

SUPPORTING STATEMENT for the Paperwork Reduction Act Information Collection Submission for the Equity Transaction Fee Pilot

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

A. JUSTIFICATION

1. Necessity of Information Collection

In recent years, the fee schedules of U.S. stock exchanges have attracted considerable attention and generated a public debate about the impact of those fees on the markets and market participants. The predominant fee model among exchanges is the “maker-taker” fee model, in which an exchange pays its broker-dealer members a per share rebate to provide (i.e., “make”) liquidity in securities and assesses them a fee to remove (i.e., “take”) liquidity. The exchange earns as revenue the difference between the fee and the rebate. In a variation on this theme, some exchanges have adopted a “taker-maker” pricing model in which they charge a fee to the provider of liquidity and pay a rebate to the taker of liquidity.

A variety of concerns have been expressed about the maker-taker and taker-maker fee models, and, in particular, about the rebates that exchanges pay to attract orders. For example, some have opined that the prevailing fee structures have created conflicts of interest for broker-dealers, have undermined market transparency, have negatively impacted execution quality for investors, and have driven order flow to non-exchange venues. Others contend that the prevailing fee structures may have positive effects by enabling exchanges to compete with off-exchange trading venues and by narrowing quote spreads by subsidizing posted prices.

In the absence of data sufficient to permit statistical analysis of the impact of these fees and rebates, market participants have urged the Commission to conduct a market-wide pilot study to gather data to assess the potential impact of transaction fees and rebates on the equities markets. For example, the Equity Market Structure Advisory Committee recommended that the Commission conduct a pilot to study the impact of transaction fees and rebates on market quality, execution quality, and order routing behavior.¹

Accordingly, pursuant to the statutory authority provided by the Exchange Act,² including Sections 6, 11A(a)(1), 17(a), and 23(a) thereof,³ the Commission amended Title 17 of the Code of Federal Regulations by adding Rule 610T to Regulation NMS to conduct an Equity

¹ See Recommendation for an Access Fee Pilot (July 8, 2016), available at <https://www.sec.gov/spotlight/emsac/recommendation-access-fee-pilot.pdf>.

² See 15 U.S.C. 78a.

³ See 15 U.S.C. 78k-1, 78q, and 78w(a).

Transaction Fee Pilot (“Pilot”).⁴ The Pilot established three new collections of information to gather the following categories of data:⁵

- a. Pilot Securities Exchange Lists and Pilot Securities Change Lists. Each primary listing exchange for NMS stocks will be required to maintain, update, and publicly post on its website downloadable files containing a Pilot Securities Exchange List, in pipe-delimited ASCII format, of all Pilot Securities for which it serves as the primary listing exchange. In addition, each exchange will be required to publicly post on its website downloadable files containing a Pilot Securities Change List, in pipe-delimited ASCII format, that cumulatively lists each separate change to any Pilot Securities for which it serves or has served as the primary listing exchange. The exchanges will be required to update this information prior to the beginning of trading on each business day that the U.S. equities markets are open for trading throughout the duration of the Pilot, including the post-Pilot period. Each exchange will be required to keep this information freely and persistently available and easily accessible by the general public on its website for a period of not less than five years from the conclusion of the post-Pilot period. Each category of data shall be presented in a manner that facilitates access by machines without encumbrance, and not subject to any restrictions, including restrictions on access, retrieval, distribution, and reuse.
- b. Exchange Transaction Fee Summaries. Each exchange that trades NMS stocks would be required to publicly post on its website downloadable files containing certain information concerning its transaction fees and rebates, using an XML schema to be published on the Commission’s website. The exchanges would be required to update this information on a monthly basis. Each exchange will be required to keep this information freely and persistently available and easily accessible by the general public on its website for a period of not less than five years from the conclusion of the post-Pilot period. Each category of data shall be presented in a manner that facilitates access by machines without encumbrance, and not subject to any restrictions, including restrictions on access, retrieval, distribution, and reuse.

⁴ See Securities Exchange Act Release No. 84875 (_____, 201___), ____ FR _____ (_____, 201___) (“Adopting Release”); see also Securities Exchange Act Release No. 82873 (Mar. 14, 2018), 83 FR 13008 (Mar. 26, 2018) (“Proposing Release”).

⁵ The Commission anticipates that each respondent would submit one Form 19b-4 fee filing at the beginning of the proposed Pilot to impose the required pricing restrictions and one Form 19b-4 fee filing at the conclusion of the proposed Pilot to remove the required pricing restrictions. Each respondent might also choose to submit additional Form 19b-4 fee filings during the Pilot. The Commission notes, however, that these burdens are already accounted for in the Paperwork Reduction Act Information Collection submission for Form 19b-4. See OMB Control No. 3235-0045 (Aug. 19, 2016), 81 FR 57946 (Aug. 24, 2016) (Request to OMB for Extension of Rule 19b-4 and Form 19b-4 PRA). The Commission does not expect the baseline number of Form 19b-4 fee filings reflected in that submission to increase as a result of the proposed Pilot.

- c. Order Routing Data. Each exchange that trades NMS stocks would be required to prepare and transmit to the Commission files, in pipe-delimited ASCII format, containing monthly order routing data containing aggregated broker-dealer order routing information, according to the specifications set forth in Rule 610T.

These collections of information are necessary to further the national market system objectives set forth in Rule 11A(a)(1). These objectives include the economically efficient execution of orders; fair competition among broker-dealers, among exchange markets, and between exchange markets and markets other than exchange markets; the availability of information with respect to quotations for and transactions in securities; and the practicability of brokers executing investors' orders in the best market. Without the Pilot, the Commission and the public would lack access to data that is necessary to study the effects of exchange transaction fees and rebates on order routing behavior, market quality, and execution quality, which, in turn, may inform the need for further regulatory action in this area.

2. Purpose and Use of the Information Collection

The purpose of the information collection is to enable the Commission, market participants, and researchers to study the impact that transaction-based fees and rebates have on the U.S. equities markets. If the Commission did not gather this data through the Pilot, it would be difficult for the Commission to assess what effects, if any, certain proposed changes to transaction-based fees and rebates might have on order routing behavior, market quality, and execution quality. The information gathered through the Pilot should facilitate a data-driven evaluation of the need for regulatory action in this area.

3. Consideration Given to Improved Information Technology

The proposed Pilot uses information technology to lessen the burden on the respondents. All data is to be publicly posted on websites or provided to the Commission either in a pipe-delimited ASCII format⁶ or using an XML schema prescribed by the Commission.⁷

⁶ The Commission understands that exchanges and market participants have experience utilizing this common electronic file format. The Commission further notes that this format has been used to gather data in connection with another recent pilot program. See Tick Size Pilot Data Collection Securities Files, available at: <http://www.finra.org/industry/oats/tick-size-pilot-data-collection-securities-files> (noting that “[t]he Pilot Securities files are pipe-delimited .txt files”).

⁷ The Commission considered using a CSV or JSON electronic file format, but believes that an XML schema is best suited to this information collection. The CSV format provides a more compact file size, but it cannot convey the same complexity or directly incorporate validation rules, which may result in lower data quality. The JSON format provides a file size similar to XML and can convey complex data structures; however, its use within the Commission to date has been somewhat limited, which may adversely impact analysis of the data.

In addition, the Commission preliminarily believes that the respondents already have processes in place to gather at least some of the information to be collected by the Pilot. With respect to the Pilot Securities Exchange Lists and Pilot Securities Change Lists, for example, the primary listing exchanges already have rules in place that require listed issuers to report the relevant information to them. Respondents also may be able to leverage existing systems in order to collect the order routing data described above.

The Commission further notes that it does not prohibit respondents from using any kind of information technology to facilitate the collection and/or preparation of the data to be provided to the Commission or posted on exchange websites.

4. Duplication

The Pilot will not result in, or require the collection of, duplicate information that is otherwise available in a similar form. While several data sources provide information on transaction fees, order routing, and execution quality, they do not provide the exact information sought in this information collection. Moreover, these sources have data limitations that would hamper meaningful research.⁸

In the Proposing Release, the Commission stated that equities exchanges might be able to compile the order routing data by utilizing data reported to the Consolidated Audit Trail (“CAT”).⁹ At present, however, the equities exchanges have not yet begun full reporting to the CAT, and it is not clear when such reporting may commence. The Commission believes that it is important to proceed expeditiously with the Pilot and not delay the Pilot until the exchanges have begun reporting to the CAT.

Further, the Pilot Securities Exchange Lists and Pilot Securities Change Lists will contain information unique to the proposed Pilot, notably the grouping of NMS stocks into the Test Groups of the Pilot and the ability to track updates to the stocks on those lists. Finally, the Exchange Transaction Fee Summaries will also be unique to the Pilot and are designed to allow researchers to correlate changes in order routing behavior, market quality, and execution quality to changes to each exchange’s fees and rebates. In the absence of that information, such analysis would be exceptionally difficult.

5. Effects on Small Entities

The Commission does not believe that the requirements under the Pilot would affect small entities.

6. Consequences of Not Conducting Collection

The information gathered through the Pilot will facilitate a data-driven evaluation of the need for regulatory action in this area, which is in the public interest and will benefit both retail

⁸ See, e.g., Adopting Release, supra note 4, at Section IV.B.1.b.

⁹ See Proposing Release, supra note 4, at 13031.

and institutional investors. If the Commission does not conduct the Pilot, it would be difficult for the Commission (or other researchers) to study what effects, if any, changes to transaction-based fees and rebates have on order routing behavior, market quality, and execution quality. Similarly, if the data outlined above was collected less frequently, it could undermine timely analysis of the data. Transaction-based fees and rebates can change with no advance notice as exchanges compete for market share; if the Commission (or other researchers) did not have access to accurate, up-to-date information, it would be more difficult to track how transaction-based fees and rebates impacted order routing behavior, market quality, and execution quality, all of which may fluctuate in response to changes to pricing structures. Moreover, the Commission believes that some of the information to be gathered by the Pilot – specifically, the Pilot Securities Exchange Lists and the Pilot Securities Change Lists – could be useful to broker-dealers and other market participants when making daily routing and execution decisions.

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

The Pilot requires respondents to report or update certain information on a daily or monthly basis. As previously noted, if the data outlined above was collected less frequently, it could undermine any analysis of the data. Transaction-based fees and rebates can change with no advance notice as exchanges compete for market share; if the Commission (or other researchers) did not have access to accurate, up-to-date information, it would be difficult to track how transaction-based fees and rebates impacted order routing behavior, market quality, and execution quality, all of which may fluctuate in response to changes to pricing structures. Moreover, the Commission believes that some of the information to be gathered by the Pilot – specifically, the Pilot Securities Exchange Lists and the Pilot Securities Change Lists – could be useful to broker-dealers and other market participants when making daily routing and execution decisions.

The Pilot also requires each respondent to retain certain information on its website for a period of not less than five years from the conclusion of the post-Pilot period. This extended retention period is necessary in order to provide the Commission, market participants, academic scholars and other researchers with sufficient time to conduct a comprehensive and thorough analysis of the data collected by the Pilot.

The Commission intends to use the order routing data, together with other data, to prepare public summaries, analyses, results, and studies, as such data will provide critical information regarding the effects of exchange transaction fees and rebates on order routing behavior, market quality, and execution quality. The Commission notes, however, that it has taken steps to protect potentially sensitive order routing data that would be attributable to specific broker-dealers. Specifically, the Pilot requires exchanges to aggregate the order routing data by day and security, such that individual order level detail will not be revealed in the dataset, and exchanges will transmit this data to the Commission instead of posting it on a public website. The Commission will also deem broker-dealer identifying order routing data as being subject to a confidential treatment request under 17 C.F.R. 200.83 without the need for

exchanges to submit a request¹⁰ and will treat such information as confidential subject to applicable law and procedures. The Freedom of Information Act provides at least two potentially pertinent exemptions under which the Commission has authority to withhold certain information.¹¹ Additionally, the Commission will consider aggregating or anonymizing order routing data before publishing any public summaries, analyses, results, or studies. The Commission believes this approach will sufficiently protect potentially sensitive information regarding the trading strategies of broker-dealers.

8. Consultations Outside the Agency

The Commission has issued a release soliciting comment on the proposed Pilot requirements and associated paperwork burdens.¹² A copy of the release is attached. In addition, the Commission and staff participate in ongoing dialogue with representatives of various market participants through public conferences, meetings, and informal exchanges. Comments received on this rulemaking were posted on the Commission's public website and made available at <http://www.sec.gov/rules/proposed.shtml>. The Commission considered all comments received prior to adopting the final rule and explained in the adopting release how the final rule responded to such comments, in accordance with 5 C.F.R. 1320.11(f).

Two commenters provided feedback on the estimated cost and hour burdens set forth in the Proposing Release.¹³

a. Pilot Securities Exchange Lists and Pilot Securities Change Lists

One commenter stated that the “implementation and ongoing costs of the Pilot will be significantly larger in terms of burden hours and expenditures than the Commission estimates,” but did not provide any specific analysis or alternative estimates.¹⁴

With respect to the Commission's estimate that each primary listing exchange would incur, on average, a one-time burden of approximately 8 burden hours to compile and publicly post its initial Pilot Securities Exchange List, one commenter “anticipate[d] that it could take as

¹⁰ The Commission will not deem Pilot Securities Exchange Lists, Pilot Securities Change Lists, and Exchange Transaction Fee Summaries as being subject to a request for confidential treatment, as these items will be publicly posted by each respondent on its website.

¹¹ See 5 U.S.C. 552(b)(4) and (8).

¹² See Proposing Release, *supra* note 4, at 13038-39.

¹³ See Letter from Elizabeth K. King, General Counsel & Corporate Secretary, NYSE Group, Inc., to Brent J. Fields, Secretary, Commission, dated May 31, 2018 (“NYSE Letter I”); Letter from Edward T. Tilly, Chairman & Chief Executive Officer, Cboe Global Markets, Inc., to Brent J. Fields, Secretary, Commission, dated May 25, 2018 (“Cboe Letter I”).

¹⁴ Cboe Letter I, at 21.

many as 44 hours” to compile this list.¹⁵ Although it is unlikely that preparation of the list will require this much time, the Commission nevertheless increased its estimate as the commenter suggested.

With respect to the estimated burdens associated with the Pilot Securities Change List, one commenter stated that “the Commission predicts it that would take only 12.5 hours to develop and maintain systems to comply” with the requirements to update prior to the start of each trading day the Pilot Securities Exchange Lists and Pilot Securities Change Lists.¹⁶ Based on “its prior experience implementing the Tick Size Pilot, and other similar initiatives,” this commenter further stated that it believed “it could take as many as 300.5 hours to develop and maintain those systems.”¹⁷

It is unclear how the commenter arrived at its estimates or which of the Commission’s estimates it is referencing. First, the commenter appears to have misunderstood the burden estimates contained in the Proposing Release. The Commission’s preliminary estimates included one-time burdens of 8 hours and 12 hours and an ongoing burden of 126 hours annually, for an aggregate burden estimate of 335 hours per exchange for the entire Pilot – not the “12.5 hours” cited by the commenter.¹⁸ Second, the commenter does not explain how it calculated its estimate of 300.5 burden hours, break down the costs included in this estimate, or specify whether this number is an aggregate burden estimate or an annualized estimate. To the extent the commenter’s estimate of 300.5 hours is meant to be an aggregate burden estimate, the Commission notes that its own aggregate burden estimate of 371 hours is larger. If the commenter’s estimate of 300.5 hours is meant to reflect an annualized burden estimate, the Commission continues to believe its own burden estimates are reasonable. The Commission’s estimates are averages that take into account the diverse set of six primary listing exchanges and the expected burdens that they would collectively experience as a result of the Pilot. Moreover, the Commission expects that the primary listing exchanges will be able to leverage their experience and resources from the recent Tick Size Pilot to meet the requirements of the Pilot. Unlike for the Tick Size Pilot, the Commission will set the initial List of Pilot Securities and the primary listing exchanges only need to keep those lists up to date if their listed issuers experience any relevant changes. Accordingly, the burdens on the primary listing exchanges with respect to the lists of Pilot Securities should be less than those incurred during the Tick Size Pilot.¹⁹ For these reasons, the Commission continues to believe that its burden estimates are appropriate.

¹⁵ NYSE Letter I, at 15.

¹⁶ Id.

¹⁷ Id.

¹⁸ See Proposing Release, supra note 4, at 13036. The Commission notes that it has revised its aggregate burden estimate upwards to 371 hours for each exchange. See Adopting Release, supra note 4, at Section III.D.3.; see also Item 15.a. infra.

¹⁹ See Proposing Release, supra note 4, at 13027 n.153 and accompanying text.

b. Exchange Transaction Fee Summaries

One commenter stated generally that the “implementation and ongoing costs of the Pilot will be significantly larger in terms of burden hours and expenditures than the Commission estimates,” but did not object specifically to the burdens required by the collection of Exchange Transaction Fee Summaries.²⁰ The Commission continues to believe its burden estimates are appropriate and has not changed its estimates.

c. Order Routing Data

One commenter stated that the “implementation and ongoing costs of the Pilot will be significantly larger in terms of burden hours and expenditures than the Commission estimates,” but did not provide any specific analysis or alternative estimates.²¹

With respect to the Commission’s estimated burden for compiling and publicly posting the order routing data specified by Rule 610T, one commenter stated that “the Commission allocates 160 hours associated with producing order routing data,” but estimated that it “would actually require over 400 hours,” based on “its prior experience implementing the Tick Size Pilot, and other similar initiatives”²²

It is unclear how the commenter arrived at its estimates or which of the Commission’s estimates it is referencing. First, the commenter appears to have misunderstood the burden estimates contained in the Proposing Release. The Commission’s preliminary estimates included a one-time burden of 80 hours and an ongoing burden of 112 hours annually, for an aggregate burden estimate of 416 hours per exchange for the entire Pilot – not the “160 hours” cited by the commenter.²³ The Commission notes, however, that the ongoing burden estimate has been revised upwards to 124 hours annually, because the Commission revised its proposal to require exchanges to separate out or exclude certain types of data from the order routing data. Accordingly, the aggregate burden estimate for each exchange is now 452 hours for the entire Pilot.²⁴ Second, the commenter does not explain how it calculated its estimate of “over 400 hours,” break down the costs included in this estimate, or specify whether this number is an aggregate burden estimate or an annualized estimate. To the extent the commenter’s estimate of “over 400 hours” is meant to be an aggregate burden estimate, the Commission notes that its own aggregate burden estimate of 452 hours is substantially similar. If the commenter’s estimate is meant to reflect an annualized burden estimate, the Commission believes its own burden estimates – a one-time burden of 80 hours, and an ongoing burden of 124 hours annually – are reasonable. The Commission notes that exchanges will no longer be required to publicly post this data or to maintain this data on a public website, but will instead transmit the datasets

²⁰ Cboe Letter I, at 21.

²¹ Id.

²² NYSE Letter I, at 15.

²³ See Proposing Release, supra note 4, at 13038.

²⁴ See Adopting Release, supra note 4, at Section II.E.3 and Section III.D.3. See also Item 15.c. infra.

directly to the Commission. Moreover, the Commission expects that the exchanges will be able to leverage their experience and existing resources to meet the requirements of the Pilot.²⁵ For these reasons, the Commission believes that its burden estimates are appropriate.

9. Payment or Gift

No payment or gift is provided to respondents.

10. Confidentiality

Pilot Securities Exchange Lists, Pilot Securities Change Lists, and Exchange Transaction Fee Summaries will not be confidential, as the respondents will be required to publicly post these items on their respective websites and to keep this information freely and persistently available and easily accessible by the general public for a period of not less than five years from the conclusion of the post-Pilot period.

The Commission will deem broker-dealer identifying order routing data as being subject to a confidential treatment request under 17 C.F.R. 200.83 without the need for exchanges to submit a request and will treat such information as confidential subject to applicable law and procedures. The Freedom of Information Act provides at least two potentially pertinent exemptions under which the Commission has the authority to withhold certain information.²⁶

11. Sensitive Questions

No information of a sensitive nature will be required under this collection of information. This information collection does not collect personally identifiable information (“PII”). The agency has determined that a system of records notice (“SORN”) and privacy impact assessment (“PIA”) are not required in connection with the collection of information.

12. Burden of Information Collection

As noted above, the Pilot requires the collection of three categories of data: (1) Pilot Securities Exchange Lists and Pilot Securities Change Lists; (2) Exchange Transaction Fee Summaries; and (3) Order Routing Data. The Commission anticipates that the respondents will incur the following reporting or third-party disclosure burdens.

²⁵ See Proposing Release, supra note 4, at 13038.

²⁶ See 5 U.S.C. 552(b)(4) and (8).

Summary of Hourly Burdens								
Name of Information Collection	Number of Entities Impacted	Small Business Entities Affected	Type of Burden	Ongoing or Initial Burden	Annual Responses per Entity	Burden per Entity per Response	Annual Burden Per Entity	Annual Industry Burden
Pilot Securities Exchange Lists and Pilot Securities Change Lists	6	0	3 rd -Party Discl.	Ongoing	252 ²⁷	0.417 ²⁸	105	742
				Initial One-Time	N/A	N/A	18.67	
Exchange Transaction Fee Summaries	13	0	3 rd -Party Discl.	Ongoing	12	5.33	64	1,204.67
				Initial One-Time	N/A	N/A	28.67	
Order Routing Data	13	0	Reporting	Ongoing	12	10.33	124	1,958.67
				Initial One-Time	N/A	N/A	26.67	
TOTAL ANNUAL INDUSTRY BURDEN								3,905.34

These burdens are discussed further below.

a. Pilot Securities Exchange Lists and Pilot Securities Change Lists

The respondents to this collection of information will be the six primary listing exchanges for common stocks and ETPs. Each primary listing exchange will be required to update the required information prior to the beginning of trading on each business day that the U.S. equities markets are open for trading.

The Commission estimates that each primary listing exchange will incur an initial, one-time third-party disclosure burden of 44 hours to compile and publicly post their initial Pilot Securities Exchange List, as well as an initial, one-time third-party disclosure burden of 12 hours to develop appropriate systems for tracking, compiling, and publishing the information necessary to create the Pilot Securities Change List. The Commission further estimates that each primary listing exchange will incur an ongoing third-party disclosure burden of 0.50 hours per daily response, or 126 hours per year during the Pilot and the post-Pilot period,²⁹ to compile any changes to the lists, to update the lists, and to publicly post the lists on its website.

²⁷ But see note 29 infra. Only 126 responses per entity will be required for the first year.

²⁸ The burden per entity per response is described below as .5 hours, but the entry in this chart reflects an annualized burden to account for the fact that only 126 responses per entity will be required for the first year. See id.

²⁹ 0.50 hours per daily response * 252 trading days per year = 126 hours per year. The exchanges are not required to update these lists during the six-month pre-Pilot period, so the ongoing burden for the first year is half the ongoing burden for the second and third years, or 63 hours.

This results in a total estimated third-party disclosure burden for Pilot Securities Exchange Lists and Pilot Securities Change Lists of 2,226 hours,³⁰ or 123.67 hours per year per respondent³¹ and 742 hours per year for the industry.³²

b. Exchange Transaction Fee Summaries

The respondents to this monthly collection of information will be the thirteen equities exchanges that are currently registered with the Commission.

The Commission estimates that each equities exchange will incur an initial third-party disclosure burden of 80 hours to develop systems to automatically track, format, and post this data on its website in accordance with the proposed Pilot, as well as an initial burden of 6 hours to complete and publicly post the first Exchange Transaction Fee Summary. The Commission further estimates that each equities exchange will incur an ongoing third-party disclosure burden of 40 hours per year to monitor and, if necessary, update its systems, as well as an ongoing third-party disclosure burden of 24 hours per year to update and publicly post all subsequent Exchange Transaction Fee Summaries, or an ongoing burden of 5.33 hours per monthly response for each exchange.³³

This results in a total estimated third-party disclosure burden for Exchange Transaction Fee Summaries of 3,614 hours,³⁴ or 92.67 hours per year per respondent,³⁵ and 1,204.67 hours per year for the industry.³⁶

c. Order Routing Data

³⁰ The total initial, one-time burden is 336 hours (6 respondents * (12 hours + 44 hours)). The total ongoing burden is 1,890 hours (6 respondents * 126 hours per year * 2.5 years). Added together, this equals a total estimated burden of 2,604 hours.

³¹ The initial, one-time burdens are 18.67 hours per respondent per year when annualized over three years ((12 hours + 44 hours) / 3 years). This annualized initial burden, plus the ongoing burden of 63 hours for the first year of the Pilot and 126 hours for the last two years of the Pilot, results in an annualized burden per respondent of 123.67 hours.

³² The annualized burden per respondent of 123.67 hours * 6 respondents.

³³ (40 ongoing hours + 24 ongoing hours) / 12 months per year = 5.33 hours per monthly response.

³⁴ The total initial, one-time burden is 1,118 hours (13 respondents * (80 hours + 6 hours)). The total ongoing burden is 2,496 hours (13 respondents * (40 hours + 24 hours) * 3 years). Added together, this equals a total estimated burden of 3,614 hours.

³⁵ The initial, one-time burdens are 28.67 hours per respondent per year when annualized over three years ((80 hours + 6 hours) / 3 years). This annualized initial burden, plus the ongoing burdens of 64 hours (40 hours + 24 hours), results in an annualized burden per respondent of 92.67 hours.

³⁶ The annualized burden per respondent of 92.67 hours * 13 respondents.

The respondents to this monthly collection of information will be the thirteen equities exchanges that are currently registered with the Commission.

The Commission estimates that each equities exchange will incur an initial reporting burden of 80 hours to ensure that its systems and technology are able to aggregate, anonymize, and publicly post the required order routing data.³⁷ The Commission further estimates that each equities exchange will incur an ongoing reporting burden of 40 hours per year to monitor and, if necessary, update its systems, as well as an ongoing burden of 84 burden hours per year to prepare and publicly post the required order routing data, or an ongoing burden of 10.33 hours per monthly response for each exchange.³⁸

This results in a total estimated reporting burden for Order Routing Data of 5,876 hours,³⁹ or 150.67 hours per year per respondent⁴⁰ and 1,958.67 per year for the industry.⁴¹

13. Costs to Respondents

Not applicable. It is not anticipated that the respondent exchanges will have to incur any capital and/or start-up costs to comply with the proposed Pilot, nor is it anticipated that the respondents will have to incur any external operational or maintenance costs – other than the internal costs provided for in Item 12 – to comply with the proposed Pilot.

14. Cost to Federal Government

The federal government will not incur a cost in connection with the collection of this information.

³⁷ The Commission expects that equities exchanges will be able to leverage existing systems to capture the required order routing data, as the Commission believes that the equities exchanges will be able to collect the required data through existing systems and technology already in place for the collection of data, including for reporting to the Consolidated Audit Trail, estimates for which are set forth in OMB Control No. 3235-0671.

³⁸ $(40 \text{ ongoing hours} + 84 \text{ ongoing hours}) / 12 \text{ months per year} = 10.33 \text{ hours per monthly response.}$

³⁹ The total initial, one-time burden is 1,040 hours (13 respondents * 80 hours). The total ongoing burden is 4,836 hours (13 respondents * (40 hours + 84 hours per year) * 3 years). Added together, this equals a total estimated burden of 5,876 hours.

⁴⁰ The initial, one-time burden is 26.67 hours per respondent per year when annualized over three years (80 hours / 3 years). This annualized initial burden, plus the ongoing burdens of 124 hours (40 hours + 84 hours), results in an annualized burden per respondent of 150.67 hours.

⁴¹ The annualized burden per respondent of 150.67 hours * 13 respondents.

15. Changes in Burden

The Commission has revised its burden estimates for some of the information collections, as summarized in this chart:

Name of Information Collection	Annual Industry Burden	Annual Industry Burden Previously Reviewed	Change in Burden	Reason for Change
Pilot Securities Exchange Lists and Pilot Securities Change Lists	742	663.33	79	Change in Agency Estimate
Exchange Transaction Fee Summaries	1,204.67	1,204.67	0	N/A
Order Routing Data	1,958.67	1,802.67	156	Change in Agency Estimate

These changes in burden are discussed in more detail below.

a. Pilot Securities Exchange Lists and Pilot Securities Change Lists

The Commission initially estimated that each primary listing exchange would incur a one-time third-party disclosure burden of 8 hours, on average, to compile and publicly post its initial Pilot Securities Exchange List.⁴² The Commission revised this estimate upwards to 44 hours in accordance with the suggestion of a commenter,⁴³ although preparation of this list will likely not require that much time.

The Commission has also clarified and updated its submission to more accurately reflect the third-party disclosure burdens involved in preparing and maintaining these lists. First, the Commission notes that there are now six primary listing exchanges and has revised its industry-wide estimates upwards to account for that fact.⁴⁴ Second, the Commission has clarified above that respondents are not required to update these lists during the six-month pre-Pilot period, such that the ongoing burden for the first year is half the ongoing burden for the second and third years. This is not a change to Rule 610T,⁴⁵ but the previous submission did not accurately reflect the intended operation of the rule. Accordingly, the annualized burden for each respondent has been

⁴² See Proposing Release, supra note 4, at 13036.

⁴³ NYSE Letter I, at 15.

⁴⁴ The Commission's previous statement included burdens for five primary listing exchanges, which was accurate at the time of submission. Since that time, Investors Exchange LLC has become a primary listing exchange.

⁴⁵ See Proposing Release, supra note 4, at 13074-75 (stating that these lists must be updated during the Pilot and post-Pilot periods only).

revised downwards to 371 hours per respondent, or 123.67 hours per year per respondent when annualized over three years.⁴⁶

b. Exchange Transaction Fee Summaries

Not applicable. The Commission has not made any changes to its burden estimates for the Exchange Transaction Fee Summaries.

c. Order Routing Data

The Commission initially estimated that each exchange would incur an ongoing third-party disclosure burden of 40 hours to maintain the systems necessary to aggregate, anonymize, and post the required order routing data, as well as an ongoing third-party disclosure burden of 72 hours to gather, format, and post the required data. The Commission subsequently revised its rule to require exchanges to separate orders by order designation.⁴⁷ Accordingly, the Commission has revised its burden estimate of 72 hours up to 84 hours to reflect the additional monthly burden that each exchange will incur in separating out or excluding certain types of orders from the order routing data.⁴⁸ Each exchange will now incur, on average, a monthly burden of 10.33 hours to meet the requirements of the Pilot.⁴⁹ This results in an estimated aggregate reporting burden of 452 hours per respondent, or 150.67 hours per year per respondent when annualized over three years. The total estimated industry burden will now be 5,876 hours, or 1,958.67 hours per year when annualized over three years.⁵⁰

Finally, the Commission had previously characterized these burdens as third-party disclosure burdens. As the respondents will now be reporting directly to the Commission instead of posting the order routing data on their own websites, the Commission has now described these burdens as reporting burdens.

⁴⁶ See note 29-31 supra.

⁴⁷ See Rule 610T(d). The rule further provides that exchanges may choose to exclude auction orders altogether, if desired. Id.

⁴⁸ The Commission estimated that the process of separating out or excluding certain types of orders would result in one hour of ongoing burden per monthly response. Therefore, 12 hours were added to the initial ongoing annual burden of 72 hours to arrive at a new ongoing annual burden of 84 hours.

⁴⁹ $(40 \text{ ongoing hours} + 84 \text{ ongoing hours}) / 12 \text{ months per year} = 10.33 \text{ hours per monthly response.}$

⁵⁰ See notes 39-41 supra.

16. Information Collection Planned for Statistical Purposes

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

17. OMB Expiration Date Display Approval

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 does not involve statistical methods.