⁰ 6.33 hours x 7 respondents = 44.33 hours.

¹⁰¹ These figures were calculated as follows: Assistant General Counsel for 20 hours + Compliance Attorney for 10 hours + Intermediate Accountant for 15 hours + Senior Business Analyst for 5 hours + Computer Operations Manager for 5 hours = 55 hours of initial burden; Compliance Attorney for 8 hours = 8 hours of ongoing burden.

results in an estimated initial burden of 18.33 hours per new respondent when annualized over three years,¹⁰² or a total annual burden of 26.33 hours per year per new respondent.¹⁰³

The only respondent, however, is approximately two years into the initial three-year burden period, so it has only one year of initial burden remaining. Accordingly, the rule would continue to impose on this respondent an estimated initial burden of 6.11 hours remaining when annualized over three years,¹⁰⁴ or a total annual burden of 14.11 hours per year.¹⁰⁵

Requirements in Rule 17Ad-22(e)(12) that Impose a PRA Burden

Rule 17Ad-22(e)(12) imposes a recordkeeping PRA burden and, under the proposed amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(12) continues to contain substantially similar provisions to Rule 17Ad-22(d)(13). As a result, the Commission continues to expect that a respondent clearing agency would already have written rules, policies, and procedures substantially similar to those required by Rule 17Ad-22(e)(12). The Commission continues to believe that a respondent clearing agency would incur the incremental burdens of reviewing and updating existing policies and procedures as necessary.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(13), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 12 hours in the first year and an ongoing burden of 5 hours per year (including the first year).¹⁰⁶ This results in an estimated initial burden of 4 hours per new respondent when annualized over three years,¹⁰⁷ or a total annual burden of 9 hours per year per new respondent.¹⁰⁸

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule

¹⁰² 55 hours of initial burden ÷ 3 years = 18.33 hours per year.

¹⁰³ 18.33 hours + 8 hours of ongoing burden per year = 26.33 hours.

¹⁰⁴ 18.33 hours ÷ 3 years = 6.11 hours per year.

¹⁰⁵ 6.11 hours + 8 hours of ongoing burden = 14.11 hours.

¹⁰⁶ These figures were calculated as follows: Assistant General Counsel for 2 hours + Compliance Attorney for 6 hours + Senior Business Analyst for 2 hours + Computer Operations Manager for 2 hours = 12 hours of initial burden; Compliance Attorney for 5 hours = 5 hours of ongoing burden.

¹⁰⁷ 12 hours in the first year ÷ 3 years = 4 hours per year.

¹⁰⁸ 4 hours + 5 hours of ongoing burden per year = 9 hours.

would impose on each respondent an estimated initial burden of 1.33 hours remaining per respondent when annualized over three years,¹⁰⁹ or a total annual burden of 6.33 hours per year per each of these respondents.¹¹⁰

Accordingly, the total estimated annual burden for the new respondent is 9 hours,¹¹¹ and the total estimated annual burden for the seven original respondents is 44.33 hours.¹¹²

Requirements in Rule 17Ad-22(e)(13) that Impose a PRA Burden

Rule 17Ad-22(e)(13) imposes a recordkeeping PRA burden and, under the proposed amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(13) continues to contain similar provisions to Rule 17Ad-22(d)(11) but would also impose additional requirements that do not appear in Rule 17Ad-22(d)(11). As a result, the Commission continues to believe that a respondent clearing agency would incur burdens of reviewing and updating existing policies and procedures in order to comply with the provisions of Rule 17Ad-22(e)(13) and, in some cases, would need to create new policies and procedures.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(11), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 41 hours in the first year and an ongoing burden of 7 hours per year (including the first year).¹¹³ This results in an estimated initial burden of 13.67 hours per new respondent when annualized over three years,¹¹⁴ or a total annual burden of 20.67 hours per year per new respondent.¹¹⁵

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 4.56 hours remaining per

¹⁰⁹ 4 hours ÷ 3 years = 1.33 hours per year.

¹¹⁰ 1.33 hours + 5 hours of ongoing burden = 6.33 hours.

¹¹¹ 9 hours x 1 new respondent = 9 hours.

¹¹² 6.33 hours x 7 respondents = 44.33 hours.

¹¹³ These figures were calculated as follows: Assistant General Counsel for 6 hours + Compliance Attorney for 11 hours + Senior Business Analyst for 12 hours + Computer Operations Manager for 12 hours = 41 hours of initial burden; Compliance Attorney for 7 hours = 7 hours of ongoing burden.

¹¹⁴ 41 hours of initial burden ÷ 3 years = 13.67 hours per year.

¹¹⁵ 13.67 hours + 7 hours of ongoing burden per year = 20.67 hours per year.

respondent when annualized over three years,¹¹⁶ or a total annual burden of 11.56 hours per year per each of these respondents.¹¹⁷

Accordingly, the total estimated annual burden for the new respondent is 20.67 hours,¹¹⁸ and the total estimated annual burden for the seven original respondents is 80.9 hours.¹¹⁹

Requirements in Rule 17Ad-22(e)(14) that Impose a PRA Burden

Rule 17Ad-22(e)(14) imposes a recordkeeping PRA burden and, under the proposed amendment, would continue to apply to two respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Though not required by Rules 17Ad-22(b), (c), or (d), respondent clearing agencies that provide CCP services for security-based swaps generally have written policies and procedures regarding the segregation and portability of customer positions and collateral as a result of other regulations.¹²⁰ Consequently, the Commission continues to expect that respondent clearing agencies providing CCP services for security-based swaps would incur the burdens of reviewing and updating existing policies and procedures as necessary in order to comply with Rule 17Ad-22(e)(14).

The Commission continues to estimate that the rule imposes on each respondent an initial burden of 36 hours in the first year and an ongoing burden of 6 hours per year (including the first year).¹²¹ This results in an estimated initial burden of 12 hours per new respondent when annualized over three years,¹²² or a total annual burden of 18 hours per year per new respondent.¹²³

¹¹⁶ 13.67 hours ÷ 3 years = 4.56 hours per year.

¹¹⁷ 4.56 hours + 7 hours of ongoing burden = 11.56 hours.

¹¹⁸ 20.67 hours x 1 new respondent = 20.67 hours.

¹¹⁹ 11.56 hours x 7 respondents = 80.9 hours.

¹²⁰ See, e.g., 77 FR 6336 (Feb. 7, 2012) (CFTC adopting rules imposing a legal separation with operational commingling (“LSOC”) model on DCOs for cleared swaps).

¹²¹ These figures were calculated as follows: Assistant General Counsel for 12 hours + Compliance Attorney for 10 hours + Computer Operations Manager for 7 hours + Senior Business Analyst for 7 hours = 36 hours of initial burden; Compliance Attorney for 6 hours = 6 hours of ongoing burden.

¹²² 36 hours of initial burden ÷ 3 years = 12 hours per year.

¹²³ 12 hours + 6 hours of ongoing burden per year = 18 hours.

The two original respondents, however, are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 4 hours remaining per respondent when annualized over three years,¹²⁴ or a total annual burden of 10 hours per year per each of these respondents.¹²⁵

Accordingly, the total estimated annual burden for the two original respondents is 20 hours.¹²⁶

Requirements in Rule 17Ad-22(e)(15) that Impose a PRA Burden

Rule 17Ad-22(e)(15) imposes a recordkeeping PRA burden and, under the proposed amendment, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(15) continues to require policies and procedures that identify and manage general business risks borne by the clearing agency. Policies and procedures governing the identification and mitigation of general business risk were not required under Rule 17Ad-22(b), (c), or (d), and, as a result, the Commission continues to believe that the estimated PRA burdens associated with Rule 17Ad-22(e)(15) were significant and would require a respondent clearing agency to make substantial changes to its policies and procedures.

The Commission continues to estimate that the rule imposes on each new respondent an initial burden of 210 hours in the first year and an ongoing burden of 48 hours per year (including the first year).¹²⁷ This results in an estimated initial burden of 70 hours per respondent when annualized over three years,¹²⁸ or a total annual burden of 118 hours per year per new respondent.¹²⁹

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 23.3 hours remaining per

¹²⁴ 12 hours ÷ 3 years = 4 hours per year.

¹²⁵ 4 hours + 6 hours of ongoing burden = 10 hours.

¹²⁶ 10 hours x 2 respondents = 20 hours.

¹²⁷ These figures were calculated as follows: Assistant General Counsel for 40 hours + Compliance Attorney for 30 hours + Computer Operations Manager for 10 hours + Senior Business Analyst for 10 hours + Financial Analyst for 70 hours + Chief Financial Officer for 50 hours = 210 hours of initial burden; Compliance Attorney for 42 hours + Administrative Assistant for 3 hours + Senior Business Analyst for 3 hours = 48 hours of ongoing burden.

¹²⁸ 210 hours of initial burden ÷ 3 years = 70 hours per year.

¹²⁹ 70 hours + 48 hours of ongoing burden per year = 118 hours per year.

respondent when annualized over three years,¹³⁰ or a total annual burden of 71.33 hours per year per each of these respondents.¹³¹

Accordingly, the total estimated annual burden for the new respondent is 118 hours,¹³² and the total estimated annual burden for the seven original respondents is 499.33 hours.¹³³

Requirements in Rule 17Ad-22(e)(16) that Impose a PRA Burden

Rule 17Ad-22(e)(16) imposes a recordkeeping PRA burden and, under the proposed amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Respondent clearing agencies were already required to have written policies and procedures reasonably designed to address the safeguarding of the assets of the clearing agency and its participants. As a result, the Commission continues to expect that a respondent clearing agency would need to conduct a review of, and update as necessary, current policies and procedures in order to ensure compliance with the rule.

Based on similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(3), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 20 hours in the first year and an ongoing burden of 6 hours per year (including the first year).¹³⁴ This results in an estimated initial burden of 6.67 hours per new respondent when annualized over three years,¹³⁵ or a total annual burden of 12.67 hours per year per new respondent.¹³⁶

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 2.22 hours remaining per

¹³⁰ 70 hours ÷ 3 years = 23.3 hours per year.

¹³¹ 23.3 hours + 48 hours of ongoing burden = 71.33 hours.

¹³² 118 hours x 1 new respondent = 118 hours.

¹³³ 71.33 hours x 7 respondents = 499.33 hours.

¹³⁴ These figures were calculated as follows: Assistant General Counsel for 4 hours + Compliance Attorney for 8 hours + Senior Business Analyst for 4 hours + Computer Operations Manager for 4 hours = 20 hours of initial burden; Compliance Attorney for 6 hours = 6 hours of ongoing burden.

¹³⁵ 20 hours of initial burden ÷ 3 years = 6.67 hours per year.

¹³⁶ 6.67 hours + 6 hours of ongoing burden per year = 12.67 hours per year.

respondent when annualized over three years,¹³⁷ or a total annual burden of 8.22 hours per year per each of these respondents.¹³⁸

Accordingly, the total estimated annual burden for the new respondent is 12.67 hours,¹³⁹ and the total estimated annual burden for the seven original respondents is 57.56 hours.¹⁴⁰

Requirements in Rule 17Ad-22(e)(17) that Impose a PRA Burden

Rule 17Ad-22(e)(17) imposes a recordkeeping PRA burden and, under the proposed amendment, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(17) continues to contain similar requirements to those in Rule 17Ad-22(d)(4) but would also impose additional requirements that do not appear in Rule 17Ad-22(d)(4). As a result, the Commission continues to expect that a respondent clearing agency would already have some written rules, policies, and procedures required by the rule, but it would also need to review and update existing policies and procedures, where necessary, and would need to create policies and procedures to address the additional requirements.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(4), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 28 hours in the first year and an ongoing burden of 6 hours per year (including the first year).¹⁴¹ This results in an initial estimated burden of 9.33 hours per new respondent when annualized over three years,¹⁴² or a total burden of 15.33 hours per year per new respondent.¹⁴³

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 3.11 hours remaining per

¹³⁷ $6.67 \text{ hours} \div 3 \text{ years} = 2.22 \text{ hours per year.}$

¹³⁸ $2.22 \text{ hours} + 6 \text{ hours of ongoing burden} = 8.22 \text{ hours.}$

¹³⁹ $12.67 \text{ hours} \times 1 \text{ new respondent} = 12.67 \text{ hours.}$

¹⁴⁰ $8.22 \text{ hours} \times 7 \text{ respondents} = 57.56 \text{ hours.}$

¹⁴¹ These figures were calculated as follows: Assistant General Counsel for 4 hours + Compliance Attorney for 8 hours + Computer Operations Manager for 6 hours + Senior Business Analyst for 4 hours + Chief Compliance Officer for 4 hours + Senior Programmer for 2 hours = 28 hours of initial burden; Compliance Attorney for 6 hours = 6 hours of ongoing burden.

¹⁴² $28 \text{ hours of initial burden} \div 3 \text{ years} = 9.33 \text{ hours per year.}$

¹⁴³ $9.33 \text{ hours} + 6 \text{ hours of ongoing burden per year} = 15.33 \text{ hours per year.}$

respondent when annualized over three years,¹⁴⁴ or a total annual burden of 9.11 hours per year per each of these respondents.¹⁴⁵

Accordingly, the total estimated annual burden for the new respondent is 15.33 hours,¹⁴⁶ and the total estimated annual burden for the seven original respondents is 63.77 hours.¹⁴⁷

Requirements in Rule 17Ad-22(e)(18) that Impose a PRA Burden

Rule 17Ad-22(e)(18) imposes a recordkeeping PRA burden and, under the proposed amendment, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(18) continues to contain similar requirements to those in Rules 17Ad-22(b)(5) through (7) and (d)(2). As a result, the Commission continues to expect that a respondent clearing agency would already have written rules, policies, and procedures containing provisions similar to those required by the rule. Rule 17Ad-22(e)(18) also continues to impose additional requirements that do not appear in Rules 17Ad-22(b) or (d), however, necessitating the creation of new policies and procedures to address these additional requirements.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rules 17Ad-22(b)(5) through (7) and (d)(2), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 44 hours in the first year and an ongoing burden of 7 hours per year (including the first year).¹⁴⁸ This results in an initial estimated burden of 14.67 hours per new respondent when annualized over three years,¹⁴⁹ or a total annual burden of 21.67 hours per year per new respondent.¹⁵⁰

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule

¹⁴⁴ 9.33 hours ÷ 3 years = 3.11 hours per year.

¹⁴⁵ 3.11 hours + 6 hours of ongoing burden = 9.11 hours.

¹⁴⁶ 15.33 hours x 1 new respondent = 15.33 hours.

¹⁴⁷ 9.11 hours x 7 respondents = 63.77 hours.

¹⁴⁸ These figures were calculated as follows: Assistant General Counsel for 10 hours + Compliance Attorney for 7 hours + Computer Operations Manager for 15 hours + Senior Business Analyst for 5 hours + Chief Compliance Officer for 5 hours + Senior Programmer for 2 hours = 44 hours of initial burden; Compliance Attorney for 7 hours = 7 hours of ongoing burden.

¹⁴⁹ 44 hours of initial burden ÷ 3 years = 14.67 hours per year.

¹⁵⁰ 14.67 hours + 7 hours of ongoing burden per year = 21.67 hours per year.

would impose on each respondent an estimated initial burden of 4.89 hours remaining per respondent when annualized over three years,¹⁵¹ or a total annual burden of 11.89 hours per year per each of these respondents.¹⁵²

Accordingly, the total estimated annual burden for the new respondent is 21.67 hours,¹⁵³ and the total estimated annual burden for the seven original respondents is 83.23 hours.¹⁵⁴

Requirements in Rule 17Ad-22(e)(19) that Impose a PRA Burden

Rule 17Ad-22(e)(19) imposes a recordkeeping PRA burden and, under the proposed amendment, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(19) continues to include requirements that have not been previously included in Rules 17Ad-22(b), (c) or (d), and therefore the Commission continues to expect that a respondent clearing agency would need to create new policies and procedures to address the requirements of Rule 17Ad-22(e)(19).

The Commission estimates that the rule imposes on each new respondent an initial burden of 44 hours in the first year and an ongoing burden of 7 hours per year (including the first year).¹⁵⁵ This results in an initial estimated burden of 14.67 hours per new respondent when annualized over three years,¹⁵⁶ or a total annual burden of 21.67 hours per year per new respondent.¹⁵⁷

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 4.89 hours remaining per

¹⁵¹ 14.67 hours ÷ 3 years = 4.89 hours per year.

¹⁵² 4.89 hours + 7 hours of ongoing burden = 11.89 hours.

¹⁵³ 21.67 hours x 1 new respondent = 21.67 hours.

¹⁵⁴ 11.89 hours x 7 respondents = 83.23 hours.

¹⁵⁵ These figures were calculated as follows: Assistant General Counsel for 10 hours + Compliance Attorney for 7 hours + Computer Operations Manager for 15 hours + Senior Business Analyst for 5 hours + Chief Compliance Officer for 5 hours + Senior Programmer for 2 hours = 44 hours of initial burden; Compliance Attorney for 7 hours = 7 hours of ongoing burden.

¹⁵⁶ 44 hours of initial burden ÷ 3 years = 14.67 hours per year.

¹⁵⁷ 14.67 hours + 7 hours of ongoing burden per year = 21.67 hours per year.

respondent when annualized over three years,¹⁵⁸ or a total annual burden of 11.89 hours per year per each of these respondents.¹⁵⁹

Accordingly, the total estimated annual burden for the new respondent is 21.67 hours,¹⁶⁰ and the total estimated annual burden for the seven original respondents is 83.23 hours.¹⁶¹

Requirements in Rule 17Ad-22(e)(20) that Impose a PRA Burden

Rule 17Ad-22(e)(20) imposes a recordkeeping PRA burden and, under the proposed amendment, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Under Rule 17Ad-22(d)(7), registered clearing agencies were already required to have written policies and procedures similar to the requirements of Rule 17Ad-22(e)(20). As a result, the Commission continues to expect that a respondent clearing agency would need to review and update existing policies and procedures, as necessary, to satisfy the requirements of Rule 17Ad-22(e)(20).

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(7), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 44 hours in the first year and an ongoing burden of 7 hours per year (including the first year).¹⁶² This results in an initial estimated burden of 14.67 hours per new respondent when annualized over three years,¹⁶³ or a total annual burden of 21.67 hours per year per new respondent.¹⁶⁴

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 4.89 hours remaining per

¹⁵⁸ 14.67 hours ÷ 3 years = 4.89 hours per year.

¹⁵⁹ 4.89 hours + 7 hours of ongoing burden = 11.89 hours.

¹⁶⁰ 21.67 hours x 1 new respondent = 21.67 hours.

¹⁶¹ 11.89 hours x 7 respondents = 83.23 hours.

¹⁶² These figures were calculated as follows: Assistant General Counsel for 10 hours + Compliance Attorney for 7 hours + Computer Operations Manager for 15 hours + Senior Business Analyst for 5 hours + Chief Compliance Officer for 5 hours + Senior Programmer for 2 hours = 44 hours of initial burden; Compliance Attorney for 7 hours = 7 hours of ongoing burden.

¹⁶³ 44 hours of initial burden ÷ 3 years = 14.67 hours per year.

¹⁶⁴ 14.67 hours + 7 hours of ongoing burden per year = 21.67 hours per year.

respondent when annualized over three years,¹⁶⁵ or a total annual burden of 11.89 hours per year per each of these respondents.¹⁶⁶

Accordingly, the total estimated annual burden for the new respondent is 21.67 hours,¹⁶⁷ and the total estimated annual burden for the seven original respondents is 83.23 hours.¹⁶⁸

Requirements in Rule 17Ad-22(e)(21) that Impose a PRA Burden

Rule 17Ad-22(e)(21) imposes a recordkeeping PRA burden and, under the proposed amendment, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(21) continues to contain requirements similar to those in Rule 17Ad-22(d)(6) but also imposes new requirements. As a result, the Commission continues to expect that a respondent clearing agency is likely to incur the burdens of reviewing and updating existing policies and procedures and would need to create new policies and procedures to satisfy the rule, as necessary.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(6), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 32 hours in the first year and an ongoing burden of 11 hours per year (including the first year).¹⁶⁹ This results in an estimated burden of 10.67 hours per new respondent when annualized over three years,¹⁷⁰ or a total annual burden of 21.67 hours per year per new respondent.¹⁷¹

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 3.56 hours remaining per

¹⁶⁵ 14.67 hours ÷ 3 years = 4.89 hours per year.

¹⁶⁶ 4.89 hours + 7 hours of ongoing burden = 11.89 hours.

¹⁶⁷ 21.67 hours x 1 new respondent = 21.67 hours.

¹⁶⁸ 11.89 hours x 7 respondents = 83.23 hours.

¹⁶⁹ These figures were calculated as follows: Assistant General Counsel for 10 hours + Compliance Attorney for 7 hours + Computer Operations Manager for 15 hours + Senior Business Analyst for 5 hours + Chief Compliance Officer for 5 hours + Senior Programmer for 2 hours = 32 hours of initial burden; Compliance Attorney for 11 hours = 11 hours of ongoing burden.

¹⁷⁰ 32 hours of initial burden ÷ 3 years = 10.67 hours per year.

¹⁷¹ 10.67 hours + 11 hours of ongoing burden = 21.67 hours per year.

respondent when annualized over three years,¹⁷² or a total annual burden of 14.56 hours per year per each of these respondents.¹⁷³

Accordingly, the total estimated annual burden for the new respondent is 21.67 hours,¹⁷⁴ and the total estimated annual burden for the seven original respondents is 101.9 hours.¹⁷⁵

Requirements in Rule 17Ad-22(e)(22) that Impose a PRA Burden

Rule 17Ad-22(e)(22) imposes a recordkeeping PRA burden and, under the proposed amendment, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(22) continues to require a respondent clearing agency to have written policies and procedures regarding the use of relevant internationally accepted communication procedures and standards. While respondent clearing agencies are not subject to similar requirements under Rules 17Ad-22(b), (c) or (d), the Commission understands that respondent clearing agencies already use the relevant internationally accepted communication procedures and standards and continues to expect a respondent clearing agency would need to make only limited changes to satisfy the requirements under the Rule 17Ad-22(e)(22).

The Commission continues to estimate that the rule imposes on each new respondent an initial burden of 24 hours in the first year and an ongoing burden of 5 hours per year (including the first year).¹⁷⁶ This results in an estimated initial burden of 8 hours per new respondent when annualized over three years,¹⁷⁷ or a total annual burden of 13 hours per year per new respondent.¹⁷⁸

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 2.67 hours remaining per

¹⁷² 10.67 hours ÷ 3 years = 3.56 hours per year.

¹⁷³ 3.56 hours + 11 hours of ongoing burden = 14.56 hours.

¹⁷⁴ 21.67 hours x 1 new respondent = 21.67 hours.

¹⁷⁵ 14.56 hours x 7 respondents = 101.9 hours.

¹⁷⁶ These figures were calculated as follows: Assistant General Counsel for 2 hours + Compliance Attorney for 6 hours + Computer Operations Manager for 7 hours + Senior Business Analyst for 2 hours + Chief Compliance Officer for 5 hours + Senior Programmer for 2 hours = 24 hours of initial burden; Compliance Attorney for 5 hours = 5 hours of ongoing burden.

¹⁷⁷ 24 hours of initial burden ÷ 3 years = 8 hours per year.

¹⁷⁸ 8 hours + 5 hours of ongoing burden per year = 13 hours per year.

respondent when annualized over three years,¹⁷⁹ or a total annual burden of 7.67 hours per year per each of these respondents.¹⁸⁰

Accordingly, the total estimated annual burden for the new respondent is 13 hours,¹⁸¹ and the total estimated annual burden for the seven original respondents is 53.67 hours.¹⁸²

Requirements in Rule 17Ad-22(e)(23) that Impose a PRA Burden

Rule 17Ad-22(e)(23) imposes a third-party reporting PRA burden and, under the proposed amendment, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(23) continues to contain similar requirements to Rule 17Ad-22(d)(9) but also continues to impose substantial new requirements. As a result, although a respondent clearing agency has been required to have written rules, policies and procedures containing provisions similar to some of the requirements in Rule 17Ad-22(e)(23), a respondent clearing agency would also need to establish new policies and procedures to address additional requirements.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(9), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 138 hours in the first year and an ongoing burden of 34 hours per year (including the first year).¹⁸³ This results in an estimated initial burden of 46 hours per new respondent when annualized over three years,¹⁸⁴ or a total annual burden of 80 hours per year per new respondent.¹⁸⁵

The seven original respondents are approximately two years into the initial three-year burden period, so they have only one year of initial burden remaining. For these respondents, the rule would impose on each respondent an estimated initial burden of 15.33 hours remaining per

¹⁷⁹ 8 hours ÷ 3 years = 2.67 hours per year.

¹⁸⁰ 2.67 hours + 5 hours of ongoing burden = 7.67 hours.

¹⁸¹ 13 hours x 1 new respondent = 13 hours.

¹⁸² 7.67 hours x 7 respondents = 53.67 hours.

¹⁸³ These figures were calculated as follows: Assistant General Counsel for 38 hours + Compliance Attorney for 24 hours + Computer Operations Manager for 32 hours + Senior Business Analyst for 18 hours + Chief Compliance Officer for 18 hours + Senior Programmer for 8 hours = 138 hours of initial burden; Compliance Attorney for 34 hours = 34 hours of ongoing burden.

¹⁸⁴ 138 hours of initial burden ÷ 3 years = 46 hours per year.

¹⁸⁵ 46 hours + 34 hours of ongoing burden per year = 80 hours.

respondent when annualized over three years,¹⁸⁶ or a total annual burden of 49.33 hours per year per each of these respondents.¹⁸⁷

Accordingly, the total estimated annual burden for the new respondent is 80 hours,¹⁸⁸ and the total estimated annual burden for the seven original respondents is 345.33 hours.¹⁸⁹

iii. Table Summary of Hourly Burdens for Rule 17Ad-22(e)

The table below summarizes the Commission’s estimates of the total hourly reporting burden for all respondents under Rules 17Ad-22(e)(1)–(23).

Name of Information Collection	Type of Burden	Number of Entities Impacted	Annual Responses Per Entity	Initial Burden Per Entity Per Response	Initial Burden Annualized per Entity Per Response	Ongoing Burden Per Entity Per Response	Annual Burden Per Entity Per Response	Total Annual Burden Per Entity	Total Industry Burden	Small Business Entities Affected
17Ad-22(e)(1)	Recordkeeping	1	1	8	2.67	3	5.67	5.67	5.67	0
17Ad-22(e)(1)	Recordkeeping	7	1	2.67	0.89	3	3.89	3.89	27.23	0
17Ad-22(e)(2)	Recordkeeping	1	1	25	8.33	5	13.33	13.33	13.33	0
17Ad-22(e)(2)	Recordkeeping	7	1	8.33	2.78	5	7.78	7.78	54.44	0
17Ad-22(e)(3)	Recordkeeping	1	1	57	19	49	68	68	68	0
17Ad-22(e)(3)	Recordkeeping	7	1	19	6.33	49	55.33	55.33	387.33	0
17Ad-22(e)(4)	Recordkeeping	1	1	219	73	62	135	135	135	0
17Ad-22(e)(4)	Recordkeeping	7	1	73	24.33	62	86.33	86.33	604.33	0
17Ad-	Recordkeeping	1	1	42	14	36	50	50	50	0

¹⁸⁶ 46 hours ÷ 3 years = 15.33 hours per year.

¹⁸⁷ 15.33 hours + 34 hours of ongoing burden = 49.33 hours.

¹⁸⁸ 80 hours x 1 new respondent = 80 hours.

¹⁸⁹ 49.33 hours x 7 respondents = 345.33 hours.

Name of Information Collection	Type of Burden	Number of Entities Impacted	Annual Responses Per Entity	Initial Burden Per Entity Per Response	Initial Burden Annualized per Entity Per Response	Ongoing Burden Per Entity Per Response	Annual Burden Per Entity Per Response	Total Annual Burden Per Entity	Total Industry Burden	Small Business Entities Affected
22(e)(5)	ping									
17Ad-22(e)(5)	Recordkeeping	7	1	14	4.67	36	40.67	40.67	284.67	0
17Ad-22(e)(6)	Recordkeeping	1	1	180	60	60	120	120	120	0
17Ad-22(e)(6)	Recordkeeping	6	1	60	20	60	80	80	480	0
17Ad-22(e)(7)	Recordkeeping	1	1	330	110	128	238	238	238	0
17Ad-22(e)(7)	Recordkeeping	7	1	110	36.67	128	164.67	164.67	1152.67	0
17Ad-22(e)(8)	Recordkeeping	1	1	12	4	5	9	9	9	0
17Ad-22(e)(8)	Recordkeeping	7	1	4	1.33	5	6.33	6.33	44.33	0
17Ad-22(e)(9)	Recordkeeping	1	1	12	4	5	9	9	9	0
17Ad-22(e)(9)	Recordkeeping	7	1	4	1.33	5	6.33	6.33	44.33	0
17Ad-22(e)(10)	Recordkeeping	1	1	12	4	5	9	9	9	0
17Ad-22(e)(10)	Recordkeeping	7	1	4	1.33	5	6.33	6.33	44.33	0
17Ad-22(e)(11)	Recordkeeping	1	1	18.33	6.11	8	14.11	14.11	14.11	0
17Ad-22(e)(12)	Recordkeeping	1	1	12	4	5	9	9	9	0
17Ad-22(e)(12)	Recordkeeping	7	1	4	1.33	5	6.33	6.33	44.33	0
17Ad-22(e)(13)	Recordkeeping	1	1	41	13.67	7	20.67	20.67	20.67	0
17Ad-22(e)(13)	Recordkeeping	7	1	13.67	4.56	7	11.56	11.56	80.9	0
17Ad-22(e)(14)	Recordkeeping	2	1	12	4	6	10	10	20	0
17Ad-	Recordkeeping	1	1	210	70	48	118	118	118	0

Name of Information Collection	Type of Burden	Number of Entities Impacted	Annual Responses Per Entity	Initial Burden Per Entity Per Response	Initial Burden Annualized per Entity Per Response	Ongoing Burden Per Entity Per Response	Annual Burden Per Entity Per Response	Total Annual Burden Per Entity	Total Industry Burden	Small Business Entities Affected
22(e)(15)	ping									
17Ad-22(e)(15)	Recordkeeping	7	1	70	23.3	48	71.33	71.33	499.33	0
17Ad-22(e)(16)	Recordkeeping	1	1	20	6.67	6	12.67	12.67	12.67	0
17Ad-22(e)(16)	Recordkeeping	7	1	6.67	2.22	6	8.22	8.22	57.56	0
17Ad-22(e)(17)	Recordkeeping	1	1	28	9.33	6	15.33	15.33	15.33	0
17Ad-22(e)(17)	Recordkeeping	7	1	9.33	3.11	6	9.11	9.11	63.77	0
17Ad-22(e)(18)	Recordkeeping	1	1	44	14.67	7	21.67	21.67	21.67	0
17Ad-22(e)(18)	Recordkeeping	7	1	14.67	4.89	7	11.89	11.89	83.23	0
17Ad-22(e)(19)	Recordkeeping	1	1	44	14.67	7	21.67	21.67	21.67	0
17Ad-22(e)(19)	Recordkeeping	7	1	14.67	4.89	7	11.89	11.89	83.23	0
17Ad-22(e)(20)	Recordkeeping	1	1	44	14.67	7	21.67	21.67	21.67	0
17Ad-22(e)(20)	Recordkeeping	7	1	14.67	4.89	7	11.89	11.89	83.23	0
17Ad-22(e)(21)	Recordkeeping	1	1	32	10.67	11	21.67	21.67	21.67	0
17Ad-22(e)(21)	Recordkeeping	7	1	10.67	3.56	11	14.56	14.56	101.9	0
17Ad-22(e)(22)	Recordkeeping	1	1	24	8	5	13	13	13	0
17Ad-22(e)(22)	Recordkeeping	7	1	8	2.67	5	7.67	7.67	53.67	0
17Ad-22(e)(23)	Third-Party	1	1	138	46	34	80	80	80	0
17Ad-22(e)(23)	Third-Party	7	1	46	15.33	34	49.33	49.33	345.33	0
Total Burden Hours for All Respondents									5,666.6	

iv. Table Summary of Hourly Burdens for Rules 17Ad-22(b), (c), and (d)

The table below summarizes the Commission’s estimates of the total hourly reporting burden for all respondents under Rules 17Ad-22(b), (c) and (d). As noted above, the table reflects that the initial three-year burden period has passed and, therefore, no initial burdens remain.

Name of Information Collection	Type of Burden	Number of Entities Impacted	Annual Responses Per Entity	Initial Burden Per Entity Per Response	Initial Burden Annualized per Entity Per Response	Ongoing Burden Per Entity Per Response	Annual Burden Per Entity Per Response	Total Annual Burden Per Entity	Total Industry Burden	Small Business Entities Affected
17Ad-22(b)(1)–(3)	Recordkeeping	9	1	0	0	10	10	10	90	0
17Ad-22(b)(4)	Recordkeeping	9	1	0	0	60	60	60	540	0
17Ad-22(b)(5)–(7)	Recordkeeping	9	1	0	0	60	60	60	540	0
17Ad-22(c)	Recordkeeping	10	1	0	0	60	60	60	600	0
17Ad-22(c)(1)	Recordkeeping	9	4	0	0	5	5	20	180	0
17Ad-22(c)(2)	Third-Party	10	1	0	0	250	250	250	2,500	0
17Ad-22(d)(1)–(15)	Recordkeeping	4	1	0	0	50	50	50	200	0
Total Burden for All Respondents									4,650	

13. Costs to Respondents

Because the proposed amendments would add one respondent under Rule 17Ad-22(e), Rules 17Ad-22(e)(4) and (7) would have eight, rather than seven, respondents.

Rules 17Ad-22(e)(4) and (7) include requirements for covered clearing agencies to have policies and procedures reasonably designed to test and validate models related to measuring financial risks. Based on its supervisory experience and discussions with industry participants, the Commission expected that covered clearing agencies may choose to hire external consultants for the purposes of performing ongoing model validation required under Rules 17Ad-22(e)(4) and (e)(7). If each covered clearing agency chose to hire external consultants, the Commission

estimates that the ongoing cost associated with hiring such consultants is \$322,080 per respondent.¹⁹⁰ The total estimated burden associated with Rules 17Ad-22(e)(4) and (7) would therefore be \$ 2,254,560 per rule,¹⁹¹ as reflected in the chart below.

In addition, the costs to respondents under Rules 17Ad-22(b) and (c) remain unchanged, as reflected in the chart below.

Table of Total Costs for Covered Clearing Agencies (costs in thousands of dollars)

Name of Information Collection	Type of Burden	Number of Entities Impacted	Annual Responses Per Entity	Initial Cost Per Entity Per Response	Initial Cost Annualized per Entity Per Response	Ongoing Cost Per Entity Per Response	Annual Cost Per Entity Per Response	Total Annual Cost Per Entity	Total Industry Cost	Small Business Entities Affected
17Ad-22(e)(4)	Recordkeeping	8	1	0	0	322.08	322.08	322.08	2,576.64	0
17Ad-22(e)(7)	Recordkeeping	8	1	0	0	322.08	322.08	322.08	2,576.64	0
Total Cost for All Respondents (in thousands of dollars)									5,153.28	

Table of Costs for Registered Clearing Agencies (costs in thousands of dollars)

Name of Information Collection	Type of Burden	Number of Entities Impacted	Annual Responses Per Entity	Initial Cost Per Entity Per Response	Initial Cost Annualized per Entity Per Response	Ongoing Cost Per Entity Per Response	Annual Cost Per Entity Per Response	Total Annual Cost Per Entity	Total Industry Cost	Small Business Entities Affected
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¹⁹⁰ This figure was calculated as follows: 2 Consultants for 40 hours per week at \$671 per hour = \$53,680 x 12 weeks = \$644,160 per respondent ÷ 2 (Rules 17Ad-22(e)(4) and (e)(7)) = \$322,080. The \$671 per hour figure for a consultant was calculated using www.payscale.com, modified by Commission staff to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead. For the purposes of estimating a PRA cost on a per-rule basis, we have divided the total cost for Rules 17Ad-22(e)(4) and (e)(7) evenly between the two rules.

¹⁹¹ This figure was calculated as follows: \$322,080 annual cost per entity x 8 respondents = \$2,576,640 total industry cost.

					Response					
17Ad-22(b)(4)	Recordkeeping	9	1	0	0	432	432	432	3,888	0
17Ad-22(c)(2)	Third-Party	10	1	0	0	500	500	500	5,000	0
Total Cost for All Respondents (in thousands of dollars)									8,888	

14. Cost to Federal Government

No cost to the federal government is anticipated.

15. Changes in Burden

As previously discussed, the Commission would expect a change in the number of respondents for Rule 17Ad-22(e) if the proposed amendments were adopted, and therefore the corresponding burdens and costs for paragraph (e), but otherwise not change the information collection for Rules 17Ad-22. Specifically, in the 2016 Proposing Release, the Commission preliminarily estimated that, under the proposed amendment to the definition of “covered clearing agency,” a majority of the requirements under Rule 17Ad-22(e) would have eight (rather than seven) respondents, of which (i) seven (rather than six) would be CCPs and one would be a CSD and (ii) two would be security-based swap clearing agencies. The Commission also noted that, under the proposal, Rule 17Ad-22(e)(6) would have seven (rather than six) respondents because it applies to CCPs, Rule 17Ad-22(e)(11) would continue to only have one respondent because it applies to CSDs, and Rule 17Ad-22(e)(14) would continue to only have two respondents because it applies to security-based swap clearing agencies.

Separately, also as previously discussed, the number of respondents for Rules 17Ad-22(b), (c), and (d) has not changed but, because the initial three-year burden period for these rules has elapsed, the burden estimates for these rules have been reduced to reflect that only the ongoing burdens remain.¹⁹² The Commission anticipates no other changes in burden under Rule 17Ad-22 as a result of the proposed amendments.

16. Information Collection Planned for Statistical Purposes

This is not an information collection planned for statistical purposes.

17. OMB Expiration Date Display Approval

¹⁹² See supra note 29 (explaining the remaining burdens for Rules 17Ad-22(b), (c), and (d)).

The Commission is not seeking approval to not display the OMB approval expiration date.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

This collection complies with the requirements in 5 CFR 1320.9.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection of information does not involve statistical methods.