

SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission for
Rule 19d-1; 3235-0206

A. JUSTIFICATION

1. Necessity of Information Collection

Rule 19d-1 (“Rule”) under the Securities Exchange Act of 1934 (the “Exchange Act”), prescribes the form and content of notices to be filed with the Securities and Exchange Commission (“Commission”) by self-regulatory organizations (“SROs”) for which the Commission is the appropriate regulatory agency concerning the following final SRO actions: (1) disciplinary actions with respect to any person; (2) denial, bar, prohibition, or limitation of membership, participation or association with a member or of access to services offered by an SRO or member thereof; (3) summarily suspending a member, participant, or person associated with a member, or summarily limiting or prohibiting any persons with respect to access to or services offered by the SRO or a member thereof; and (4) delisting a security.

The Rule enables the Commission to obtain reports from the SROs containing information regarding SRO determinations to delist a security, discipline members or associated persons of members, deny membership or participation or association with a member, and similar adjudicated findings. The Rule requires that such actions be promptly reported to the Commission. The Rule also requires that the reports and notices supply sufficient information regarding the background, factual basis and issues involved in the proceeding to enable the Commission: (1) to determine whether the matter should be called up for review on the Commission’s own motion; and (2) to ascertain generally whether the SRO has adequately carried out its responsibilities under the Exchange Act. Rule 19d-1 was adopted on July 8, 1977, pursuant to authority granted the Commission in Sections 6, 11A, 15, 15A, 19, and 23 of the Exchange Act, 15 U.S.C. 78f, 78k-1, 78o, 78o-3, 78q, 78q-1, 78s, and 78w.

2. Purpose and Use of the Information Collection

The Commission uses the information provided in the submissions filed pursuant to Rule 19d-1 in its SRO and broker-dealer oversight programs. Rule 19(d)-1 under the Exchange Act requires SROs to “promptly” file notice with the Commission of any final action covered by the Rule. The Commission would not be able to comply with certain provisions of the Exchange Act and to thoroughly oversee the disciplinary activities of the SROs if this information was not reported.

3. Consideration Given to Information Technology

The majority of SROs submit notices electronically to the Commission’s Rule 19d-1 Filing System. A small number of notices are received in paper format, but the information is scanned and manually entered into the electronic system.

4. Duplication

There is no duplication of this notification process to the Commission.

5. Effect on Small Entities

Not applicable. Rule 19d-1 does not affect small entities because the SRO respondents do not meet the definition of “small entities” found in Rule 0-10 of the Exchange Act.

6. Consequences of Not Conducting Collection

The principal purpose of Rule 19d-1 is to provide the Commission with an opportunity to help ensure that SRO enforcement of the federal securities laws is performed diligently and fairly. Rule 19d-1 under the Exchange Act requires that these notices be filed “promptly.” Accordingly, a less frequent reporting requirement would weaken the Commission’s ability to oversee the disciplinary activities of the SROs in a timely fashion. Moreover, a less frequent collection of information is not practical if the Commission is to have a meaningful and timely opportunity to review any final action of an SRO.

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

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

8. Consultations Outside the Agency

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

9. Payment or Gift

There has been no decision to provide any payment of gift to respondents.

10. Confidentiality

No assurance of confidentiality is given, as the SROs generally make their final disciplinary actions available to the public as a matter of course.

11. Sensitive Questions

No information of a sensitive nature, including social security numbers, will be required under this collection of information. The information collection collects basic Personally Identifiable Information (PII) that may include name, employee ID, occupation, job title, work address, certificate/license number, work history, civil or criminal history, and business associates. The agency has determined that the information collection constitutes a system of

records for purposes of the Privacy Act and is covered under System of Records Notice (SORN) SEC 70. The SEC-70 SORN, published on February 15, 2018, is available at <https://www.sec.gov/privacy>. In accordance with Section 208 of the E-Government Act of 2002, the agency has conducted a Privacy Impact Assessment (PIA) of the Rule 19d-1 Filing Tracking system, in connection with this collection of information. The Rule 19d-1 Filing Tracking System PIA, published on August 26, 2009 is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

12. Burden of Information Collection

The Commission estimates that this rule imposes a total estimated industry burden of 1,350 hours per year. Based upon past submissions, we estimate that approximately eighteen respondents will utilize this notification procedure annually, with a burden of approximately 1,350 total hours. This figure represents approximately 75 hours spent, per respondent. It is estimated that each respondent will submit approximately 75 responses per year and it is estimated that each respondent will spend approximately 1 hour per response. Based on available salary data, the Commission estimates that the internal cost per SRO is approximately \$298, per response.¹ Therefore, the internal labor cost of compliance for all respondents is approximately \$402,300 (18 respondents x 75 responses x \$298 per response).

Summary of Hourly Burdens (Annual)							
Name of Information Collection	Type of Burden	Number of Entities	Number of Responses per Entity	Burden per Response	Total Burden Per Entity	Total Number of Responses	Total Industry Burden
Rule 19d-1 Notices	Reporting	18	75	1	75	1,350	1,350
TOTAL BURDEN							1,350

13. Costs to Respondents

It is not anticipated that respondents will have to incur any capital and start-up costs, nor

¹ This estimate was calculated using a \$298 per hour wage for a Compliance Manager, based on the Security Industry and Financial Markets Association's, *Management & Professional Earnings in the Securities Industry 2013*, which has been modified by Commission staff to account for an 1,800-hour work year as well as inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

any additional operational or maintenance costs (other than as provided in Item 12), to comply with the collection of information.

14. Costs to Federal Government

Not Applicable.

15. Changes in Burden

The Commission revised the burden to reflect the recent number of notices received per year. In 2017 there were a total of 1,210 submissions and 888 in 2018. As a conservative measure, we are using an estimate that is approximately 10 percent higher (rounded up) than the larger annual submissions number. In addition, as a conservative measure, we are increasing our estimate for the average hourly burden per response from 0.5 hour per response to 1 hour per response in case some submissions require more than a half hour to prepare. The overall change is a decrease in the annual time burden from 2,250 hours to 1,350 hours. The 900 hour decrease is due to the fact that while the time per response has increased from 0.5 hour to 1 hour, the estimated number of responses per respondent has decreased from 250 to 75.

Summary of Change in Burden (Annual)			
Previously Approved Burden	New Estimated Burden	Change in Burden	Reason for the Change
2,250	1,350	-900	The estimated number of responses decreased based on data from recent filings, and the hourly burden was increased by half an hour as a conservative measure.
BURDEN			TOTAL CHANGE IN
			-900

16. Information Collections Planned for Statistical Purposes

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

17. Approval to Omit OMB Expiration Date

The Commission is not seeking approval to omit the expiration date.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

This collection complies with the requirements in 5 CFR 1320.9.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHOD

This collection does not involve statistical methods.