

SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From
Securities and Exchange Commission
Office of FOIA Services
100 F Street, NE
Washington, DC 20549-2736

Extension: Rule 248.30

SEC File No. 270-549, OMB Control No. 3235-0610

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission (the “Commission”) has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Rule 248.30 (17 CFR 248.30) under Regulation S-P is titled “Procedures to Safeguard Customer Records and Information; Disposal of Consumer Report Information.” Rule 248.30 (the “safeguard rule”) requires brokers, dealers, investment companies, and investment advisers registered with the Commission (“registered investment advisers”) (collectively “covered institutions”) to adopt written policies and procedures for administrative, technical, and physical safeguards to protect customer records and information. The safeguards must be reasonably designed to “insure the security and confidentiality of customer records and information,” “protect against any anticipated threats or hazards to the security and integrity” of those records, and protect against unauthorized access to or use of those records or information, which “could result in substantial harm or inconvenience to any customer.” The safeguard rule’s requirement that covered institutions’ policies and procedures be documented in writing constitutes a collection of information and must be maintained on an ongoing basis. This requirement

eliminates uncertainty as to required employee actions to protect customer records and information and promotes more systematic and organized reviews of safeguard policies and procedures by institutions. The information collection also assists the Commission's examination staff in assessing the existence and adequacy of covered institutions' safeguard policies and procedures.

We estimate that as of the end of 2018, there are 3,926 broker-dealers, 4,095 investment companies, and 13,230 investment advisers registered with the Commission, for a total of 21,251 covered institutions. We believe that all of these covered institutions have already documented their safeguard policies and procedures in writing and therefore will incur no hourly burdens related to the initial documentation of policies and procedures.

Although existing covered institutions would not incur any initial hourly burden in complying with the safeguards rule, we expect that newly registered institutions would incur some hourly burdens associated with documenting their safeguard policies and procedures. We estimate that approximately 1,350 broker-dealers, investment companies, or investment advisers register with the Commission annually. However, we also expect that approximately 55% of these newly registered covered institutions, or 743 institutions, are affiliated with an existing covered institution, and will rely on an organization-wide set of previously documented safeguard policies and procedures created by their affiliates. We estimate that these affiliated newly registered covered institutions will incur a significantly reduced hourly burden in complying with the safeguards rule, as they will need only to review their affiliate's existing policies and procedures, and identify and adopt the relevant policies for their business.

Therefore, we expect that newly registered covered institutions with existing affiliates will incur

an hourly burden of approximately 15 hours in identifying and adopting safeguard policies and procedures for their business, for a total hourly burden for all affiliated new institutions of 11,145 hours. We expect that half of this time would be incurred by inside counsel at an hourly rate of \$401, and half would be by a compliance officer at an hourly rate of \$352, for a total cost of \$4,196,093.

Finally, we expect that the 607 newly registered entities that are not affiliated with an existing institution will incur a significantly higher hourly burden in reviewing and documenting their safeguard policies and procedures. We expect that virtually all of the newly registered covered entities that do not have an affiliate are likely to be small entities and are likely to have smaller and less complex operations, with a correspondingly smaller set of safeguard policies and procedures to document, compared to other larger existing institutions with multiple affiliates. We estimate that it will take a typical newly registered unaffiliated institution approximately 60 hours to review, identify, and document their safeguard policies and procedures, for a total of 36,420 hours for all newly registered unaffiliated entities. We expect that half of this time would be incurred by inside counsel at an hourly rate of \$401, and half would be by a compliance officer at an hourly rate of \$352, for a total cost of \$13,712,130.

Therefore, we estimate that the total annual hourly burden associated with the safeguards rule is 47,565 hours at a total hourly cost of \$17,908,223. We also estimate that all covered institutions will be respondents each year, for a total of 21,251 respondents.

These estimates of average burden hours are made solely for the purposes of the Paperwork Reduction Act. An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid control number. The

safeguard rule does not require the reporting of any information or the filing of any documents with the Commission. The collection of information required by the safeguard rule is mandatory.

The public may view the background documentation for this information collection at the following website, www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an e-mail to Lindsay.M.Abate@omb.eop.gov; and (ii) Charles Riddle, Acting Director/Chief Information Officer, Securities and Exchange Commission, c/o Candace Kenner, 100 F Street, NE, Washington, DC 20549, or send an email to PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Vanessa A. Countryman
Acting Secretary

June 18, 2019