

SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission for
Rule 17Ad-22
OMB Control No. 3235-0695

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

A. JUSTIFICATION

1. Information Collection Necessity

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) 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

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 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).

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

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

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).

¹¹ See 15 U.S.C. 78u(a).

¹² See 15 U.S.C. 78s(h).

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 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

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 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).

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 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 As originally adopted, Exchange Act Rule 17Ad-22 consisted of paragraphs (a)(1) through (d)(15), which established minimum requirements regarding how clearing agencies must maintain effective risk management procedures and controls as well as meeting applicable statutory requirements under the Exchange Act.

In 2016, the Commission adopted Rule 17Ad-22(e) (paragraphs (e)(1) through (e)(23) of Rule 17Ad-22), building on the existing framework by establishing enhanced requirements for registered clearing agencies that meet the definition of a “covered clearing agency.”²⁴ To facilitate the addition of Rule 17Ad-22(e), the Commission’s 2016 final rule also amended existing Rule 17Ad-22(d) to limit its application to clearing agencies other than covered clearing agencies.²⁵ At the same time, the Commission adopted other amendments to Rule 17Ad-22 that added definitions to paragraph (a) of the rule, in order to define terms relevant to the provisions contained in the new paragraphs (e)(1) through (e)(23).²⁶

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).

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 *Id.*

²⁶ See *Id.*

Under Rule 17Ad-22(a), the term “covered clearing agency” means a registered clearing agency that (i) has been designated as systemically important by FSOC and for which the Commission is the supervisory agency under the Clearing Supervision Act, or (ii) provides central counterparty (“CCP”) services for security-based swaps or is involved in activities the Commission determines to have a more complex risk profile (“complex risk profile clearing agency”), unless the CFTC is the supervisory agency under the Clearing Supervision Act.²⁷

At the same time that the Commission published the 2016 Adopting Release, the Commission published in a separate release a proposed rule that would amend the existing definition of a “covered clearing agency” and certain other definitions under Rule 17Ad-22, so that the definition would encompass all registered clearing agencies performing the functions of a CCP, central securities depository (“CSD”), or a securities settlement system.²⁸ However, the proposed amendments to Rule 17Ad-22 included in the 2016 Proposing Release have not been adopted by the Commission.

Rule 17Ad-22(e) includes requirements for covered clearing agencies intended to address the activity and risks that their size, operation, and importance pose to the U.S. securities markets, the risks inherent in the products they clear, and the goals of both the Exchange Act and the Dodd-Frank Act. Of particular note, the requirements in Rule 17Ad-22(e) that address policies and procedures for transparency, governance, financial risk management, and operational risk management help ensure that covered clearing agencies are robust and stable.²⁹

The establishment of consistent standards for clearing agencies that offer CCP and CSD services is an important goal that underpinned the enactment of Section 17A of the Exchange Act. Rule 17Ad-22 establishes minimum standards for the operations and risk management practices for clearing agencies that are consistent with the standards for CCPs and CSDs operating domestically and in other jurisdictions.

There are a number of collections of information contained in Rule 17Ad-22. The information collected in these provisions is necessary to carry out the mandates of the Exchange Act, as amended by the Dodd-Frank Act, as well as the Clearing Supervision Act.

The statutory basis for Rule 17Ad-22 is as follows: Exchange Act Section 3C, 15 U.S.C. 78c-3; Exchange Act Section 17A, 15 U.S.C. 78q-1; and 12 U.S.C. 5464(a)(2).

2. Information Collection Purpose and Use

Clearing Agency Standards

i. Measurement and Management of Credit Exposures

Rule 17Ad-22(b)(1) requires a registered clearing agency that performs CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to measure its credit exposures to its participants at least once each day and limit its exposures to potential losses from defaults by its participants in normal market conditions so that the operations of the clearing agency would not be disrupted and non-defaulting participants would not be exposed to losses that they cannot

²⁷ 17 CFR 240.17Ad-22(a)(4), (5).

²⁸ 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”).

²⁹ CCA Standards Adopting Release, supra note 24, at 70793, 70801–10, 70837–38.

anticipate or control. The purpose of the collection of information is to enable the registered clearing agency to monitor and limit its exposures to its participants.

ii. Margin Requirements

Rule 17Ad-22(b)(2) requires a registered clearing agency that performs CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to: (i) use margin requirements to limit its credit exposures to participants in normal market conditions; (ii) use risk-based models and parameters to set margin requirements; and (iii) review the models and parameters at least monthly. The purpose of the collection of information is to enable the clearing agency to maintain sufficient collateral or margin.

iii. Financial Resources

Rule 17Ad-22(b)(3) requires a registered clearing agency that performs CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to maintain sufficient financial resources to withstand, at a minimum, a default by the participant family to which it has the largest exposure in extreme but plausible market conditions, provided that a registered clearing agency acting as a central counterparty for security-based swaps shall maintain additional financial resources sufficient to withstand, at a minimum, a default by the two participant families to which it has the largest exposures in extreme but plausible market conditions, in its capacity as a central counterparty for security-based swaps. The purpose of the collection of information is to enable the clearing agency to satisfy all of its settlement obligations in the event of a participant default.

iv. Model Validation

Rule 17Ad-22(b)(4) requires a registered clearing agency that performs CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for an annual model validation consisting of evaluating the performance of the clearing agency's margin models and the related parameters and assumptions associated with such models by a qualified person who is free from influence from the persons responsible for the development or operation of the models being validated. The purpose of the collection of information is to enable the clearing agency to obtain an assessment of its margin model by a qualified, independent person.

v. Non-Dealer Access

Rule 17Ad-22(b)(5) requires a registered clearing agency that performs CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide the opportunity for a person that does not perform any dealer or security-based swap dealer services to obtain membership at the clearing agency to clear securities for itself or on behalf of other persons. The purpose of the collection of information is to enable more market participants to obtain indirect access to clearing agencies.

vi. Portfolio Size and Transaction Volume Restrictions

Rule 17Ad-22(b)(6) requires a registered clearing agency that performs CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to have membership standards that do not require that participants maintain a portfolio of any minimum size or that participants maintain a minimum transaction volume. The purpose of the collection of information is to remove unnecessary barriers to participation in clearing agencies that perform CCP services.

vii. Net Capital Restrictions

Rule 17Ad-22(b)(7) requires a registered clearing agency that performs CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide a person that maintains net capital equal to or greater than \$50 million with the ability to obtain membership at the clearing agency, provided that such persons are able to comply with other reasonable membership standards, with any net capital requirements being scalable so that they are proportional to the risks posed by the participant's activities to the clearing agency. The rule also permits a clearing agency to provide for a higher net capital requirement (i.e., higher than \$50 million) as a condition for membership at the clearing agency if the clearing agency demonstrates to the Commission that such a requirement is necessary to mitigate risks that could not otherwise be effectively managed by other measures, such as scalable limitations on the transactions that the participants may clear through the clearing agency, and the Commission approves the higher net capital requirement as part of a rule filing or clearing agency registration application. The purpose of the collection of information is to remove unnecessary barriers to clearing access by market participants with a net capital level above \$50 million, while at the same time facilitating sound risk management practices by clearing agencies by encouraging them to examine and articulate the benefits that higher net capital requirements would create through having clearing agencies develop scalable membership standards that links the activities any participants could potentially engage in with the potential risks posed by the participant.

viii. Record of Financial Resources

Rule 17Ad-22(c)(1) requires that each fiscal quarter (based on calculations made as of the last business day of the clearing agency's fiscal quarter), or at any time upon Commission request, a registered clearing agency that performs CCP services shall calculate and maintain a record of the financial and qualifying liquid resources necessary to meet the requirements, as applicable, in Rules 17Ad-22(b)(3), (e) (4), and (e)(7), and sufficient documentation to explain the methodology it uses to compute such financial resource requirement. The purpose of the collection of information is to enable the Commission to monitor the financial resources of clearing agencies that perform CCP services.

ix. Annual Audited Financial Statements

Rule 17Ad-22(c)(2) requires a registered clearing agency to post on its website an annual audited financial statement that must (i) be a complete set of financial statements of the clearing agency for the most recent two fiscal years of the clearing agency and be prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), except that for a clearing agency that is a corporation or other organization incorporated or organized under the laws of any foreign country, the financial statements may be prepared according to U.S. GAAP or International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"); (ii) be audited in accordance with standards of the Public Company Accounting Oversight Board by a registered public accounting firm that is qualified and independent in accordance with Rule 2-01 of Regulation S-X (17 CFR 210.2-01); and (iii) include a report of the registered public accounting firm that complies with paragraphs (a) through (d) of Rule 2-02 of Regulation S-X (17 CFR 210.2-02). The purpose of the collection of information is to enable the Commission to monitor the financial resources of clearing agencies that perform CCP services.

x. Transparent and Enforceable Rules and Procedures

Rule 17Ad-22(d)(1) requires a registered clearing agency that is not a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to

provide for a well-founded, transparent, and enforceable legal framework for each aspect of its activities in all relevant jurisdictions. The purpose of the collection of information is to help ensure that a clearing agency's policies and procedures do not cause confusion or legal uncertainty among their participants because they are unclear, incomplete, or conflict with other applicable laws or judicial precedent.

xi. Participation Requirements

Rule 17Ad-22(d)(2) requires a registered clearing agency that is not a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to require participants to have sufficient financial resources and robust operational capacity to meet obligations arising from participation in the clearing agency. The purpose of the collection of information is to enable clearing agencies to ensure that only persons with sufficient financial and operational capacity are direct participants.

Rule 17Ad-22(d)(2) also requires a registered clearing agency that is not a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to have procedures in place to monitor that participation requirements are met on an ongoing basis. The purpose of the collection of information is to help clearing agencies identify a participant experiencing financial difficulties before the participant fails to meet its settlement obligations.

Rule 17Ad-22(d)(2) also requires a registered clearing agency that is not a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to have participation requirements that are objective, publicly disclosed, and permit fair and open access. The purpose of the collection of information is to ensure that all qualified persons can access a clearing agency's services on an equivalent basis.

xii. Custody of Assets and Investment Risk

Rule 17Ad-22(d)(3) requires a registered clearing agency that is not a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to hold assets in a manner that minimizes risk of loss or delay in access to them, and to invest assets in instruments with minimal credit, market, and liquidity risks. The purpose of the collection of information is to enable clearing agencies to access their financial resources quickly so that they settle securities transactions on time and at the agreed upon terms.

xiii. Identification and Mitigation of Operational Risk

Rule 17Ad-22(d)(4) requires a registered clearing agency that is not a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to identify sources of operational risk and minimize them through the development of appropriate systems, controls, and procedures; implement systems that are reliable, resilient and secure, and have adequate, scalable capacity; and have business continuity plans that allow for timely recovery of operations and fulfillment of a clearing agency's obligations. The purpose of the collection of information is to ensure that clearing agencies can maintain operations in the event of an operational problem, natural disaster or other similar event.

xiv. Money Settlements Risks

Rule 17Ad-22(d)(5) requires a registered clearing agency that is not a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to employ money settlement arrangements that eliminate or strictly limit the clearing agency's settlement

bank risks, that is, its credit and liquidity risks from the use of banks to effect money settlements with its participants, and require funds transfers to the clearing agency to be final when effected. The purpose of the collection of information is to promote reliability in a clearing agency's settlement operations.

xv. Cost-Effectiveness

Rule 17Ad-22(d)(6) requires a registered clearing agency that is not a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to be cost-effective in meeting the requirements of participants while maintaining safe and secure operations. The purpose of the collection of information is to help ensure that the services of clearing agencies do not become too expensive.

xvi. Links

Rule 17Ad-22(d)(7) requires a registered clearing agency that is not a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to evaluate the potential sources of risks that can arise when the clearing agency establishes links either cross-border or domestically to clear trades, and ensure that the risks are managed prudently on an ongoing basis. The purpose of the collection of information is to help ensure that clearing agencies adequately assess the risks associated with establishing a link with another clearing organization.

xvii. Governance

Rule 17Ad-22(d)(8) requires a registered clearing agency that is not a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to have governance arrangements that are clear and transparent to fulfill the public interest requirements in Section 17A of the Exchange Act applicable to clearing agencies; to support the objectives of owners and participants; and to promote the effectiveness of the clearing agency's risk management procedures. The purpose of the collection of information is to promote boards of directors that exercise sufficient oversight of the clearing agency's management and appropriately represent the interests of relevant stakeholders.

xviii. Information on Services

Rule 17Ad-22(d)(9) requires a registered clearing agency that is not a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide market participants with sufficient information for them to identify and evaluate the risks and costs associated with using their services. The purpose of the collection of information is to help market participants identify the risks and costs associated with using the clearing agency and would allow market participants to make informed decisions about the use of the clearing agency and take appropriate actions to mitigate their risks and costs associated with the use of the clearing agency.

xix. Immobilization and Dematerialization of Stock Certificates

Rule 17Ad-22(d)(10) requires a registered clearing agency that is not a covered clearing agency that perform central securities depository services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to immobilize or dematerialize securities certificates and transfer them by book entry to the greatest extent possible. The purpose of the collection of information is to enable clearing agencies to promote greater efficiency in the settlement of securities transactions and reduce risk by transferring securities by book entry movements.

xx. Default Procedures

Rule 17Ad-22(d)(11) requires a registered clearing agency that is not a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to make key aspects of its default procedures publicly available and to establish default procedures that ensure that the clearing agency can take timely action to contain losses and liquidity pressures and to continue meeting its obligations in the event of a participant default. The purpose of the collection of information is to foster a greater understanding by market participants of possible steps a clearing agency may take when a participant defaults and possibly reduce the likelihood of market participants taking actions based on incorrect information.

xxi. Timing of Settlement Finality

Rule 17Ad-22(d)(12) requires a registered clearing agency that is not a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure that final settlement occurs no later than the end of the settlement day and require that intraday or real-time finality be provided where necessary to reduce risks. The purpose of the collection of information is to promote consistent standards of timing and reliability in the settlement process.

xxii. Delivery Versus Payment

Rule 17Ad-22(d)(13) requires a registered clearing agency that is not a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to eliminate principal risk by linking securities transfers to funds transfers in a way that achieves delivery versus payment. The purpose of the collection of information is to eliminate principal risk in the transfer of securities and funds.

xxiii. Risk Controls to Address Participants' Failure to Settle

Rule 17Ad-22(d)(14) requires a registered clearing agency that is not a covered clearing agency that performs central securities depository services and extends intraday credit to participants to establish, implement, maintain, and enforce written policies and procedures reasonably designed to institute risk controls, including collateral requirements and limits to cover the clearing agency's credit exposure to each participant fully, and ensure timely settlement in the event that the participant with the largest payment obligation is unable to settle. The purpose of the collection of information is to enable clearing agencies to satisfy their settlement obligations on time and for the agreed upon terms.

xxiv. Identification and Management of Physical Delivery Risks

Rule 17Ad-22(d)(15) requires a registered clearing agency that is not a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to state to their participants the clearing agency's obligations with respect to physical deliveries and to identify and manage the risks that arise in connection with these obligations. The purpose of the collection of information is to provide the clearing agency's participants with sufficient information to evaluate the risks and costs associated with participation in the clearing agency.

Standards for Covered Clearing Agencies

i. Legal Risk

Rule 17Ad-22(e)(1) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for a well-founded, clear, transparent,

and enforceable legal basis for each aspect of its activities in all relevant jurisdictions. The purpose of the collection of information is to help ensure that covered clearing agencies' policies and procedures do not cause confusion or legal uncertainty among their participants because they are unclear, incomplete or conflict with other applicable laws or judicial precedent.

ii. Governance

Rules 17Ad-22(e)(2)(i) through (iii) require a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for governance arrangements that are clear and transparent, clearly prioritize the safety and efficiency of the covered clearing agency, and support the public interest requirements of Section 17A of the Exchange Act, and the objectives of owners and participants. Rules 17Ad-22(e)(2)(iv) and (v) require a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to establish that the board of directors and senior management have appropriate experience and skills to discharge their duties and responsibilities and to specify clear and direct lines of responsibility. Rule 17Ad-22(e)(2)(vi) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to consider the interests of participants' customers, securities issuers and holders, and other relevant stakeholders of the clearing agency.

The purpose of this collection of information is to prioritize the safety and efficiency of covered clearing agencies, to help ensure that each covered clearing agency's governance arrangements consider the interests of relevant stakeholders, to promote the establishment of boards of directors at covered clearing agencies that are composed of qualified members with clear and direct lines of responsibility, and to promote accountability of the board of directors and senior management.

iii. Comprehensive Risk Management Framework

Rule 17Ad-22(e)(3) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to maintain a sound risk management framework for comprehensively managing legal, credit, liquidity, operational, general business, investment, custody, and other risks that arise in or are borne by the covered clearing agency. Rule 17Ad-22(e)(3)(i) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for risk management policies, procedures, and systems designed to identify, measure, monitor, and manage the range of risks that arise in or are borne by the covered clearing agency, and subject them to review on a specified periodic basis and approval by the board of directors annually. Rule 17Ad-22(e)(3)(ii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure it establishes plans for the recovery and orderly wind-down of the covered clearing agency necessitated by credit losses, liquidity shortfalls, losses from general business risk, or any other losses. Rule 17Ad-22(e)(3)(iii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide risk management and internal audit personnel with sufficient authority, resources, independence from management, and access to the board of directors. Rule 17Ad-22(e)(3)(iv) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide risk management and internal audit personnel with oversight by and a direct reporting line to a risk management committee and an independent audit committee of the board of directors, respectively. Rule 17A-22(e)(3)(v) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for an independent audit committee.

The purpose of this information collection is to enhance each covered clearing agency's ability to identify, monitor, and manage the risks that covered clearing agencies face, including by subjecting the relevant policies and procedures to regular review, and to facilitate an orderly recovery and wind-down process in the event that a covered clearing agency is unable to continue operating as a going concern.

iv. Credit Risk

Rule 17Ad-22(e)(4) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively identify, measure, monitor, and manage its credit exposures to participants and those exposures arising from its payment, clearing, and settlement processes.

Rule 17Ad-22(e)(4)(i) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to maintain sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence. Rule 17Ad-22(e)(4)(ii) requires a covered clearing agency that provides CCP services, and that is "systemically important in multiple jurisdictions" or "a clearing agency involved in activities with a more complex risk profile," to establish, implement, maintain, and enforce written policies and procedures reasonably designed to maintain additional financial resources, to the extent not already maintained pursuant to Rule 17Ad-22(e)(4)(i), at a minimum level necessary to enable it to cover a wide range of foreseeable stress scenarios, including but not limited to the default of the two participant families that would potentially cause the largest aggregate credit exposure for the covered clearing agency in extreme but plausible market conditions. Meanwhile, Rule 17Ad-22(e)(4)(iii) requires a covered clearing agency that is not subject to Rule 17Ad-22(e)(4)(ii) to establish, implement, maintain, and enforce written policies and procedures reasonably designed to maintain additional financial resources, to the extent not already maintained pursuant to Rule 17Ad-22(e)(4)(i), at the minimum to enable it to cover a wide range of foreseeable stress scenarios, including the default of the participant family that would potentially cause the largest aggregate credit exposure for the covered clearing agency in extreme but plausible market conditions. Rule 17Ad-22(e)(4)(iv) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to include prefunded financial resources, exclusive of assessments for additional guaranty fund contributions or other resources that are not prefunded, when calculating the financial resources available to meet the standards under Rules 17Ad-22(e)(4)(i) through (iii), as applicable. Rule 17Ad-22(e)(4)(v) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to maintain the financial resources required under Rules 17Ad-22(e)(4)(ii) and (iii), as applicable, in combined or separately maintained clearing or guaranty funds.

Rule 17Ad-22(e)(4)(vi) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to test the sufficiency of its total financial resources available to meet the minimum financial resource requirements under Rules 17Ad-22(e)(4)(i) through (iii), as applicable, by conducting stress testing of its total financial resources at least once each day using standard predetermined parameters and assumptions. Rule 17Ad-22(e)(4)(vi) also requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to conduct a comprehensive analysis on at least a monthly basis of the existing stress testing scenarios, models, and underlying parameters and assumptions, and consider modifications to ensure they are appropriate for determining the covered clearing agency's required level of default protection in light of current market conditions. When the products cleared or markets served by a covered clearing agency display high volatility or become less liquid, or when the size or concentration of positions held by the entity's participants increases significantly, the rule requires a

covered clearing agency to have policies and procedures for conducting comprehensive analyses of stress testing scenarios, models, and underlying parameters and assumptions more frequently than monthly. Rule 17Ad-22(e)(4)(vi) also requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for the reporting of the results of this analysis to the appropriate decision makers at the covered clearing agency, including its risk management committee or board of directors, and to require the use of the results to evaluate the adequacy of and to adjust its margin methodology, model parameters, and any other relevant aspects of its credit risk management policies and procedures, in supporting compliance with the minimum financial resources requirements in Rules 17Ad-22(e)(4)(i) through (iii), as applicable.

Rule 17Ad-22(e)(4)(vii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to require a model validation for its credit risk models not less than annually or more frequently as may be contemplated by the covered clearing agency's risk management policies and procedures.

Rule 17Ad-22(e)(4)(viii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to address allocation of credit losses the covered clearing agency may face if its collateral and other resources are insufficient to fully cover its credit exposures, including the repayment of any funds the covered clearing agency may borrow from liquidity providers.

Rule 17Ad-22(e)(4)(ix) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to describe the covered clearing agency's process to replenish any financial resources it may use following a default or other event in which use of such resources is contemplated.

The purpose of this information collection is to identify and limit credit exposures to participants and to satisfy all of its settlement obligations in the event of a participant default, to address the allocation of credit losses if collateral and other resources are insufficient to fully cover its credit exposures following a participant default, and to describe the covered clearing agency's process to replenish financial resources following such a default.

v. Collateral

Rule 17Ad-22(e)(5) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to limit the assets it accepts as collateral to those with low credit, liquidity, and market risks, and also require policies that set and enforce appropriately conservative haircuts and concentration limits if the covered clearing agency requires collateral to manage its own or its participants' credit exposures. In addition, Rule 17Ad-22(e)(5) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to include a not-less-than-annual review of the sufficiency of a covered clearing agency's collateral haircuts and concentration limits. The purpose of the information collection is to enable a covered clearing agency to be able to maintain sufficient collateral by using appropriately conservative haircuts and concentration limits.

vi. Margin

Rule 17Ad-22(e)(6) requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that is monitored by

management on an ongoing basis and regularly reviewed, tested, and verified. Rule 17Ad-22(e)(6)(i) requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to result in a margin system that, at a minimum, considers and produces margin levels commensurate with the risks and particular attributes of each relevant product, portfolio, and market. Rule 17Ad-22(e)(6)(ii) requires a covered clearing agency that provides CCP services to establish implement, maintain, and enforce written policies and procedures reasonably designed to ensure that the margin system would mark participant positions to market and collect margin, including variation margin or equivalent charges if relevant, at least daily, and include the authority and operational capacity to make intraday margin calls in defined circumstances. Rule 17Ad-22(e)(6)(iii) requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to calculate margin sufficient to cover its potential future exposure to participants in the interval between the last margin collection and the close out of positions following a participant default. Rule 17Ad-22(e)(6)(iv) requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure that it uses reliable sources of timely price data and uses procedures and sound valuation models for addressing circumstances in which pricing data are not readily available or reliable. Rule 17Ad-22(e)(6)(v) requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure the use of an appropriate method for measuring credit exposure that accounts for relevant product risk factors and portfolio effects across products.

Rule 17Ad-22(e)(6)(vi) requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to establish a risk-based margin system that is monitored by management on an ongoing basis. Rule 17Ad-22(e)(6)(vi) also requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to regularly review, test, and verify its risk-based margin system by conducting backtests of its margin model at least once each day using standard predetermined parameters and assumptions. Rule 17Ad-22(e)(6)(vi) also requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to regularly review, test, and verify its risk-based margin system by conducting a sensitivity analysis of its margin model and a review of its parameters and assumptions for backtesting on at least a monthly basis, and considering modifications to ensure the backtesting practices are appropriate for determining the adequacy of the covered clearing agency's margin resources. Rule 17Ad-22(e)(6)(vi) also requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to regularly review, test, and verify its risk-based margin system by conducting a sensitivity analysis of its margin model and a review of its parameters and assumptions for backtesting more frequently than monthly during periods of time when the products cleared or markets served display high volatility or become less liquid, and when the size or concentration of positions held by the covered clearing agency's participants increases or decreases significantly. Rule 17Ad-22(e)(6)(vi) also requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to regularly review, test, and verify its risk-based margin system by reporting the results of its analyses above to appropriate decision makers at the covered clearing agency, including but not limited to, its risk management committee or board of directors, and using these results to evaluate the adequacy of and adjust its margin methodology, model parameters, and any other relevant aspects of its credit risk management framework.

Finally, Rule 17Ad-22(e)(6)(vii) requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to requires a model validation for the covered clearing agency's margin system and related models to be performed not less than annually, or more frequently as may be contemplated by the covered clearing agency's risk management framework established pursuant to Rule 17Ad-22(e)(3).

The purpose of the information collection is to enable a covered clearing agency to be able to collect sufficient margin subject to regular sensitivity analysis, monthly backtesting, and an annual model validation.

vii. Liquidity Risk

Rule 17Ad-22(e)(7) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively measure, monitor, and manage the liquidity risk that arises in or is borne by it, by meeting, at a minimum, the ten requirements specified in the rule.

Rule 17Ad-22(e)(7)(i) requires that a covered clearing agency's policies and procedures be reasonably designed to ensure that it maintains sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that includes the default of the participant family that would generate the largest aggregate payment obligation for it in extreme but plausible market conditions.

Rule 17Ad-22(e)(7)(ii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure that it holds qualifying liquid resources sufficient to meet the minimum liquidity resource requirement in each relevant currency for which the covered clearing agency has payment obligations owed to clearing members.

Rule 17Ad-22(e)(7)(iii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure it uses accounts and services at a Federal Reserve Bank, pursuant to Section 806(a) of the Clearing Supervision Act, or other relevant central bank, when available and where determined to be practical by the board of directors of the covered clearing agency, to enhance its management of liquidity risk.

Rule 17Ad-22(e)(7)(iv) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure it undertakes due diligence to confirm that it has a reasonable basis to believe each of its liquidity providers, whether or not such liquidity provider is a clearing member, has sufficient information to understand and manage the liquidity provider's liquidity risks, and the capacity to perform as required under its commitments to provide liquidity.

Rule 17Ad-22(e)(7)(v) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure that the covered clearing agency maintains and, on at least an annual basis, tests with each liquidity provider, to the extent practicable, its procedures and operational capacity for accessing each type of relevant liquidity resource.

Rule 17Ad-22(e)(7)(vi)(A) through (C) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to determine the amount and regularly test the sufficiency of the liquid resources held for purposes of meeting the minimum

liquid resource requirement of Rule 17Ad-22(e)(7)(i) by (A) conducting stress testing of its liquidity resources at least once each day using standard and predetermined parameters and assumptions; (B) conducting a comprehensive analysis of the existing stress testing scenarios, models, and underlying parameters and assumptions used in evaluating liquidity needs and resources, and considering modifications to ensure they are appropriate for determining the covered clearing agency's identified liquidity needs and resources in light of current and evolving market conditions at least once each month; and (C) conducting a comprehensive analysis of the existing stress testing scenarios, models, and underlying parameters and assumptions used in evaluating liquidity needs and resources more frequently when products cleared or markets served display high volatility or become less liquid, when the size or concentration of positions held by participants increases significantly, or in other circumstances described in the covered clearing agency's policies and procedures. Rule 17Ad-22(e)(7)(vi)(D) also requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to result in reporting the results of the analyses performed under Rules 17Ad-22(e)(7)(vi)(B) and (C) to appropriate decision makers, including the risk management committee or board of directors, at the covered clearing agency for use in evaluating the adequacy of and adjusting its liquidity risk management framework.

Rule 17Ad-22(e)(7)(vii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to result in performing an annual or more frequent model validation of its liquidity risk models.

Rule 17Ad-22(e)(7)(viii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to address foreseeable liquidity shortfalls that would not be covered by its liquid resources and seek to avoid unwinding, revoking, or delaying the same-day settlement of payment obligations.

Rule 17Ad-22(e)(7)(ix) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to describe its process for replenishing any liquid resources that it may employ during a stress event.

Rule 17Ad-22(e)(7)(x) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure that it, at least once a year, evaluates the feasibility of maintaining sufficient liquid resources at a minimum in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of foreseeable stress scenarios that includes, but is not limited to, the default of the two participant families that would potentially cause the largest aggregate credit exposure for the covered clearing agency in extreme but plausible market conditions if the covered clearing agency provides CCP services and is either systemically important in multiple jurisdictions or a clearing agency involved in activities with a more complex risk profile.

The purpose of this information collection is to identify and limit liquidity risk so that a covered clearing agency can satisfy its settlement obligations on an ongoing and timely basis by holding a sufficient amount of qualifying liquid resources and performing regular stress testing of its liquid resources. It is also to help ensure that a covered clearing agency addresses foreseeable liquidity shortfalls and can replenish any liquid resources that it may employ in a stress event. It is also to help ensure that a covered clearing agency manages the risks posed by its liquidity providers.

viii. Settlement Finality

Rule 17Ad-22(e)(8) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to define the point at which settlement is final to be no later than the end of the day on which the payment or obligation is due and, where necessary or appropriate, either intraday or in real time. The purpose of this information collection is to promote consistent standards of timing and reliability in the settlement process.

ix. Money Settlements

Rule 17Ad-22(e)(9) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to conduct its money settlements in central bank money, where available and determined to be practical by the board of directors of the covered clearing agency, and minimizes and manages credit and liquidity risk arising from conducting its money settlements in commercial bank money if central bank money is not used by the covered clearing agency. The purpose of this information collection is to promote reliability in a covered clearing agency's settlement operations.

x. Physical Delivery Risks

Rule 17Ad-22(e)(10) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to establish and maintain transparent written standards that state its obligations with respect to the delivery of physical instruments and operational practices that identify, monitor, and manage the risk associated with such physical deliveries. The purpose of this information collection is to provide a covered clearing agency's participants with the information necessary to evaluate the risks and costs associated with participation in the covered clearing agency.

xi. Central Securities Depositories

Rule 17Ad-22(e)(11)(i) requires a covered clearing agency that provides CSD services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to maintain securities in an immobilized or dematerialized form for their transfer by book entry, ensure the integrity of securities issues, and minimize and manage the risks associated with the safekeeping and transfer of securities. Rule 17Ad-22(e)(11)(ii) requires a covered clearing agency that provides CSD services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to implement internal auditing and other controls to safeguard the rights of securities issuers and holders and prevent the unauthorized creation or deletion of securities, and conduct periodic and at least daily reconciliation of securities issues it maintains. Rule 17Ad-22(e)(11)(iii) requires a covered clearing agency that provides CSD services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to protect assets against custody risk through appropriate rules and procedures consistent with relevant laws, rules, and regulations in jurisdictions where it operates.

The purpose of this information collection is to reduce securities transfer processing costs and the risks associated with securities settlement and custody, as well as increase the speed and efficiency of the settlement process.

xii. Exchange-of-Value Settlement Systems

Rule 17Ad-22(e)(12) requires a covered clearing agency, for transactions that involve the settlement of two linked obligations, to establish, implement, maintain, and enforce written policies and procedures reasonably designed to eliminate principal risk by conditioning the final settlement of one obligation upon the final settlement of the other, regardless of whether the covered clearing agency settles on a

gross or net basis and when finality occurs. The purpose of this information collection is to promote the elimination of principal risk in transactions with linked obligations.

xiii. Participant Default

Rule 17Ad-22(e)(13) requires a covered clearing agencies providing CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure that the covered clearing agency has the authority and operational capacity to take timely action to contain losses and liquidity demands and continue to meet its obligations by, at a minimum, requiring the covered clearing agency's participants and, when practicable, other stakeholders to participate in the testing and review of its default procedures, including any close-out procedures, at least annually and following material changes thereto. The purpose of this information collection is to facilitate the functioning of a covered clearing agency in the event that a participant fails to meet its obligations, as well as limit the extent to which a participant's failure can spread to other participants or the covered clearing agency itself.

xiv. Segregation and Portability

Rule 17Ad-22(e)(14) requires a covered clearing agency that is a security-based swap clearing agency or a complex risk profile clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to enable the segregation and portability of positions of a member's customers and the collateral provided to the covered clearing agency with respect to those positions, and effectively protect such positions and related collateral from the default or insolvency of that member. The purpose of this information collection is to facilitate the safe and effective holding and transfer of customers' positions and collateral in the event of a participant's default or insolvency.

xv. General Business Risk

Rule 17Ad-22(e)(15) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that the covered clearing agency can continue operations and services as a going concern if those losses materialize. Rule 17Ad-22(e)(15)(i) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to determine the amount of liquid net assets funded by equity based upon its general business risk profile and the length of time required to achieve a recovery or orderly wind-down, as appropriate, of its critical operations and services if such action is taken. Rule 17Ad-22(e)(15)(ii) requires a clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for holding liquid net assets funded by equity equal to the greater of either six months of its current operating expenses or the amount determined by the board of directors to be sufficient to ensure a recovery or orderly wind-down of critical operations and services of the covered clearing agency, as contemplated by the plans established under Rule 17Ad-22(e)(3)(ii). Rule 17Ad-22(e)(15)(ii) also requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for monitoring its business operations and reducing the likelihood of losses. Rule 17Ad-22(e)(15)(iii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for maintaining a viable plan, approved by the board of directors and updated at least annually, for raising additional equity should its equity fall close to or below the amount required by the rule, as discussed above. The purpose of this information collection is to mitigate the potential impairment of a covered clearing agency as a result of a decline in revenues or increase in expenses.

xvi. Custody and Investment Risks

Rule 17Ad-22(e)(16) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to safeguard its own and its participants' assets and minimize the risk of loss and delay in access to these assets. Rule 17Ad-22(e)(16) also requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to invest such assets in instruments with minimal credit, market, and liquidity risks. The purpose of this information collection is to improve the ability of a covered clearing agency to meet its settlement obligations.

xvii. Operational Risk Management

Rule 17Ad-22(e)(17) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to manage the covered clearing agency's operational risk. Rule 17Ad-22(e)(17)(i) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Rule 17Ad-22(e)(17)(ii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure that systems have a high degree of security, resiliency, operational reliability, and adequate, scalable capacity. Finally, Rule 17Ad-22(e)(17)(iii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for a business continuity plan that addresses events posing a significant risk of disrupting operations. The purpose of this information collection is to limit operational disruptions that may impede the proper functioning of a covered clearing agency.

xviii. Access and Participation Requirements

Rule 17Ad-22(e)(18) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to establish objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access by direct and, where relevant, indirect participants and other FMUs. Rule 17Ad-22(e)(18) also requires that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to require participants to have sufficient financial resources and robust operational capacity to meet obligations arising from participation in the clearing agency and to monitor compliance with participation requirements on an ongoing basis.

The purpose of this information collection is to enable a covered clearing agency to ensure that only entities with sufficient financial and operational capacity are direct participants in the covered clearing agency, while still ensuring that all qualified persons can access a covered clearing agency's services. The purpose of this information collection is also to enable a covered clearing agency to monitor that participation requirements are met on an ongoing basis and to identify a participant experiencing financial difficulties before the participant fails to meet its settlement obligations.

xix. Tiered Participation Agreements

Rule 17Ad-22(e)(19) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to identify, monitor, and manage the material risks to the covered clearing agency arising from arrangements in which firms that are indirect participants in the covered clearing agency rely on the services provided by direct participants in the covered clearing

agency to access the covered clearing agency's payment, clearing, or settlement facilities. In addition, Rule 17Ad-22(e)(19) also requires that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to regularly review the material risks to the covered clearing agency arising from such tiered participation arrangements. The purpose of this information collection is to enable a covered clearing agency to identify and manage risks posed by non-member entities, such as the customers of clearing members.

xx. Links

Rule 17Ad-22(e)(20) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to identify, monitor, and manage risks related to any link with one or more other clearing agencies, FMUs, or trading markets. The purpose of this information collection is to enable a covered clearing agency to identify and manage risks posed by linkages to other entities, such as other clearing agencies, FMUs, or trading markets.

xxi. Efficiency and Effectiveness

Rule 17Ad-22(e)(21) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to require the covered clearing agency to be efficient and effective in meeting the requirements of its participants and the markets it serves. Additionally, the rule requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to have the management of a covered clearing agency regularly review the efficiency and effectiveness of the covered clearing agency's (i) clearing and settlement arrangement; (ii) operating structure, including risk management policies, procedures, and systems; (iii) scope of products cleared or settled; and (iv) use of technology and communications procedures. The purpose of this information collection is to ensure that the services provided by a covered clearing agency do not become inefficient and to promote the sound operation of a covered clearing agency.

xxii. Communication Procedures and Standards

Rule 17Ad-22(e)(22) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to use, or at a minimum, accommodate, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, and settlement. The purpose of this information collection is to ensure the prompt and accurate clearance and settlement of securities transactions by enabling participants to communicate with a clearing agency in a timely, reliable, and accurate manner.

xxiii. Disclosure of Rules, Key Procedures, and Market Data

Rule 17Ad-22(e)(23) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to (i) publicly disclose all relevant rules and material procedures, including key aspects of its default rules and procedures; (ii) provide sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in the covered clearing agency; and (iii) publicly disclose relevant basic data on transaction volume and values.

Rule 17Ad-22(e)(23)(iv) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to maintain clear and comprehensive rules and procedures that provide for a comprehensive public disclosure that describes the covered clearing agency's material rules, policies, and procedures regarding its legal, governance, risk management, and

operating framework, accurate in all material respects at the time of publication, including (i) a general background of the covered clearing agency, including its function and the market it serves, basic data and performance statistics on its services and operations, such as basic volume and value statistics by product type, average aggregate intraday exposures to its participants, and statistics on the covered clearing agency's operational reliability, and a description of its general organization, legal and regulatory framework, and system design and operations; (ii) a standard-by-standard summary narrative for each applicable standard set forth in Rules 17Ad-22(e)(1) through (23) with sufficient detail and context to enable the reader to understand its approach to controlling the risks and addressing the requirements in each standard; (iii) a summary of material changes since the last update of the disclosure; and (iv) an executive summary of the key points regarding each. Rule 17Ad-22(e)(23)(v) also requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure the comprehensive public disclosure required under Rule 17Ad-22(e)(23)(iv) is updated not less than every two years, or more frequently following changes to its system or the environment in which it operates to the extent necessary, to ensure statements previously provided remain accurate in all material respects.

The purpose of this information collection is to ensure that participants and prospective participants in a covered clearing agency are provided with a complete picture of the covered clearing agency's operations and risk management so that they can understand the risks and responsibilities of participation in the covered clearing agency.

3. Consideration Given to Information Technology

Rule 17Ad-22 is drafted to utilize as much information technology as possible in collecting the information. Over time, the Commission expects that the burden will be reduced due to future technology enhancements. The Commission is not aware of any technical or legal obstacles to reducing the burden through the use of improved information technology.

4. Duplication

The information collections described in this supporting statement do not duplicate information required to be collected by other Commission rules or regulations.

5. Effect on Small Entities

Rule 17Ad-22 does not affect any small entities.

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)

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 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

No payment or gift will be provided to any respondents.

10. Confidentiality

None of the information collections described in this supporting statement require disclosure of information to the Commission staff. However, the following information collections in Rule 17Ad-22 are subject to public availability:

- i. The collection of information relating to the requirement under Rule 17Ad-22(c)(2) that, within 60 days after the end of its fiscal year, each clearing agency must post on its website its annual audited financial statement;
- ii. The collection of information relating to the requirement under Rule 17Ad-22(d)(2) that a clearing agency that is not a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to have participation requirements that are objective and publicly disclosed;
- iii. The collection of information relating to the requirement under Rule 17Ad-22(d)(11) that a clearing agency that is not a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to make key aspects of its default procedures publicly available; and
- iv. The collection of information relating to the public disclosure by a covered clearing agency of all relevant rules and material procedures, basic data on transaction volumes and values, and providing comprehensive public disclosure of information related to governance arrangements, and legal, financial, and operational risk management under Rule 17Ad-22(e)(23).

11. Sensitive Questions

No information of a sensitive nature, including social security numbers, will be required under this collection of information. The information collection does not collect personally identifiable information. The agency has determined that a system of records notice and privacy impact assessment are not required in connection with the collection of information.

12. Burden of Information Collection

Burden of Information Collection for Registered Clearing Agencies

For the burden of information collections for registered clearing agencies that are not covered clearing agencies, Rules 17Ad-22(b)(1)–(3) and Rules 17Ad-22(d)(1)–(15) are each discussed together because these rule sets represent usual and customary practices that were already being implemented by registered clearing agencies prior to the Commission’s adoption of these rules.

Because Rules 17Ad-22(b)(4), (b)(5)–(7), and (c) established new minimum practices for registered clearing agencies with regard to model validation, membership practices and certain financial information, the 2012 Adopting Release discussed these rules separately. For the purpose of maintaining continuity with respect to the burden analysis included in the 2012 Adopting Release, the CCA Standards Adopting Release also discussed Rules 17Ad-22(b)(4), (b)(5)–(7), and (c) separately from Rules 17Ad-22 (b)(1)–(3) and Rules 17Ad-22(d)(1)–(15). For the same reason, the analysis below maintains that separation.

In addition, the 2016 Adopting Release made modifications to the PRA burden estimates for Rule 17Ad-22(c)(1), and those modifications are reflected in the PRA burden estimates for Rule 17Ad-22(c)(1) below.

The burden estimates for Rules 17Ad-22(e)(1)–(23) are discussed separately, as these rules apply only to registered clearing agencies that meet the definition of a “covered clearing agency” under Rule 17Ad-22(a).

i. Number of Respondents

The Commission staff estimates that Rules 17Ad-22(b)(1) through (7) have nine respondent clearing agencies because these rules apply only to CCPs.³⁰ The Commission staff estimates that Rule 17Ad-22(c)(1) has nine respondent clearing agencies because it only applies to CCPs and that Rule 17Ad-22(c)(2) has ten respondent clearing agencies because it applies to CCPs and other types of registered clearing agencies. The Commission staff estimates that Rule 17Ad-22(d) now has three respondent clearing agencies because, although it applies to all types of registered clearing agencies, it does not apply to covered clearing agencies. The number of respondents for Rules 17Ad-22(d)(1)–(15) has been reduced by one respondent compared to the number included in the supporting statement for the PRA submission related to the amendments to Rule 17Ad-22 that the Commission adopted in 2016, as the Commission staff no longer expects a fourth clearing agency that is not a covered clearing agency to become registered.³¹

ii. Source of Estimates, Annual Hour Burden, and Explanation of Estimates Requirements in Rules 17Ad-22(b)(1)–(3) that Impose a PRA Burden

Rules 17Ad-22(b)(1)–(3) impose a recordkeeping PRA burden and apply to nine respondent clearing agencies. The Commission staff estimates that the rules each require one response per entity annually.

The estimate of nine respondents includes eight CCPs that are already registered as clearing agencies and are subject to Rules 17Ad-22(b)(1)–(3), and the Commission staff estimates that one additional CCP could register as a clearing agency and become subject to these rules during the three year period covered by the prospective PRA extension.

At the time Rules 17Ad-22(b)(1)–(3) were adopted, respondent clearing agencies already had written policies and procedures meeting the standards set forth in those rules as part of their usual and

³⁰ Currently, eight clearing agencies are registered to perform CCP services and the Commission staff estimates that one additional entity may register as a clearing agency to perform CCP services.

³¹ When the Commission published the 2016 Adopting Release, the Commission estimated that four registered clearing agencies may be subject to Rules 17Ad-22(d)(1)–(15), including three clearing agencies that were already registered at the time, and one additional clearing agency that was seeking to become a registered clearing agency.

customary business practice. However, the Commission estimated these registered clearing agencies would incur a one-time incremental burden associated with reviewing existing policies and procedures for compliance and updating existing policies and procedures. Based on the Commission staff's experience reviewing the policies and procedures of the currently registered CCPs, the staff believes that each respondent that is currently registered as a clearing agency has already incurred such a burden, and therefore will not incur an initial burden during the period covered by the prospective PRA extension.

Based on the Commission staff's view that the security-based swaps market continues to move toward central clearing, the Commission staff estimates that one additional CCP may seek to become registered as a clearing agency (for security-based swaps) during the period covered by the prospective PRA extension. If such an entity does in fact register, the Commission staff believes that such entity would also already have established policies and procedures that comply with these rules before becoming registered and subject to the rule requirements. Accordingly, the Commission staff estimates that Rules 17Ad-22(b)(1)-(3) would not impose an initial burden on such respondent.

However, all nine of the respondent clearing agencies will incur ongoing burdens associated with reviewing existing policies and procedures for compliance and updating existing policies and procedures where appropriate.

The Commission's previous burden estimates were based on the burdens imposed by similar policies and procedures requirements in Regulation NMS and adapted to these rules. Since that time, the Commission staff has gained significant experience reviewing changes to policies and procedures submitted to the Commission by registered clearing agencies that are subject to requirements under Rules 17Ad-22(b)(1)-(3), and based on that experience the Commission staff believes that the original estimates regarding ongoing burdens are still the best estimate that the staff can offer on a per-entity basis. However, the staff has recalculated the total burdens, because, as explained above, the staff estimates that Rules 17Ad-22(b)(1)-(3) will not impose an initial burden during the period covered by the prospective PRA extension.

The Commission staff estimates that these rules impose on each respondent an ongoing burden of 10 hours per year.³² This results in an estimated burden of 30 hours per respondent.³³ The total estimated industry burden would be 270 hours,³⁴ or 90 hours per year when annualized over three years.³⁵

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

Rule 17Ad-22(b)(4) imposes a recordkeeping PRA burden and applies to nine respondent clearing agencies. The Commission staff estimates that the rule requires one response per entity annually.

The Commission staff believes that the eight CCP respondents that are currently registered clearing agencies subject to Rule 17Ad-22(b)(4) have already established and implemented policies and procedures in order to comply with the rule. As such, the Commission staff believes that the rule will not impose any initial PRA burden on these respondents. The Commission staff estimates that one

³² This figure was calculated as follows: Compliance Attorney for 10 hours = 10 hours of ongoing burden.

³³ 10 hours in the first year + 10 hours in the second year + 10 hours in the third year = 30 hours.

³⁴ 30 hours per respondent x 9 respondent clearing agencies = 270 hours.

³⁵ 270 hours ÷ 3 years = 90 hours per year.

additional CCP could register with the Commission as a clearing agency and become subject to the requirements under Rule 17Ad-22(b)(4). If such an entity does in fact register, the Commission staff believes that such entity would also already have established policies and procedures that comply with the requirements under Rule 17Ad-22(b)(4) before becoming registered and subject to the rule requirements. Accordingly, Rule 17Ad-22(b)(4) would not impose an initial burden on such respondent.

Based on the Commission staff's experience reviewing changes to relevant policies and procedures submitted to the Commission by registered clearing agencies that are subject to requirements under Rules 17Ad-22(b)(4), the Commission staff estimates that the rule imposes on each respondent an ongoing burden of 60 hours per year.³⁶ This estimate is identical to the per-respondent ongoing burden estimate provided in the PRA analysis that was submitted in connection with the 2016 Adopting Release. This results in an estimated burden of 180 hours per respondent.³⁷ The total estimated industry burden would be 1,620 hours,³⁸ or 540 hours per year when annualized over three years.³⁹

Requirements in Rule 17Ad-22(b)(5)-(7) that Impose a PRA Burden

Rules 17Ad-22(b)(5)-(7) impose a recordkeeping PRA burden and apply to nine respondent clearing agencies. The Commission estimates that the rule requires one response per entity annually.

The Commission staff believes that CCPs are more likely to implement the changes to policies and procedures required by Rules 17Ad-22(b)(5)-(7) in an integrated, not piecemeal, review and drafting process. Therefore, the PRA burden estimates do not account for each rule as a separate burden.

The Commission staff believes that the respondent clearing agencies that are subject to Rule 17Ad-22(b)(5)-(7) have already adopted policies and procedures in order to comply with the rules. As such, the Commission staff believes that the rule will not impose any initial PRA burden. These respondent clearing agencies will, however, incur incremental burdens associated with reviewing existing policies and procedures for compliance and updating existing policies and procedures where appropriate. Based on the Commission staff's experience reviewing changes to relevant policies and procedures submitted to the Commission by registered clearing agencies that are subject to requirements under these rules, the Commission staff estimates an ongoing burden of 60 hours per year.⁴⁰ This estimate is identical to the per-respondent ongoing burden estimate provided in the PRA analysis that was submitted when the Commission adopted Rules 17Ad-22(b)(5)-(7). This results in an estimated burden of 180 hours per respondent.⁴¹ The total estimated industry burden would be 1,620 hours,⁴² or 540 hours per year when annualized over three years.⁴³

³⁶ This figure was calculated as follows: Compliance Attorney for 60 hours = 60 hours of ongoing burden.

³⁷ 60 hours in the first year + 60 hours in the second year + 60 hours in the third year = 180 hours.

³⁸ 180 hours per respondent x 9 respondent clearing agencies = 1,620 hours.

³⁹ 1,620 hours ÷ 3 years = 540 hours per year.

⁴⁰ This figure was calculated as follows: Compliance Attorney for 60 hours = 60 hours of ongoing burden.

⁴¹ 60 hours in the first year + 60 hours in the second year + 60 hours in the third year = 180 hours.

⁴² 180 hours per respondent x 9 respondent clearing agencies = 1,620 hours.

⁴³ 1,620 hours ÷ 3 years = 540 hours per year.

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

Rule 17Ad-22(c)(1) imposes a recordkeeping PRA burden and applies to nine respondent clearing agencies. The Commission estimates that the rule requires four responses per entity annually.

The Commission staff estimates that the rule imposes on each respondent an initial burden of 0 hours in the first year and an ongoing burden of 3 hours per response, or 12 hours per year (including the first year).⁴⁴ This results in an estimated burden of 36 hours per respondent.⁴⁵ The total estimated industry burden would be 324 hours,⁴⁶ or 108 hours per year when annualized over three years.⁴⁷

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

Rule 17Ad-22(c)(2) imposes a third-party reporting PRA burden and applies to ten respondent clearing agencies. The Commission staff estimates that the rule requires one response per entity annually.

The 2012 Adopting Release stated that the Commission expected the exact burden of collecting information relating to the procedures for facilitating an annual audited financial statement of the respondent clearing agency and posting that annual audited financial statement to the respondent's website would vary depending on how frequently each respondent needed to update its financial statements. Also, the Commission estimated that, based on its experience with entities of similar size to the respondents to this collection, the initial burden of generating annual audited financial statements would generally require on average 500 hours per respondent,⁴⁸ or 166.67 hours per year when annualized over three years. However, as most respondents were already implementing this requirement as part of their usual and customary practices, the Commission estimated that the rule, as an initial burden, would only affect a total of four entities—three potential new entrants and one clearing agency that currently does not have two years of annual audited financial statements prepared in accordance with U.S. GAAP or IFRS posted on its website and which therefore would be required to incur the costs of paying for an independent audit for two years of financial statements. In addition, based on analogous policies and procedures requirements and the corresponding burden estimates in Regulation NMS, the Commission estimated that the rule would impose on each respondent an ongoing burden of 250 hours per year (including the first year).⁴⁹

With respect to the nine respondents that are already registered as clearing agencies, the Commission staff believes that these respondents have already incurred the one-time initial burden associated with the requirements in Rule 17Ad-22(c)(2). As such, the Commission staff estimates that the initial burden for these respondents is 0 hours per respondent. However, the Commission staff estimates that the rule will continue to impose ongoing burdens on these nine respondents that are identical to the ongoing

⁴⁴ These figures were calculated as follows: Compliance Attorney at 1 hour + Computer Operations Department Manager at 2 hours = 3 hours per quarter x 4 quarters per year = 12 hours per year.

⁴⁵ 12 hours in the first year + 12 hours in the second year + 12 hours in the third year = 36 hours per respondent.

⁴⁶ 36 hours per respondent x 9 respondent clearing agencies = 324 hours.

⁴⁷ 324 hours ÷ 3 years = 108 hours per year.

⁴⁸ This figure was calculated as follows: Senior Accountant at 500 hours.

⁴⁹ This figure was calculated as follows: Senior Accountant at 250 hours = 250 hours of ongoing burden.

burden estimates provided in the PRA analysis that was submitted in connection with the 2016 Adopting Release (250 hours per respondent per year).

As noted above, the Commission staff believes that only one new respondent may become registered with the Commission as a clearing agency during the period covered by the prospective PRA extension. Based on the Commission staff's experience with entities of similar size to the respondents, the Commission staff estimates that Rule 17Ad-22(c)(2) will impose on the one respondent that is not currently registered with the Commission as a clearing agency initial and ongoing burdens that are identical to the per-respondent initial and ongoing burden estimates provided in the 2016 Adopting Release (500 hours and 250 hours respectively).

This results in a total estimated burden of 1,250 hours for the one respondent that is not a currently registered clearing agency,⁵⁰ or 416.67 hours per year per respondent when annualized over three years.⁵¹ For the nine respondents that are currently registered with the Commission as clearing agencies, the total estimated burden would be 6,750 hours,⁵² or 2,250 hours per year when annualized over three years.⁵³

Requirements in Rule 17Ad-22(d)(1)-(15)

Rules 17Ad-22(d)(1)-(15) impose a recordkeeping PRA burden and apply to three respondents. Each of the three respondents are clearing agencies that are currently registered with the Commission, and the Commission staff does not expect any additional clearing agencies to become subject to these rules in the three year period covered by this prospective PRA extension.⁵⁴ The Commission staff estimates that the rules each require one response per entity annually.

At the time Rules 17Ad-22(d)(1)-(15) were adopted, respondent clearing agencies already had written policies and procedures meeting the standards set forth in those rules as part of their usual and customary business practice. Accordingly, the Commission believed that the respondent clearing agencies would not need to build new infrastructure or modify operations to meet the requirements of Rule 17Ad-22(d)(1)-(15). The Commission believed that these respondent clearing agencies would incur incremental burdens associated with reviewing existing policies and procedures for compliance and updating existing policies and procedures where appropriate.

Based on the burdens imposed by similar policies and procedures requirements in Regulation NMS and adapted to these rules, the Commission estimated that the rules would impose on each respondent an initial burden of 146 hours in the first year and an ongoing burden of 50 hours per year (including the first year).⁵⁵ This results in an estimated burden of 150 hours per respondent.⁵⁶ However, because each of the three respondents identified by the Commission staff (for purposes of the prospective PRA

⁵⁰ (500 hours in the first year + 250 hours in the first year) + 250 hours in the second year + 250 hours in the third year = 1,250 hours.

⁵¹ 1,250 hours ÷ 3 years = 416.67 hours per year.

⁵² 750 hours per respondent x 9 respondent clearing agencies = 6,750 hours.

⁵³ 6,750 hours ÷ 3 years = 2,250 hours per year.

⁵⁴ While the Commission staff estimates that one additional clearing agency could become registered with the Commission during the three year period covered by this prospective PRA extension, the staff believes that such a registrant would likely be a covered clearing agency, and therefore would not be subject to Rules 17Ad-22(d)(1)-(15).

extension) are already subject to the requirements in Rules 17Ad-22(d)(1)-(15), the Commission staff believes that these rules will not impose an initial burden on the respondents.

Based on the Commission staff's experience reviewing the relevant policies and procedures of registered clearing agencies that are subject to Rules 17Ad-22(d)(1)-(15), the Commission staff estimates that the ongoing annual burden that these rules will impose on the respondents will continue to be 50 hours per respondent. The total estimated industry burden is 450,⁵⁷ or 150 hours per year when annualized over three years.⁵⁸

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

The table below summarizes the Commission staff's estimates of the total hourly reporting burden for all respondents under Rules 17Ad-22(b), (c), and (d). With respect to Rule 17Ad-22(c)(2), the table includes three rows. One of these rows provides the estimates for the nine respondents that are currently registered with the Commission as clearing agencies, and the next row provides estimates for the one respondent that is not a currently registered clearing agency, and an additional row provides the subtotal for these estimates.

IC	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 Annual Industry Burden
1	17Ad-22(b)(1)-(3)	Recordkeeping	9	1	0	0	10	10	10	90
2	17Ad-22(b)(4)	Recordkeeping	9	1	0	0	60	60	60	540
3	17Ad-22(b)(5)-(7)	Recordkeeping	9	1	0	0	60	60	60	540
4	17Ad-22(c)(1)	Recordkeeping	9	4	0	0	3	12	12	108
5	17Ad-22(c)(2)	Third-Party Reporting	9	1	0	0	250	250	250	2,250
6	17Ad-22(c)(2)	Third-Party Reporting	1	1	500	166.67	250	416.67	416.67	416.67
	Subtotal		10							2,666.67
7	17Ad-22(d)(1)-(15)	Recordkeeping	3	1	0	0	50	50	50	150
Total Burden for All Respondents										4,094.67

Burden of Information Collection for Covered Clearing Agencies

i. Number of Respondents

⁵⁵ This figure was calculated as follows: Compliance Attorney for 50 hours = 50 hours of ongoing burden.

⁵⁶ 50 hours in the first year + 50 hours in the second year + 50 hours in the third year = 150 hours.

⁵⁷ 150 hours per respondent x 3 respondent clearing agencies = 450 hours.

⁵⁸ 450 hours ÷ 3 years = 150 hours per year.

The Commission staff estimates that Rule 17Ad-22(e) will generally apply to seven covered clearing agencies, including six covered clearing agencies that are already registered. The Commission staff expects that one additional respondent that would meet the definition of a covered clearing agency may register with the Commission and become subject to Rule 17Ad-22(e). In the 2016 Adopting Release, the Commission estimated that Rule 17Ad-22(e) would generally apply to seven respondent covered 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. In particular, the 2016 Adopting Release referenced the estimates in the Commission's proposing release published in 2014,⁵⁹ which stated that the rule would have applied to five registered clearing agencies, each of which met the definition of a "covered clearing agency" under Rule 17Ad-22(a).⁶⁰ The Commission estimated that two additional entities might seek to register with the Commission and that, of those, one might be a security-based swap clearing agency.

In addition, the Commission 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.⁶¹

The Commission staff's estimate regarding the number of respondents for Rules 17Ad-22(e)(1)-(13), and Rules 17Ad-22(e)(15)-(23), including the staff's estimates for Rules 17Ad-22(e)(6) and (e)(11), remain unchanged from the Commission's 2016 estimates. However, the Commission staff's estimate regarding the number of respondents for Rules 17Ad-22(e)(1)-(5), (e)(7)-(10), (e)(12)-(13), and (e)(15)-(23) now includes six currently registered clearing agencies, each of which meet the definition of a covered clearing agency under Rule 17Ad-22(a). The Commission staff now estimates that only one additional entity might seek to register as a clearing agency and, if registered, might meet the definition of a covered clearing agency and become subject to Rules 17Ad-22(e)(1)-(10), and (e)(12)-(23).

Similarly, the estimate in the 2016 Adopting Release regarding the number of respondents for Rule 17Ad-22(e)(6) remains unchanged. However, the Commission's staff's estimate regarding the number of respondents for Rule 17Ad-22(e)(6), which only applies to CCPs, now includes five currently registered clearing agencies, each of which meet the definition of a covered clearing agency. The Commission staff estimates that only one additional entity might seek to register as a clearing agency and, if registered, might meet the definition of a covered clearing agency and become subject to Rule 17Ad-22(e)(6).

The estimate in the 2016 Adopting Release regarding the number of respondents for Rule 17Ad-22(e)(11) remains unchanged because the rule only applies to CSDs registered as clearing agencies and the Commission staff estimates that the current number of such entities (only one entity) will not increase during the entire three year period covered by the PRA extension.

The Commission staff estimates that the number of respondents for Rule 17Ad-22(e)(14) has increased from two respondents to three. Two security-based swap clearing agencies that meet the definition of a covered clearing agency are currently registered with the Commission, and based on the Commission staff's view that the security-based swaps markets will continue to move toward central clearing, the

⁵⁹ Exchange Act Release No. 34-71699 (March 12, 2014), 78 FR 16866, (Mar. 26, 2014) ("2014 Proposing Release").

⁶⁰ 2016 Adopting Release at 70890.

⁶¹ See 2016 Adopting Release at 70890.

Commission expects that one additional security-based swap clearing agencies may register with the Commission and, once registered, meet the definition of a covered clearing agency.

Source of Estimates, Annual Hour Burden, and Explanation of Estimates

The PRA analysis the Commission submitted in connection with the 2016 Adopting Release explained that the PRA burden imposed by the requirements under Rule 17Ad-22(e) would vary depending on the requirement in question because covered clearing agencies were subject to existing requirements under Rules 17Ad-22(b), (c) and (d) that, in some cases, are similar to those in Rule 17Ad-22(e). First, because Rules 17Ad-22(e)(1), (8) through (10), (12), (14), (16), and (22) contain requirements that are substantially similar to those in Rules 17Ad-22(b), (c), and (d), the Commission believed that covered clearing agencies would need to make only limited changes to update their policies and procedures to satisfy these requirements. In the case of these rules, the Commission believed that the required action on the part of the covered clearing agency may be limited to reviewing the new rules against existing policies and procedures to confirm that the covered clearing agency satisfies the requirements of Rule 17Ad-22(e).

Second, the PRA analysis submitted in connection with the 2016 Adopting Release explained that, because Rules 17Ad-22(e)(2), (3), (5), (11), (13), (17), (18), (20) and (21) contain provisions that are similar to those under existing Rules 17Ad-22(b), (c), and (d), but also include additional requirements that do not appear in Rules 17Ad-22(b), (c), and (d), covered clearing agencies may need to make changes to update their policies and procedures to satisfy the requirements of Rules 17Ad-22(e) listed above. In these cases, the Commission believed that covered clearing agencies may need to review and amend their existing rule book, policies and procedures, but may not need to develop, design, or implement new operations and practices to satisfy the rule requirements.

Third, the PRA analysis submitted in connection with the 2016 Adopting Release explained that, with respect to Rules 17Ad-22(e)(4), (6), (7), (15), (19), and (23), for which there are not similar provisions in Rules 17Ad-22(b), (c) or (d), the Commission believed that covered clearing agencies may need to make more extensive changes to their policies and procedures (or implement entirely new policies and procedures), and may need to take other steps to satisfy the requirements of these rules. In these cases, the Commission believed that the PRA burden would be greater since a covered clearing agency may need to, for example, develop, design and implement new operations and practices. With respect to these provisions, the PRA burden may be greater because the requirements of these rules may not reflect established practices or reflect the normal course of their activities, and therefore the PRA burden for these rules is likely to entail one-time burdens to create new written policies and procedures, as well as ongoing burdens such as those associated with periodic data collection and disclosure requirements.

Each of the six clearing agencies that are currently registered that also meet the definition of a covered clearing agency have already established and implemented policies and procedures that generally comply with the requirements under Rules 17Ad-22(e)(1)–(23), as applicable to each such entity. Accordingly, the Commission staff believes that the initial PRA burdens associated with Rules 17Ad-22(e)(1)–(5), and 17Ad-22(e)(7)–(23) have already been incurred by those six respondents. The Commission staff also believes that the five registered clearing agency respondents that are CCPs and meet the definition of a covered clearing agency have already incurred the initial burdens associated with Rule 17Ad-22(e)(6).

However, the Commission staff estimates that each of the respondents for Rules 17Ad-22(e)(1)–(23) will continue to incur ongoing burdens that are identical on a per-entity basis to the ongoing burdens estimated on a per-entity basis in the PRA analysis submitted in connection with the 2016 Adopting Release.

As noted above, the Commission staff expects that one additional respondent that meets the definition of a covered clearing agency may register with the Commission and become subject to Rules 17Ad-22(e)(1)–(10) and 17Ad-22(e)(12)–(23) during the period covered by the instant PRA extension. The staff estimates that the per-respondent initial burdens and per-respondent ongoing burdens for any covered clearing agency respondent that is not currently registered are identical to those that were included in the PRA analysis submitted in connection with the 2016 Adopting Release, with respect to the applicable provisions of Rule 17Ad-22(e). These estimates are based on (i) the Commission staff's experience reviewing policies and procedures of covered clearing agencies that are subject to these rules, and (ii) the Commission staff's expectation that any respondent that would meet the definition of a covered clearing agency, but that is not currently registered with the Commission as clearing agency, would likely already have established and implemented rules that are generally compliant with Rules 17Ad-22(b), (c), and (d) prior to becoming registered.

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

Rule 17Ad-22(e)(1) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and the Commission staff estimates that one additional respondent may register with the Commission as a clearing agency and become subject to Rule 17Ad-22(e)(1). The Commission staff estimates that the rule requires one response per entity annually.

The PRA analysis that was submitted in connection with the 2016 Adopting Release noted that Rule 17Ad-22(e)(1) requires 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 expected that any new respondent would have established and implemented 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 would 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 estimated that Rule 17Ad-22(e)(1) would impose on each respondent an initial burden of 8 hours in the first year, and an ongoing burden of 3 hours per year (including the first year).⁶² The initial burden calculation of 8 hours, when annualized over three years, is equal to 2.67 hours per year per respondent.⁶³

The Commission staff estimates that the one-time burden Rule 17Ad-22(e)(1) will impose on the one respondent that is not a currently registered clearing agency is identical to the estimated initial burden provided in the PRA analysis that was submitted in connection with the 2016 Adopting Release (8 hours, or 2.67 hours per year when annualized).

⁶² 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.

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

Based on the Commission staff's experience reviewing the relevant policies and procedures of the six respondents that are currently registered clearing agencies, these six respondents have already established and implemented policies and procedures that generally comply with the requirements under Rule 17Ad-22(e)(1). Thus the Commission staff believes that the rule will not impose any initial burden on these six respondents. However, the staff estimates, based on its experience reviewing changes to the policies and procedures submitted from time to time by the registered clearing agencies, that each of these six respondents will incur an ongoing burden that is identical to the ongoing burden estimated in the 2016 Adopting Release (3 hours per year per respondent). Thus the total annual burden for each of these six respondents is 3 hours per year per respondent.

The total estimated annual burden for the respondent that is not a currently registered clearing agency is 5.67 hours,⁶⁴ and the total estimated annual burden for the six respondents that are already registered as clearing agencies is 18 hours.⁶⁵ The total estimated burden on all seven respondents is 23.67 hours per year when annualized over three years.⁶⁶

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

Rule 17Ad-22(e)(2) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and the staff estimates that one additional respondent may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already established and implemented policies and procedures that generally comply with Rule 17Ad-22(e)(2). Accordingly, the staff believes that the rule will not impose any initial burden on these six respondents.

The Commission noted in the PRA analysis that was submitted in connection with the 2016 Adopting Release that Rule 17Ad-22(e)(2) contains 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, the Commission in its prior PRA analysis concluded that a respondent clearing agency already would already have some written rules, policies, and procedures substantially similar to those required by Rule 17Ad-22(e)(2) and would need to establish and implement a limited number of new policies and procedures in order to comply with the rule. Accordingly, 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 estimated that Rule 17Ad-22(e)(2) would impose on each respondent an initial burden of 25 hours in the first year.⁶⁷

In addition, the prior PRA analysis stated that Rule 17Ad-22(e)(2) would impose ongoing burdens on a respondent clearing agency, including the requirement that a clearing agency conduct ongoing

⁶⁴ 2.67 hours of initial burden (when annualized over 3 years) + 3 hours of ongoing burden = 5.67 hours per year.

⁶⁵ 3 hours x 6 respondents = 18 hours.

⁶⁶ 5.67 hours per year + 18 hours per year = 23.67 hours per year.

⁶⁷ As discussed in the prior PRA supporting statement, this figure was calculated as follows: Assistant General Counsel for 14 hours + Compliance Attorney for 11 hours = 25 hours of initial burden.

monitoring and compliance activities with respect to the written policies and procedures created in response to the rule. The Commission estimated an ongoing burden of 5 hours per year (including the first year).⁶⁸

The Commission staff's estimates are based on the staff's experience reviewing relevant policies and procedures of registered clearing agencies. On that basis, the Commission staff estimates that both the one-time and ongoing burdens Rule 17Ad-22(e)(2) would impose on the one respondent that the staff estimates may register as a clearing agency and become subject the rule during the period covered by the PRA extension would be identical to the per-entity burdens provided in the PRA analysis submitted in connection with 2016 Adopting Release. This results in an estimated initial burden of 8.33 hours for the one respondent that is not currently a registered clearing agency, when annualized over three years,⁶⁹ and a total burden of 40 hours,⁷⁰ or a total annual burden of 13.33 hours per year for such respondent.⁷¹

For the six respondents that are currently registered as clearing agencies the total annual burden is 30 hours,⁷² or 5 hours per year per respondent.⁷³

The total estimated annual burden for the six respondents that are currently registered as clearing agencies is 30 hours.⁷⁴ The total estimated annual industry burden (i.e., the burden on all seven respondents) is 43.3 hours.⁷⁵

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

Rule 17Ad-22(e)(3) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

When the Commission adopted Rule 17Ad-22(e)(3), it noted in the PRA analysis that was submitted in connection with the 2016 Adopting Release that under Rule 17Ad-22(d), registered clearing agencies are required to have policies and procedures to manage certain risks, but Rule 17Ad-22(e)(3) requires a

⁶⁸ As discussed in the prior PRA supporting statement, this figure was calculated as follows: Compliance Attorney for 5 hours = 5 hours of ongoing burden.

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

⁷⁰ 25 hours of initial burden + 5 hours for the first year of ongoing burden + 5 hours of ongoing burden for the second year + 5 hours of ongoing burden for the third year = 40 hours.

⁷¹ 40 hours ÷ 3 years = 13.33 hours.

⁷² 5 hours of ongoing burden per year x 6 respondents that are currently registered as clearing agencies = 30 hours.

⁷³ 30 hours of total burden ÷ 3 years = 5 hours.

⁷⁴ 5 hours x 6 respondents that are currently registered as clearing agencies = 30 hours.

⁷⁵ 13.33 hours total annual burden for the one respondent that is not currently registered as a clearing agency + 30 hours total annual burden for six respondents that currently registered as clearing agencies = 43.33 hours.

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 Commission concluded that Rule 17Ad-22(e)(3) may 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 estimated that respondent clearing agencies would incur an aggregate one-time burden of 57 hours per respondent to review and update existing policies and procedures and to create new policies and procedures, as necessary.⁷⁶

In addition, the Commission estimated that the rule would impose on each respondent an ongoing burden of 49 hours per year (including the first year).⁷⁷ This results in an estimated initial burden of 19 hours per respondent when annualized over three years,⁷⁸ or a total annual burden of 68 hours per year per respondent.⁷⁹

The Commission staff's estimates are based on its experience reviewing relevant policies and procedures of registered clearing agencies. On that basis, the Commission staff estimates that both the one-time and ongoing annual burdens Rule 17Ad-22(e)(3) would impose on the one respondent that the Commission staff estimates may register as a clearing agency and become subject the rule during the period covered by the PRA extension would be identical to per-entity burdens in the PRA analysis submitted in connection with 2016 Adopting Release (57 hours of initial burden, or 19 hours per year when annualized over three years, and 49 hours per year of ongoing burden).

With respect to the six covered clearing agencies that are already registered and subject to the rule, the Commission staff believes that each of these six respondents has already established and implemented policies and procedures that generally comply with Rule 17Ad-22(e)(3). Accordingly, the staff believes that the rule will not impose any initial burden on these six respondents. However, the Commission staff estimates that each of these six respondents will incur an ongoing burden and the Commission staff's estimate for such burden is identical to the per-respondent ongoing burden that the Commission estimated in the PRA analysis submitted in connection with the 2016 Adopting Release (49 hours per respondent per year).

⁷⁶ This figure was 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.

⁷⁷ As discussed in the prior PRA supporting statement, 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.

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

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

Accordingly, the total estimated annual burden for respondent that is not currently a registered clearing agency is 68 hours,⁸⁰ and the total estimated annual burden for the six original respondents is 294 hours.⁸¹ The total estimated annual burden for all seven respondent is 362 hours per year.⁸²

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

Rule 17Ad-22(e)(4) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually. When the Commission adopted Rule 17Ad-22(e)(4), it noted in the PRA analysis that was submitted in connection with the 2016 Adopting Release that the changes to existing policies and procedures for the rule involve more than adjustments and may require a respondent to make substantial changes. In addition, the PRA analysis submitted in connection with the 2016 Adopting Release stated that 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. As a result, the Commission estimated that respondent clearing agencies would incur an initial burden of 219 hours per respondent.⁸³

The 2016 PRA analysis also stated that the rule requires ongoing monitoring and compliance activities with respect to the written policies and procedures created in response to the rule and ongoing activities with respect to testing the sufficiency of financial resources and model validation. The 2016 PRA analysis estimated that the rule would impose on each respondent an ongoing annual burden of 62 hours.⁸⁴

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already implemented the one-time systems adjustments necessary to comply with Rule 17Ad-22(e)(4). Accordingly, the staff believes that the rule will not impose any initial burden on these six respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the staff estimates the per-respondent ongoing burden would be identical to the per-respondent ongoing burden included in the PRA analysis that was submitted in connection with the 2016 Adopting Release (62 hours per respondent per year). The Commission staff's estimates are based on its experience reviewing relevant policies and procedures of registered clearing agencies.

⁸⁰ 19 hours of initial burden per year + 49 hours of ongoing burden per year = 68 hours of total annual burden.

⁸¹ 49 hours x 6 respondents = 294 hours.

⁸² 294 hours of annual burden for the 6 respondents that are currently registered as clearing agencies, and 68 hours of annual burden for the one respondent that is not a currently registered clearing agency = 362 hours per year.

⁸³ As discussed in the PRA supporting statement submitted in connection with the 2016 Adopting Release, this figure was 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.

⁸⁴ As discussed in the PRA supporting statement submitted in connection with the 2016 Adopting Release, this figure was calculated as follows: 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.

The Commission staff estimates that both the initial burden and ongoing annual burden Rule 17Ad-22(e) (4) would impose on the one respondent that may register as a clearing agency and become subject the rule during the period covered by the PRA extension would be identical to the per-entity initial burdens in the PRA analysis submitted in connection with 2016 Adopting Release (219 hours and 62 hours respectively). The Commission staff's estimates are based on its experience reviewing relevant policies and procedures of registered clearing agencies. This results in an estimated initial burden of 73 hours when annualized over three years,⁸⁵ or a total annual burden of 135 hours per year, for the one respondent that is not currently registered.⁸⁶

Accordingly, the total estimated annual burden for the respondent that is not a currently registered clearing agency is 135 hours,⁸⁷ and the total estimated annual burden for the six respondents that are currently registered as clearing agencies is 372 hours.⁸⁸ The total annual burden for all seven of the respondents is 507 hours.⁸⁹

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

Rule 17Ad-22(e)(5) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually. The PRA analysis that was submitted in connection with the 2016 Adopting Release stated that respondent clearing agencies that would be subject to Rule 17Ad-22(e)(5) may already have some written policies and procedures designed to address the collateral risks borne by these entities. As a result, the Commission believed that a respondent clearing agency may need to review and update existing policies and procedures as necessary and may need to adopt new policies and procedures with respect to an annual review of the sufficiency of collateral haircuts and concentration limits.

Based on similar policies and procedures requirements in Rule 17Ad-22(d)(3), the 2016 PRA analysis estimated that the rule would impose on each respondent an initial burden of 42 hours in the first year and an ongoing burden of 36 hours per year (including the first year).⁹⁰ This resulted in an estimated initial burden of 14 hours per respondent when annualized over three years,⁹¹ or a total annual burden of 50 hours per year per respondent.⁹²

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

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

⁸⁷ 135 hours x 1 new respondent = 135 hours.

⁸⁸ 62 hours x 6 new respondents = 372 hours.

⁸⁹ 372 hours + 135 hours = 507 hours.

⁹⁰ As discussed in the prior PRA supporting statement, 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.

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

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

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already adopted policies and procedures that generally comply with Rule 17Ad-22(e)(5). Therefore, the staff believes that the rule will not impose any initial burden on these six respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the staff estimates the per-respondent ongoing burden is identical to the per-respondent ongoing burden included in the PRA analysis that was submitted in connection with the 2016 Adopting Release (36 hours per year per respondent). The Commission staff's estimates are based on its experience reviewing relevant policies and procedures of registered clearing agencies.

The Commission staff estimates that the initial burden and ongoing annual burden Rule 17Ad-22(e)(5) would impose on the one respondent that may register as a clearing agency and become subject the rule during the period covered by the PRA extension would be identical to the per-entity initial burden and ongoing burden estimates provided in the PRA analysis that was submitted in connection with the 2016 Adopting Release (42 hours and 36 hours respectively).

Accordingly, the total estimated annual burden for the one respondent that is not currently registered as a clearing agency is 50 hours,⁹³ and the total estimated annual burden for the six respondents that are currently registered as clearing agencies is 216 hours.⁹⁴ The total annual burden for all seven of the respondents is 266 hours.⁹⁵

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

Rule 17Ad-22(e)(6) imposes a recordkeeping PRA burden and applies to six respondent clearing agencies. The Commission staff's estimate of six respondents includes five covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

The PRA analysis that was submitted in connection with the 2016 Adopting Release stated that the estimated PRA burdens for Rule 17Ad-22(e)(6) would require a respondent clearing agency to make substantial changes to its policies and procedures. In addition, that PRA analysis stated that the rule would require one-time system adjustments related to the capability to perform daily backtesting and monthly (or more frequently than monthly) conforming sensitivity analysis. As a result, the Commission estimated that the respondent clearing agencies would incur a one-time burden of 180 hours per respondent to review and update existing policies and procedures.⁹⁶

The PRA analysis submitted in connection with the 2016 Adopting Release estimated that Rule 17Ad-22(e)(6) would also impose ongoing burdens on a respondent clearing agency by requiring ongoing monitoring and compliance activities with respect to written policies and procedures associated with daily backtesting and monthly (or more frequent) sensitivity analysis requirements and annual model

⁹³ 50 hours per year x 1 respondent that is not currently a registered clearing agency = 50 hours per year.

⁹⁴ 36 hours per year x 6 respondents = 216 hours per year.

⁹⁵ 50 hours per year + 216 hours per year = 266 hours per year.

⁹⁶ As discussed in the prior PRA supporting statement, this figure was 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.

validation. The Commission estimated that the ongoing activities required by the rule would impose annual burdens on each respondent of 60 hours.⁹⁷

The Commission staff believes that each of the five respondents that are currently registered as clearing agencies has already adopted policies and procedures that generally comply with Rule 17Ad-22(e)(6). Therefore, the staff believes that the rule will not impose any initial burden on these five respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the staff estimates the per-respondent ongoing burden would be identical to the per-respondent ongoing burden included in the PRA analysis that was submitted in connection with the 2016 Adopting Release (60 hours per year per respondent).

The Commission expects that for the one respondent that is not currently a registered clearing agency, the PRA burdens related to Rule 17Ad-22(e)(6) would require such respondent to make substantial changes to its policies and procedures. In addition, Rule 17Ad-22(e)(6) would require such a respondent to make one-time systems adjustments related to the capability to perform daily backtesting and monthly (or more frequent than monthly) sensitivity analyses.

The Commission staff estimates that both the initial burden and ongoing annual burden Rule 17Ad-22(e)(6) would impose on the one respondent that may register as a clearing agency and become subject the rule during the period covered by the PRA extension would be identical to the per-entity initial burden and ongoing burden provided in the PRA analysis submitted in connection with the 2016 Adopting Release (180 hours and 60 hours respectively).

This results in an estimated initial burden of 60 hours for the one respondent that is not currently registered as a clearing agency when annualized over three years,⁹⁸ or a total annual burden of 120 hours per year per such respondent,⁹⁹ and a total estimated annual burden for the five respondents that are currently registered as clearing agencies of 300 hours.¹⁰⁰ The total annual burden for all six of the respondents is 420 hours per year.¹⁰¹

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

Rule 17Ad-22(e)(7) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

The PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(7) may require a respondent clearing agency to make substantial changes to its policies and

⁹⁷ As discussed in the prior PRA supporting statement, this figure was calculated as follows: 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.

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

⁹⁹ 60 hours of initial burden per year when annualized over three years + 60 hours of ongoing burden per year = 120 hours.

¹⁰⁰ 60 hours x 5 respondents = 300 hours.

¹⁰¹ 120 hours per year + 300 hours per year = 420 hours per year.

procedures. In addition, the 2016 PRA analysis stated that the rule would 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. As a result, the Commission estimated that each of the respondent clearing agencies would incur a one-time burden of 330 hours to review and update existing policies and procedures.¹⁰²

In addition the PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(7) would also impose ongoing burdens on a respondent clearing agency by requiring ongoing monitoring and compliance activities with respect to the written policies and procedures as well as activities related to the testing of sufficiency of liquidity resources and the testing of access to liquidity providers. The 2016 PRA analysis estimated the ongoing burden imposed by the rule to be 128 hours per respondent per year.¹⁰³

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already adopted policies and procedures that generally comply with Rule 17Ad-22(e)(7). Therefore, the staff believes that the rule will not impose any initial burden on these six respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the staff estimates the per-respondent ongoing burden would be identical to the per-respondent ongoing burden included in the PRA analysis that was submitted in connection with the 2016 Adopting Release (128 hours per year per respondent).

The Commission expects that for the one respondent that is not currently a registered clearing agency the PRA burdens related to Rule 17Ad-22(e)(7) would require such respondent to make substantial changes to its policies and procedures. In addition, Rule 17Ad-22(e)(7) would require such respondent to make 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 staff estimates that both the initial burden and ongoing annual burden Rule 17Ad-22(e)(7) would impose on the one respondent that may register as a clearing agency and become subject the rule during the period covered by the PRA extension would be identical to the per-entity initial burden and ongoing burden in the PRA analysis submitted in connection with the 2016 Adopting Release (330 hours and 128 hours respectively)

This results in an estimated initial burden of 110 hours for the one respondent that is not a currently registered clearing agency when annualized over three years,¹⁰⁴ or a total annual burden of 238 hours per year for such respondent.¹⁰⁵

¹⁰² This figure was 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.

¹⁰³ This figure was calculated as follows: 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.

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

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

The total annual burden for each of the six respondents that are currently registered as clearing agencies is 128 hours per year, and the total estimated annual burden for these six respondents is 768 hours.¹⁰⁶ The total annual burden for all seven of the respondents is 1,006 hour per year.¹⁰⁷

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

Rule 17Ad-22(e)(8) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

The PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(8) contains substantially similar provisions to Rule 17Ad-22(d)(12). In particular, the 2016 PRA analysis noted that a respondent clearing agency will already have written rules, policies, and procedures substantially similar to the requirements that are imposed under Rule 17Ad-22(e)(8), and would incur incremental burdens reviewing and updating existing policies and procedures as necessary. The Commission estimated that respondent clearing agencies would incur a one-time burden of 12 hours per respondent to review and update existing policies and procedures.¹⁰⁸

In addition the PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(8) would also impose ongoing burdens on a respondent clearing agency by requiring ongoing monitoring and compliance activities with respect to the written policies and procedures created in response to the rule. The Commission estimated that the ongoing activities required by Rule 17Ad-22(e)(8) would impose an ongoing burden of 5 hours per respondent annually.¹⁰⁹

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already adopted policies and procedures that generally comply with Rule 17Ad-22(e)(8). Therefore, the staff believes that the rule will not impose any initial burden on these six respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the staff estimates the per-respondent ongoing burden would be identical to the per-respondent ongoing burden included in the PRA analysis that was submitted in connection with the 2016 Adopting Release (5 hours per respondent per year).

The Commission expects that the one respondent that is not currently a registered clearing agency will already have written rules, policies, and procedures substantially similar to the requirements that are imposed under Rule 17Ad-22(e)(8), and the staff believes that such respondent will incur incremental burdens reviewing and updating existing policies and procedures as necessary.

The Commission staff estimates that both the initial burden and ongoing annual burden Rule 17Ad-22(e)(8) would impose on the one respondent that may register as a clearing agency and become subject to

¹⁰⁶ 128 hours x 6 respondents = 768 hours.

¹⁰⁷ 238 hours per year + 768 hours per year = 1,006 hours per year.

¹⁰⁸ This figure was 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.

¹⁰⁹ This figure was calculated as follows: Compliance Attorney for 5 hours = 5 hours of ongoing burden.

the rule during the period covered by the PRA extension would be identical to the per-entity initial burden and ongoing burden estimated in the PRA analysis submitted in connection with the 2016 Adopting Release (12 hours and 5 hours respectively).

For the one respondent that is not currently a registered clearing agency, this results in an estimated initial burden of 4 hours per new respondent when annualized over three years,¹¹⁰ or a total annual burden of 9 hours per year.¹¹¹

The total estimated annual burden for each of the six respondents that are currently registered as clearing agencies is 5 hours, and the total estimated annual burden for these six respondents is 30 hours.¹¹² The total annual burden for all seven respondents is 39 hours per year.¹¹³

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

Rule 17Ad-22(e)(9) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

The PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(9) contains substantially similar provisions to Rule 17Ad-22(d)(5). For that reason, the Commission stated that a respondent clearing agency would already have written rules, policies, and procedures substantially similar to those required by Rule 17Ad-22(e)(9). The PRA analysis further stated that respondent clearing agencies would incur the incremental burdens of reviewing and updating existing policies and procedures as necessary. The Commission estimated that respondent clearing agencies would incur a one-time burden of 12 hours per respondent to review and update existing policies and procedures.¹¹⁴

In addition, the PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(9) would impose ongoing burdens on a respondent clearing agency by requiring ongoing monitoring and compliance activities with respect to the written policies and procedures created in response to the rule. The Commission estimated that the ongoing activities required by Rule 17Ad-22(e)(9) would impose an ongoing burden of 5 hours per respondent annually.¹¹⁵

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already adopted policies and procedures that generally comply with Rule 17Ad-22(e)(9).

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

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

¹¹² 5 hours x 6 respondents = 30 hours.

¹¹³ 9 hours per year + 30 hours per year = 39 hours per year.

¹¹⁴ As discussed in the prior PRA supporting statement, this figure was 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.

¹¹⁵ As discussed in the prior PRA supporting statement, this figure was calculated as follows: Compliance Attorney for 5 hours = 5 hours of ongoing burden.

Therefore, the staff believes that the rule will not impose any initial burden on these six respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the staff estimates the per-respondent ongoing burden would be identical to the per-respondent ongoing burden included in the PRA analysis that was submitted in connection with the 2016 Adopting Release (5 hours per respondent per year).

The Commission expects that the one respondent that is not currently a registered clearing agency will already have written rules, policies, and procedures substantially similar to the requirements that are imposed under Rule 17Ad-22(e)(9), and the staff believes that such respondent will incur only incremental burdens reviewing and updating existing policies and procedures as necessary.

The Commission staff estimates that both the initial burden and ongoing annual burden Rule 17Ad-22(e)(9) would impose on the one respondent that may register as a clearing agency and become subject the rule during the period covered by the PRA extension would be identical to the per-entity initial burden and ongoing burden estimated in the PRA analysis submitted in connection with the 2016 Adopting Release (12 hours and 5 hours respectively).

For the one respondent that is not currently a registered clearing agency, this results in an estimated initial burden of 4 hours when annualized over three years,¹¹⁶ or a total annual burden of 9 hours per year.¹¹⁷

The total estimated annual burden for each of the six respondents that are currently registered as clearing agencies is 5 hours, and the total estimated annual burden for these six respondents is 30 hours.¹¹⁸ The total annual burden for all seven respondents is 39 hours per year.¹¹⁹

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

Rule 17Ad-22(e)(10) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

The PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(10) contains substantially similar provisions to Rule 17Ad-22(d)(15). For that reason, the Commission stated that a respondent clearing agency would already have written rules, policies, and procedures substantially similar to the to those required by Rule 17Ad-22(e)(10). The PRA analysis further stated that respondent clearing agencies would incur the incremental burdens of reviewing and updating existing policies and procedures as necessary. The Commission estimated that respondent clearing agencies would incur a one-time burden of 12 hours per respondent to review and update existing policies and procedures.¹²⁰

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

¹¹⁷ 4 hours of initial per year when annualized over 3 years + 5 hours of ongoing burden per year = 9 hours per year.

¹¹⁸ 5 hours per year x 6 respondents = 30 hours per year.

¹¹⁹ 9 hours per year + 30 hours per year = 39 hours per year.

¹²⁰ As discussed in the prior PRA supporting statement, this figure was calculated as follows: Assistant

In addition, the PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(10) would also impose ongoing burdens on a respondent clearing agency by requiring ongoing monitoring and compliance activities with respect to the written policies and procedures created in response to the rule. The Commission estimated that the ongoing activities required by Rule 17Ad-22(e)(10) would impose an ongoing burden of 5 hours per respondent annually.¹²¹

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already adopted policies and procedures that generally comply with Rule 17Ad-22(e)(10). Therefore, the staff believes that the rule will not impose any initial burden on these six respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the staff estimates the per-respondent ongoing burden would be identical to the per-respondent ongoing burden included in the PRA analysis that was submitted in connection with the 2016 Adopting Release (5 hours per respondent per year).

The Commission expects that the one respondent that is not currently a registered clearing agency will already have written rules, policies, and procedures substantially similar to the requirements that are imposed under Rule 17Ad-22(e)(10), and the staff believes that such respondent will incur incremental burdens reviewing and updating existing policies and procedures as necessary.

The Commission staff estimates that both the initial burden and ongoing annual burden Rule 17Ad-22(e)(9) would impose on the one respondent that may register as a clearing agency and become subject the rule during the period covered by the PRA extension would be identical to the per-entity initial burden and ongoing burden estimated in the PRA analysis submitted in connection with the 2016 Adopting Release (12 hours and 5 hours respectively).

Accordingly, the total estimated annual burden for the one respondent that is not currently registered as a clearing agency is 9 hours, and the total estimated annual burden for the six respondents currently registered as clearing agencies is 30 hours.¹²² The total annual burden for all seven respondents is 39 hours per year.¹²³

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

Rule 17Ad-22(e)(11) imposes a recordkeeping PRA burden and continues to apply to one respondent clearing agency that provides CSD services. The Commission staff estimates that the rule requires one response per entity annually.

The one respondent already has established and implemented policies and procedures that generally comply with Rule 17Ad-22(e)(11). For that reason, the Commission staff believes that the rule will not impose an initial PRA burden on the respondent during the period covered by the PRA extension. In the PRA analysis that was submitted in connection with the 2016 Adopting Release, the Commission stated

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.

¹²¹ As discussed in the prior PRA supporting statement, this figure was calculated as follows: Compliance Attorney for 5 hours = 5 hours of ongoing burden.

¹²² 5 hours x 6 respondents = 30 hours.

¹²³ 9 hours per year + 30 hours per year = 39 hours per year.

that Rule 17Ad-22(e)(11) imposes ongoing burdens on the respondent clearing agency providing CSD services by requiring ongoing monitoring and compliance activities with respect to the written policies and procedures created in response to the rule. The Commission estimated that the ongoing activities required by the rule would impose a total annual burden on the respondent of approximately 8 hours.¹²⁴ Based on the Commission staff's experience reviewing relevant changes to the written policies and procedures of the respondent clearing agency in the ordinary course of carrying out the staff's regulatory responsibilities, the staff estimates that Rule 17Ad-22(e)(11) will impose an ongoing burden on the respondent that is identical to the ongoing burden estimate provided in the PRA analysis that was submitted in connection with the 2016 Adopting Release (8 hours annually). Thus the total ongoing burden on the respondent is 8 hours annually, and the total burden on the respondent is 24 hours.¹²⁵

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

Rule 17Ad-22(e)(12) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

The PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(12) contains substantially similar provisions to Rule 17Ad-22(d)(13). For that reason, the Commission stated that a respondent clearing agency would already have written rules, policies, and procedures substantially similar to the to those required by Rule 17Ad-22(e)(12). The PRA analysis further stated that respondent clearing agencies would incur the incremental burdens of reviewing and updating existing policies and procedures as necessary. The Commission estimated that respondent clearing agencies would incur a one-time burden of 12 hours per respondent to review and update existing policies and procedures.¹²⁶

In addition, the PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(12) would also impose ongoing burdens on a respondent clearing agency by requiring ongoing monitoring and compliance activities with respect to the written policies and procedures created in response to the rule. The Commission estimated that the ongoing activities required by Rule 17Ad-22(e)(12) would impose an ongoing burden of 5 hours per respondent annually.¹²⁷

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already adopted policies and procedures that generally comply with Rule 17Ad-22(e)(12). Therefore, the staff believes that the rule will not impose any initial burden on these six respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the

¹²⁴ This figure was calculated as follows: Compliance Attorney for 8 hours per year x 1 respondent clearing agency = 8 hours per year.

¹²⁵ 8 hours of going burden per year x 3 years = 24 hours.

¹²⁶ This figure was 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 per respondent.

¹²⁷ This figure was calculated as follows: Compliance Attorney for 5 hours = 5 hours of ongoing burden per respondent.

staff estimates the per-respondent ongoing burden would be identical to the per-respondent ongoing burden estimated in the PRA analysis that was submitted in connection with the 2016 Adopting Release (5 hours per respondent per year).

The Commission expects that the one respondent that is not currently a registered clearing agency will already have written rules, policies, and procedures substantially similar to the requirements that are imposed under Rule 17Ad-22(e)(12), and the staff believes that such respondent will incur only incremental burdens reviewing and updating existing policies and procedures as necessary.

The Commission staff estimates that both the initial burden and ongoing annual burden Rule 17Ad-22(e)(12) would impose on the one respondent that may register as a clearing agency and become subject the rule during the period covered by the PRA extension would be identical to the per-entity initial burden and ongoing burden estimated in the PRA analysis submitted in connection with the 2016 Adopting Release (12 hours and 5 hours respectively).

Accordingly, the total estimated annual burden for the one respondent that is not currently a registered clearing agency is 9 hours,¹²⁸ and the total estimated annual burden for the six respondents that are currently registered as clearing agencies is 30 hours.¹²⁹ The total estimated burden for all seven respondents is 39 hours.¹³⁰

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

Rule 17Ad-22(e)(13) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

The PRA analysis submitted in connection with the 2016 Adopting Release explained that Rule 17Ad-22(e)(13) contains provisions that are similar to those under existing Rule 17Ad-22(d)(11), but also include additional requirements that do not appear in Rule 17Ad-22(d)(11). As a result, the Commission believed that covered clearing agencies may need to update their policies and procedures to satisfy the requirements of Rule 17Ad-22(e)(13), and in some cases create new policies and procedures. Specifically, the Commission believed that covered clearing agencies may need to review and amend their existing rule book, policies, and procedures, but may not need to develop, design, or implement new operations and practices to satisfy the rule requirements. The Commission estimated that the respondent clearing agencies would incur a one-time burden of 41 hours per respondent.¹³¹

In addition, the PRA analysis submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(13) imposes ongoing burdens on a respondent clearing agency by requiring annual review and testing of a clearing agency's default policies and procedures. The Commission believed that the

¹²⁸ 9 hours x 1 respondent that is not currently registered = 9 hours.

¹²⁹ 5 hours x 6 respondents = 30 hours.

¹³⁰ 9 hours + 30 hours = 39 hours.

¹³¹ As discussed in the prior PRA supporting statement, this figure was 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 per respondent.

ongoing activities required by Rule 17Ad-22(e)(13) would impose an annual burden on respondent clearing agencies of approximately 7 hours per respondent.¹³²

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already adopted policies and procedures that generally comply with Rule 17Ad-22(e)(13). Therefore, the staff believes that the rule will not impose any initial burden on these six respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the staff estimates the per-respondent ongoing burden would be identical to the per-respondent ongoing burden included in the PRA analysis that was submitted in connection with the 2016 Adopting Release (7 hours per respondent per year).

The Commission expects that the one respondent that is not a currently registered clearing agency will already have written rules, policies, and procedures substantially similar to the requirements that are imposed under Rule 17Ad-22(e)(13), and the staff believes that such respondent may need to review and amend its existing rule book, policies, and procedures, but may not need to develop, design, or implement new operations and practices to satisfy the rule requirements.

The Commission staff estimates that both the initial burden and ongoing annual burden Rule 17Ad-22(e)(13) would impose on the one respondent that may register as a clearing agency and become subject the rule during the period covered by the PRA extension is identical to the per-entity initial burdens in the PRA analysis submitted in connection with the 2016 Adopting Release (41 hours and 7 hours per year respectively). This results in an initial burden of 13.67 hours when annualized over three years for such respondent,¹³³ and a total annual burden of 20.67 hours.¹³⁴

The total estimated annual burden for the six respondents that are currently registered as clearing agencies is 7 hours per respondent, or 42 hours in the aggregate.¹³⁵ The total annual estimated annual burden for all seven respondents is 62.67 hours per year.¹³⁶

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

Rule 17Ad-22(e)(14) imposes a recordkeeping PRA burden and applies to two respondent clearing agencies currently registered with the Commission. The Commission staff estimates that one additional clearing agency may register with the Commission as a clearing agency and become subject to the rule, and accordingly is increasing the burdens under this rule to reflect a total of three respondents. The Commission staff estimates that the rule requires one response per entity annually.

The PRA analysis that was submitted in connection with the 2016 Adopting Release explained that registered 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 existing applicable regulations. Consequently, the PRA analysis stated, respondent clearing agencies providing CCP services for security-based swaps would incur burdens of reviewing and

¹³² This figure was calculated as follows: Compliance Attorney for 7 hours.

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

¹³⁴ 13.67 hours of initial burden (when annualized) + 7 hours of ongoing burden = 20.67 hours of total annual burden.

¹³⁵ 7 x 6 respondents = 42 hours.

¹³⁶ 20.67 hours per year + 42 hours per year = 62.67 hours per year.

updating existing policies and procedures as necessary in order to comply with the requirements of Rule 17Ad-22(e)(14). The Commission estimated that Rule 17Ad-22(e)(14) would impose on respondent clearing agencies a one-time burden of 36 hours per respondent to review and update existing policies and procedures.¹³⁷

In addition, the PRA analysis submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(14) imposes ongoing burdens on a respondent clearing agency that provides CCP services for security-based swaps. The Commission estimated that the ongoing activities required by Rule 17Ad-22(e)(14) would impose an annual burden on respondent clearing agencies of approximately 6 hours per respondent.¹³⁸

The Commission staff believes that the two respondents that are already registered clearing agencies that provides CCP services for security-based swaps have already established and implemented policies and procedures that generally comply with the requirements under Rule 17Ad-22(e)(14). For that reason, the staff estimates the rule will not impose any initial burden on those respondents.

With respect to the one additional respondent that may register as a clearing agency and become subject to the rule, the Commission staff estimates that Rule 17Ad-22(e)(14) would impose an initial burden on such respondent that is identical to the per-respondent initial burden estimated in the 2016 PRA analysis (36 hours), which is equal to 12 hours per year when annualized over 3 years.¹³⁹

In addition, the Commission staff estimates that the rule will impose on the three estimated respondents an ongoing burden that is identical to the per-entity ongoing burden estimated in the 2016 PRA analysis (6 hours per respondent per year).

This results in a total annual burden of 18 hours per year per for the one respondent that is not currently a registered clearing agency.¹⁴⁰ The Commission staff estimates that the two respondents that are currently registered as a clearing agency will incur a total annual burden of 12 hours per year.¹⁴¹ The total estimated annual burden for all respondents is 30 hours per year.¹⁴²

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

Rule 17Ad-22(e)(15) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

¹³⁷ This figure was 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.

¹³⁸ This figure was calculated as follows: Compliance Attorney for 6 hours.

¹³⁹ 36 hours ÷ 3 years = 12 hours per year.

¹⁴⁰ 12 hours of initial burden when annualized over 3 years + 6 hours of ongoing burden per year = 18 hours per year.

¹⁴¹ 0 hours of initial burden + 6 hours of ongoing burden x 2 respondents = 12 hours per year.

¹⁴² 18 hours per year + 12 hours per year = 30 hours per year.

The PRA analysis submitted in connection with the 2016 Adopting Release stated that policies and procedures governing the identification and mitigation of general business risk were not previously required under the then-existing Rule 17Ad-22 and, as a result, the Commission believed that the estimated PRA burdens associated with Rule 17Ad-22(e)(15) would be more significant and may require a respondent clearing agency to make substantial changes to its policies and procedures. The Commission estimated that Rule 17Ad-22(e)(15) would impose a one-time burden on respondent covered clearing agencies of 210 hours per respondent to review and update existing policies and procedures and to create new policies and procedures, as necessary.¹⁴³

In addition, the PRA analysis submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(15) imposes ongoing burdens on a respondent clearing agency by requiring a respondent clearing agency to maintain a viable plan, approved by its board of directors and updated at least annually, for raising additional equity in the event that the covered clearing agency's liquid net assets fall below the level required by the proposed rule. The Commission estimated that the ongoing activities required by proposed Rule 17Ad-22(e)(15) would impose an annual burden on respondent clearing agencies of 48 hours per respondent.¹⁴⁴

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already adopted policies and procedures that generally comply with Rule 17Ad-22(e)(15). Therefore, the staff believes that the rule will not impose any initial burden on these six respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the staff estimates that the per-respondent ongoing burden would be identical to the per-respondent ongoing burden included in the PRA analysis that was submitted in connection with the 2016 Adopting Release (48 hours per respondent).

The Commission staff believes that Rule 17Ad-22(e)(15) would require the one respondent that is not currently a registered clearing agency to review and update existing policies and procedures and to create new policies and procedures. In addition, the rule would require such respondent to maintain a viable plan, approved by its board of directors and updated at least annually, for raising additional equity in the event that the covered clearing agency's liquid net assets fall below the level required by the proposed rule. The Commission staff estimates that both the initial burden and ongoing annual burden Rule 17Ad-22(e)(15) would impose on the one respondent that may register as a clearing agency and become subject the rule during the period covered by the PRA extension would be identical to the per-entity initial burden and ongoing burden estimated in the PRA analysis that was submitted in connection with the 2016 Adopting Release (210 hours and 48 hours respectively). When annualized over three years, the estimated initial burden of 210 hours is equal to 70 hours per year.¹⁴⁵

Accordingly, the total estimated annual burden for the one respondent that is not a currently registered clearing agency is 118 hours,¹⁴⁶ and the total estimated annual burden for each of the six respondents

¹⁴³ This figure was 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.

¹⁴⁴ This figure was calculated as follows: Compliance Attorney for 42 hours + Administrative Assistant for 3 hours + Senior Business Analyst for 3 hours = 48 hours.

¹⁴⁵ 210 hours ÷ 3 years = 70 hours per year.

¹⁴⁶ 118 hours x 1 respondent = 118 hours.

that are currently registered as clearing agencies is 288 hours per respondent.¹⁴⁷ The total estimated annual burden for all seven respondents is 406 hours per year.¹⁴⁸

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

Rule 17Ad-22(e)(16) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

The PRA analysis submitted in connection with the 2016 Adopting Release stated that registered clearing agencies were, at the time, already required to have written policies and procedures reasonably designed to address the safeguarding of assets of the clearing agency and its participants, and noted that Rule 17Ad-22(e)(16) contains "substantially similar provisions."¹⁴⁹ As a result, the Commission believed that a respondent clearing agency would be required to conduct a review of, and update as necessary, current policies and procedures in order to ensure compliance with Rule 17Ad-22(e)(16). 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 estimated that the respondent clearing agencies would incur a one-time burden of approximately 20 hours per respondent to review and update existing policies and procedures.¹⁵⁰

In addition, the PRA analysis submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(16) imposes ongoing burdens on a respondent clearing agency by requiring ongoing monitoring and compliance activities with respect to the policies and procedures implemented in response to the requirements of the rule. The Commission estimated that the ongoing activities required by proposed Rule 17Ad-22(e)(16) would impose an annual ongoing burden on respondent clearing agencies of 6 hours per respondent.¹⁵¹

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already adopted policies and procedures that generally comply with Rule 17Ad-22(e)(16). Therefore, the staff believes that the rule will not impose any initial burden on these six respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the staff estimates the per-respondent ongoing burden would be identical to the per-respondent ongoing burden included in the PRA analysis that was submitted in connection with the 2016 Adopting Release (6 hours per respondent).

¹⁴⁷ 48 hours x 6 respondents = 288 hours.

¹⁴⁸ 188 hours per year + 288 hours per year = 406 hours per year.

¹⁴⁹ The PRA analysis that was submitted in connection with the 2016 Adopting Release does not explicitly identify the already-existing requirements as those included in Rule 17Ad-22(d)(3), but the staff believes that the Commission was in fact referring to that rule, as the Commission based its initial burden estimate for Rule 17Ad-22(e)(16) on corresponding burden estimates previously made for Rule 17Ad-22(d)(3).

¹⁵⁰ This figure was calculated as follows: This figure was 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.

¹⁵¹ This figure was calculated as follows: Compliance Attorney for 6 hours.

The Commission staff believes that Rule 17Ad-22(e)(16) would require the one respondent that is not currently a registered clearing agency to conduct a review of, and update as necessary, current policies and procedures in order to ensure compliance with Rule 17Ad-22(e)(16). Additionally, the Commission staff believes that Rule 17Ad-22(e)(16) will impose ongoing burdens on such respondent by requiring the respondent to conduct ongoing monitoring and compliance activities with respect to the policies and procedures implemented in response to the requirements of the rule. The Commission staff estimates that both the initial burden and ongoing annual burden Rule 17Ad-22(e)(16) would impose on the one respondent that may register as a clearing agency and become subject the rule during the period covered by the PRA extension would be identical to the per-entity initial burden and ongoing burden estimated in the PRA analysis submitted in connection with the 2016 Adopting Release (20 hours and 6 hours respectively). When annualized over three years, the estimated initial burden of 20 hours is equal to 6.67 hours per year.¹⁵²

Accordingly, the total estimated annual burden for the one respondent that is not currently registered as a clearing agency is 12.67 hours,¹⁵³ and the total estimated annual burden for the six respondents that are currently registered as clearing agencies is 36 hours.¹⁵⁴ Thus the estimated total annual burden on all seven respondents is 48.67 hours per year.¹⁵⁵

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

Rule 17Ad-22(e)(17) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

The PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(17) contains similar requirements to those under Rule 17Ad-22(d)(4), but also imposes additional requirements that do not appear in existing Rule 17Ad-22(b), (c), or (d). As a result, the 2016 PRA analysis concluded that a respondent clearing agency was already required to have some written rules, policies, and procedures containing provisions similar to the requirements that would be imposed under Rule 17Ad-22(e)(17), but it would also need to review and update existing policies and procedures, where necessary, and may 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 estimated that respondent clearing agencies would incur a one-time burden of 28 hours per respondent to review and update existing policies and procedures and to create new policies and procedures, as necessary.¹⁵⁶

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

¹⁵³ 12.67 hours x 1 respondent = 12.67 hours.

¹⁵⁴ 6 hours x 6 respondents = 36 hours.

¹⁵⁵ 12.67 hours per year + 36 hours per year = 48.67 hours per year.

¹⁵⁶ This figure was 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.

In addition, the PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(17) also imposes ongoing burdens on a respondent clearing agency by requiring ongoing monitoring and compliance activities with respect to the written policies and procedures created in response to the rule. The Commission estimated that the ongoing activities required by Rule 17Ad-22(e)(17) would impose an annual burden on respondent clearing agencies of 6 hours per respondent.¹⁵⁷

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already adopted policies and procedures that generally comply with Rule 17Ad-22(e)(17). Therefore, the staff believes that the rule will not impose any initial burden on these six respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the staff estimates the per-respondent ongoing burden would be identical to the per-respondent ongoing burden included in the PRA analysis that was submitted in connection with the 2016 Adopting Release (6 hours per respondent).

The Commission staff believes that the one respondent that is not currently a registered clearing agency would already have established and implemented policies and procedures that generally comply with the requirements under Rule 17Ad-22(d)(4) at the time such respondent becomes registered as a clearing agency, but the respondent would be required to conduct a review of, and update as necessary, current policies and procedures in order to ensure compliance with Rule 17Ad-22(e)(17). Additionally, the Commission staff believes that Rule 17Ad-22(e)(17) would impose ongoing burdens on such respondent by requiring the respondent to conduct ongoing monitoring and compliance activities with respect to the policies and procedures implemented in response to the requirements of the rule. The Commission staff estimates that both the initial burden and ongoing annual burden Rule 17Ad-22(e)(17) would impose on the one respondent that may register as a clearing agency and become subject the rule during the period covered by the PRA extension would be identical to the per-entity initial burden and ongoing burden estimated in the PRA analysis submitted in connection with the 2016 Adopting Release (28 hours and 6 hours respectively). When annualized over three years, the estimated initial burden of 28 hours is equal to 9.33 hours per year.¹⁵⁸

Accordingly, the total estimated annual burden for the one respondent that is not currently a registered clearing agency is 15.33 hours,¹⁵⁹ and the total estimated annual burden for the six respondents that are currently registered as clearing agencies is 36 hours.¹⁶⁰ The total estimated annual burden for all seven respondents is 51.33 hours per year.¹⁶¹

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

Rule 17Ad-22(e)(18) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with

¹⁵⁷ This figure was calculated as follows: Compliance Attorney for 6 hours.

¹⁵⁸ 28 hours of initial burden ÷ 3 years = 9.33 hours per year.

¹⁵⁹ 9.33 hours of initial burden + 6 hours of ongoing burden = 15.33 hours.

¹⁶⁰ 6 hours x 6 respondents = 36 hours.

¹⁶¹ 15.33 hours per year + 36 hours per year = 51.33 hours per year.

the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

The PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(18) contains similar requirements to those under Rules 17Ad-22(d)(5) through (7) and (d)(2), but also imposes additional requirements that do not appear in existing Rules 17Ad-22(b), (c), or (d). As a result, the PRA analysis concluded that a respondent clearing agency was already required to have some written rules, policies and procedures containing provisions similar to the requirements that would be imposed under Rule 17Ad-22(e)(18), but it would also need to review and update existing policies and procedures, where necessary, and may 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 Rules 17Ad-22(d)(5) through (7) and (d)(2), the Commission estimated that respondent clearing agencies would incur a one-time burden of 44 hours per respondent to review and update existing policies and procedures and to create new policies and procedures, as necessary.¹⁶²

In addition, the PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(18) imposes ongoing burdens on a respondent clearing agency by requiring ongoing monitoring and compliance activities with respect to the written policies and procedures created in response to the rule. The Commission estimated that the ongoing activities required by Rule 17Ad-22(e)(18) would impose an annual burden on respondent clearing agencies of 7 hours per respondent.¹⁶³

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already adopted policies and procedures that generally comply with Rule 17Ad-22(e)(18). Therefore, the staff believes that the rule will not impose any initial burden on these six respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the staff estimates the per-respondent ongoing burden would be identical to the per-respondent ongoing burden included in the PRA analysis that was submitted in connection with the 2016 Adopting Release (7 hours per respondent).

The Commission staff believes that the one respondent that is not currently a registered clearing agency would already have established and implemented policies and procedures that generally comply with the requirements under Rules 17Ad-22(d)(5) through (7) and (d)(2) at the time such respondent becomes registered as a clearing agency, but the respondent would be required to conduct a review of, and update as necessary, current policies and procedures in order to ensure compliance with Rule 17Ad-22(e)(18). Additionally, the Commission staff believes that Rule 17Ad-22(e)(18) would impose ongoing burdens on such respondent by requiring the respondent to conduct ongoing monitoring and compliance activities with respect to the policies and procedures implemented in response to the requirements of the rule. The Commission staff estimates that both the initial burden and ongoing annual burden Rule 17Ad-22(e)(18) would impose on the one respondent that may register as a clearing agency and become subject the rule during the period covered by the PRA extension would be identical to the per-entity initial burden and ongoing burden estimated in the PRA analysis submitted in

¹⁶² This figure was 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.

¹⁶³ This figure was calculated as follows: Compliance Attorney for 7 hours.

connection with the 2016 Adopting Release (44 hours and 7 hours respectively). When annualized over three years, the estimated initial burden of 44 hours is equal to 14.67 hours per year.¹⁶⁴

Accordingly, the total estimated annual burden for the one respondent that is not a currently registered clearing agency is 21.67 hours,¹⁶⁵ and the total estimated annual burden for the six respondents that are currently registered as clearing agencies is 42 hours.¹⁶⁶ The total estimated annual burden for all seven respondents is 63.67 hours per year.¹⁶⁷

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

Rule 17Ad-22(e)(19) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

The PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(19) contains requirements that are not addressed in existing Rules 17Ad-22(b), (c), or (d). As a result, the Commission concluded that a respondent clearing agency would need to create policies and procedures to address the requirements in Rule 17Ad-22(e)(19). The Commission estimated that Rule 17Ad-22(e)(19) would impose a one-time burden of 44 hours per respondent to create such policies and procedures.¹⁶⁸

In addition, the PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(19) imposes ongoing burdens on a respondent clearing agency by requiring ongoing monitoring and compliance activities with respect to the written policies and procedures created in response to the rule. The Commission estimated that the ongoing activities required by Rule 17Ad-22(e)(19) would impose an annual burden on respondent clearing agencies of 7 hours per respondent.¹⁶⁹

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already adopted policies and procedures that generally comply with Rule 17Ad-22(e)(19). Therefore, the staff believes that the rule will not impose any initial burden on these six respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the staff estimates the per-respondent ongoing burden would be identical to the per-respondent ongoing burden included in the PRA analysis that was submitted in connection with the 2016 Adopting Release (7 hours per respondent).

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

¹⁶⁵ 14.67 hours of initial burden + 7 hours of ongoing burden = 21.67 hours.

¹⁶⁶ 7 hours per year x 6 respondents = 42 hours per year.

¹⁶⁷ 21.67 hours per year + 42 hours per year = 63.67 hours per year.

¹⁶⁸ This figure was 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.

¹⁶⁹ This figure was calculated as follows: Compliance Attorney for 7 hours.

The Commission staff believes that the one respondent that is not currently a registered clearing agency would need to create policies and procedures to address the requirements in Rule 17Ad-22(e)(19). Additionally, the Commission staff believes that Rule 17Ad-22(e)(19) would impose ongoing burdens on such respondent by requiring the respondent to conduct ongoing monitoring and compliance activities with respect to the policies and procedures implemented in response to the requirements of the rule. The Commission staff estimates that both the initial burden and ongoing annual burden Rule 17Ad-22(e)(19) would impose on the one respondent that may register as a clearing agency and become subject the rule during the period covered by the PRA extension would be identical to the per-entity initial burden and ongoing burden estimated in the PRA analysis submitted in connection with the 2016 Adopting Release (44 hours and 7 hours respectively). When annualized over three years, the estimated initial burden of 44 hours is equal to 14.67 hours per year.¹⁷⁰

Accordingly, the total estimated annual burden for the one respondent that is not a currently registered clearing agency is 21.67 hours,¹⁷¹ and the total estimated annual burden for the six respondents that are currently registered as clearing agencies is 42 hours.¹⁷² The total estimated annual burden on all seven respondents is 63.67 hours per year.¹⁷³

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

Rule 17Ad-22(e)(20) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

The PRA analysis submitted in connection with the 2016 Adopting Release explained that under Rule 17Ad-22(d)(7) clearing agencies were required to have written policies and procedures similar to the requirements in Rule 17Ad-22(e)(20). As a result, the 2016 PRA analysis stated that a respondent clearing agency may need to update existing policies and procedures to satisfy the requirements of Rule 17Ad-22(e)(20). The Commission estimated that the respondent clearing agencies would incur a one-time initial burden of 44 hours per respondent.¹⁷⁴

In addition, the PRA analysis submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(20) imposes ongoing burdens on a respondent clearing agency by requiring ongoing monitoring and compliance activities with respect to the written policies and procedures created in response to the rule. The Commission believed that the ongoing activities required by Rule 17Ad-22(e)

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

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

¹⁷² 7 hours year x 6 respondents = 42 hours per year.

¹⁷³ 21.67 hours per year + 42 hours per year = 63.67 hours per year.

¹⁷⁴ As discussed in the prior PRA supporting statement, this figure was calculated as follows: Assistant General Counsel for 10 hours + Compliance Attorney for 7 hours + Senior Business Analyst for 5 hours + Computer Operations Manager for 15 hours + Chief Compliance Officer for 5 hours + Senior Programmer for 2 hours = 44 hours.

(20) would impose an annual burden on respondent clearing agencies of approximately 7 hours per respondent.¹⁷⁵

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already adopted policies and procedures that generally comply with Rule 17Ad-22(e)(20). Therefore, the staff believes that the rule will not impose any initial burden on these six respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the staff estimates the per-respondent ongoing burden would be identical to the per-respondent ongoing burden provided in the PRA analysis that was submitted in connection with the 2016 Adopting Release (7 hours per respondent per year).

The Commission expects that the one respondent that is not currently a registered clearing agency will already have written rules, policies, and procedures that generally satisfy the requirements in Rule 17Ad-22(d)(7), and are similar to the requirements that are imposed under Rule 17Ad-22(e)(20). The staff believes that such respondent may need to review and update existing policies and procedures, as necessary, to satisfy the requirements of Rule 17Ad-22(e)(20).

The Commission staff estimates that both the initial burden and ongoing annual burden Rule 17Ad-22(e)(20) would impose on the one respondent that may register as a clearing agency and become subject the rule during the period covered by the PRA extension is identical to the per-entity initial burden and ongoing burden estimated in the PRA analysis submitted in connection with the 2016 Adopting Release (44 hours and 7 hours respectively). The initial burden of 44 hours is equal to 14.67 hours per year when annualized over three years.¹⁷⁶

Accordingly, the total estimated annual burden for the one respondent that is not a currently registered clearing agency is 21.67 hours,¹⁷⁷ and the total estimated annual burden for the six respondents that are currently registered as clearing agencies is 42 hours.¹⁷⁸ The total estimated annual burden for all seven respondents is 63.67 hours.¹⁷⁹

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

Rule 17Ad-22(e)(21) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

The PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(21) contains similar requirements to those under Rule 17Ad-22(d)(6), but also imposes additional requirements. As a result, the 2016 PRA analysis concluded that a respondent clearing agency would likely need to review and update existing policies and procedures, and may need to create

¹⁷⁵ This figure was calculated as follows: Compliance Attorney for 7 hours.

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

¹⁷⁷ 14.67 hours of initial burden (when annualized) + 7 hours of ongoing burden = 21.67 hours of total annual burden.

¹⁷⁸ 7 hours x 6 respondents = 42 hours.

¹⁷⁹ 21.67 hours per year + 42 hours per year = 63.67 hours per year.

policies and procedures to address the additional requirements, 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 estimated that respondent clearing agencies would incur a one-time burden of 32 hours per respondent to review and update existing policies and procedures and to create new policies and procedures, as necessary.¹⁸⁰

In addition, the PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(21) also imposes ongoing burdens on a respondent clearing agency by requiring ongoing monitoring and compliance activities with respect to the written policies and procedures created in response to the rule. The Commission estimated that the ongoing activities required by Rule 17Ad-22(e)(21) would impose an annual burden on respondent clearing agencies of 11 hours per respondent.¹⁸¹

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already adopted policies and procedures that generally comply with Rule 17Ad-22(e)(21). Therefore, the staff believes that the rule will not impose any initial burden on these six respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the staff estimates the per-respondent ongoing burden would be identical to the per-respondent ongoing burden estimate provided in the PRA analysis that was submitted in connection with the 2016 Adopting Release (11 hours per respondent).

The Commission staff believes that the one respondent that is not currently a registered clearing agency would already have established and implemented policies and procedures that generally comply with the requirements under Rule 17Ad-22(d)(6) prior to registering as a clearing agency, but such respondent would be required to conduct a review of, and update as necessary, current policies and procedures in order to ensure compliance with Rule 17Ad-22(e)(21). Additionally, the Commission staff believes that Rule 17Ad-22(e)(21) would impose ongoing burdens on such respondent by requiring the respondent to conduct ongoing monitoring and compliance activities with respect to the policies and procedures implemented in response to the requirements of the rule. The Commission staff estimates that both the initial burden and ongoing annual burden Rule 17Ad-22(e)(21) would impose on the one respondent that may register as a clearing agency and become subject the rule during the period covered by the PRA extension would be identical to the per-entity initial burden and ongoing burden estimated in the PRA analysis submitted in connection with the 2016 Adopting Release (32 hours and 11 hours respectively). When annualized over three years, the estimated initial burden of 32 hours is equal to 10.67 hours per year.¹⁸²

Accordingly, the total estimated annual burden for the one respondent that is not a currently registered clearing agency is 21.67 hours,¹⁸³ and the total estimated annual burden for the six respondents that are

¹⁸⁰ This figure was calculated as follows: Assistant General Counsel for 10 hours + Compliance Attorney for 7 hours + Senior Business Analyst for 5 hours + Computer Operations Manager for 10 hours = 32 hours.

¹⁸¹ This figure was calculated as follows: Compliance Attorney for 5 hours + Administrative Assistant for 3 hours + Senior Business Analyst for 3 hours = 11 hours.

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

¹⁸³ 10.67 hours of initial burden (when annualized) + 11 hours of ongoing burden = 21.67 hours of total annual burden.

currently registered clearing agencies is 66 hours.¹⁸⁴ The total estimated annual burden for all seven respondents is 87.67 hours per year.¹⁸⁵

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

Rule 17Ad-22(e)(22) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

The PRA analysis that was submitted in connection with the 2016 Adopting Release stated that while Rules 17Ad-22(b),(c), and (d) do not impose on respondent clearing agencies requirements similar to the requirements Rule 17Ad-22(e)(22), covered clearing agencies already used the relevant internationally accepted communications procedures and standards. Therefore, the Commission expected that a respondent clearing agency would need to make only limited changes to satisfy the requirements under Rule 17Ad-22(e)(22). The Commission estimated that the rule would impose a one-time burden on respondent clearing agencies of 24 hours per respondent to review and update existing policies and procedures.¹⁸⁶

In addition, the PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(22) also imposes ongoing burdens on a respondent clearing agency by requiring ongoing monitoring and compliance activities with respect to the written policies and procedures created in response to the rule. The Commission estimated that the ongoing activities required by Rule 17Ad-22(e)(22) would impose an annual burden on respondent clearing agencies of 5 hours per respondent.¹⁸⁷

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already adopted policies and procedures that generally comply with Rule 17Ad-22(e)(22). Therefore, the staff believes that the rule will not impose any initial burden on these six respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the staff estimates the per-respondent ongoing burden would be identical to the per-respondent ongoing burden included in the PRA analysis that was submitted in connection with the 2016 Adopting Release (5 hours per respondent per year).

The Commission expects that the one respondent that is not currently a registered clearing agency will, prior to registering and becoming subject to the requirements under Rule 17Ad-22, already have some written rules, policies, and procedures containing provisions similar to those required under Rule 17Ad-22(e)(22). However, the staff believes that such respondent may still need to review and update existing policies and procedures, where necessary, and create policies and procedures that satisfy the additional requirements under Rule 17Ad-22(e)(22).

¹⁸⁴ 11 hours per year x 6 respondents = 66 hours per year.

¹⁸⁵ 21.67 hours per year + 66 hours per year = 87.67 hours per year.

¹⁸⁶ This figure was 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.

¹⁸⁷ This figure was calculated as follows: Compliance Attorney for 5 hours.

The Commission staff estimates that both the initial burden and ongoing annual burden Rule 17Ad-22(e)(22) would impose on the one respondent that may register as a clearing agency and become subject the rule during the period covered by the PRA extension is identical to the per-entity initial burden and ongoing burden estimated in the PRA analysis submitted in connection with the 2016 Adopting Release (24 hours and 5 hours respectively). The estimated initial burden of 24 hours is equal to 8 hours per year when annualized over three years.¹⁸⁸

Accordingly, the total estimated annual burden for the one respondent that is not a currently registered clearing agency is 13 hours,¹⁸⁹ and the total estimated annual burden for the six respondents that are currently registered as clearing agencies is 30 hours.¹⁹⁰ The total estimated annual burden for all seven respondents is 43 hours per year.¹⁹¹

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

Rule 17Ad-22(e)(23) imposes a recordkeeping PRA burden and applies to seven respondent clearing agencies. The Commission staff's estimate of seven respondents includes six covered clearing agencies that are already registered with the Commission, and one additional respondent that may register with the Commission and become subject to the rule. The Commission staff estimates that the rule requires one response per entity annually.

The PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(23) contains similar requirements to Rule 17Ad-22(d)(9), but also imposes substantial new requirements. The PRA analysis concluded that for some provisions of Rule 17Ad-22(e)(23), a respondent clearing agency would be required to establish policies and procedures to address the additional requirements. Based on the similar policies and procedures requirements and the corresponding burden estimates previously made for Rule 17Ad-22(d)(9), the Commission estimated that respondent clearing agencies would incur a one-time burden of 138 hours per respondent to review and update existing policies and procedures and to create policies and procedures, as necessary.¹⁹²

In addition, the PRA analysis that was submitted in connection with the 2016 Adopting Release stated that Rule 17Ad-22(e)(23) also imposes ongoing burdens on a respondent clearing agency by requiring ongoing monitoring and compliance activities with respect to the written policies and procedures created in response to the rule. The Commission estimated that the ongoing activities required by Rule 17Ad-22(e)(23) would impose an annual burden on respondent clearing agencies of 34 hours per respondent.¹⁹³

The Commission staff believes that each of the six respondents that are currently registered as clearing agencies has already adopted policies and procedures that generally comply with Rule 17Ad-22(e)(23).

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

¹⁸⁹ 8 hours of initial burden (when annualized) + 5 hours of ongoing burden per year = 13 hours per year.

¹⁹⁰ 5 hours per year x 6 respondents = 30 hours per year.

¹⁹¹ 13 hours per year + 30 hours per year = 43 hours per year.

¹⁹² This figure was 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.

¹⁹³ This figure was calculated as follows: Compliance Attorney for 34 hours.

Therefore, the staff believes that the rule will not impose any initial burden on these six respondents. However, these respondents will continue to incur ongoing burdens associated with the rule, and the staff estimates the per-respondent ongoing burden would be identical to the per-respondent ongoing burden estimate provided in the PRA analysis that was submitted in connection with the 2016 Adopting Release (34 hours per respondent per year).

The Commission expects that the one respondent that is not currently a registered clearing agency will already have written rules, policies, and procedures that generally satisfy the requirements in Rule 17Ad-22(d)(9), and are similar to some of the requirements that are imposed under Rule 17Ad-22(e) (23), but will need to establish policies and procedures to address the additional requirements in Rule 17Ad-22(e)(23). In addition, the Commission staff believes that such respondent will need to conduct ongoing monitoring and compliance activities with respect to the written policies and procedures created in response to the rule.

The Commission staff estimates that both the initial burden and ongoing annual burden Rule 17Ad-22(e) (23) would impose on the one respondent that may register as a clearing agency and become subject the rule during the period covered by the PRA extension is identical to the per-entity initial burden and ongoing burden estimated in the PRA analysis submitted in connection with the 2016 Adopting Release (138 hours and 34 hours respectively). The initial burden estimate of 138 hours is equal to an initial burden of 46 hours when annualized over three years.¹⁹⁴

Accordingly, the total estimated annual burden for the one respondent that is not a currently registered clearing agency is 80 hours,¹⁹⁵ and the total estimated annual burden for the six respondents that are currently registered as clearing agencies is 204 hours.¹⁹⁶ The total estimated annual burden for all seven respondents is 284 hours per year.¹⁹⁷

ii. 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). For certain information collections, the table includes more than one row for the information collection (i.e., for the same rule). In such cases, the top row is intended to reflect the burden estimates for the respondents that are currently registered as clearing agencies, and the next row is intended to reflect the estimates for the respondent that is not a currently registered clearing agency. A third row provides the subtotals from the two rows above.

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

¹⁹⁵ 46 hours of initial burden per year (when annualized over 3 years) + 34 hours of ongoing burden per year = 80 hours per year.

¹⁹⁶ 34 hours per year x 6 respondents = 204 hours per year.

¹⁹⁷ 80 hours per year + 204 hours per year = 284 hours per year.

IC	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 Annual Industry Burden
8	17Ad-22(e)(1)	Recordkeeping	6	1	0	0	3	3	3	18
9	17Ad-22(e)(1)	Recordkeeping	1	1	8	2.67	3	5.67	5.67	5.67
	Subtotal		7							23.67
10	17Ad-22(e)(2)	Recordkeeping	6	1	0	0	5	5	5	30
11	17Ad-22(e)(2)	Recordkeeping	1	1	25	8.33	5	13.33	13.33	13.3
	Subtotal		7							43.3
12	17Ad-22(e)(3)	Recordkeeping	6	1	0	0	49	49	49	294
13	17Ad-22(e)(3)	Recordkeeping	1	1	57	19	49	68	68	68
	Subtotal		7							362
14	17Ad-22(e)(4)	Recordkeeping	6	1	0	0	62	62	62	372
15	17Ad-22(e)(4)	Recordkeeping	1	1	219	73	62	135	135	135
	Subtotal		7							507
16	17Ad-22(e)(5)	Recordkeeping	6	1	0	0	36	36	36	216
17	17Ad-22(e)(5)	Recordkeeping	1	1	42	14	36	50	50	50
	Subtotal		7							266
18	17Ad-22(e)(6)	Recordkeeping	5	1	0	0	60	60	60	300
19	17Ad-22(e)(6)	Recordkeeping	1	1	180	60	60	120	120	120
	Subtotal		6							420
20	17Ad-22(e)(7)	Recordkeeping	6	1	0	0	128	128	128	768
21	17Ad-22(e)(7)	Recordkeeping	1	1	330	110	128	238	238	238
	Subtotal		7							1,006
22	17Ad-22(e)(8)	Recordkeeping	6	1	0	0	5	5	5	30
23	17Ad-22(e)(8)	Recordkeeping	1	1	12	4	5	9	9	9
	Subtotal		7							39
24	17Ad-22(e)(9)	Recordkeeping	6	1	0	0	5	5	5	30

25	17Ad-22(e)(9)	Recordkeeping	1	1	12	4	5	9	9	9
	Subtotal		7							39
26	17Ad-22(e)(10)	Recordkeeping	6	1	0	0	5	5	5	30
27	17Ad-22(e)(10)	Recordkeeping	1	1	12	4	5	9	9	9
	Subtotal		7							39
28	17Ad-22(e)(11)	Recordkeeping	1	1	0	0	8	8	8	8
29	17Ad-22(e)(12)	Recordkeeping	6	1	0	0	5	5	5	30
30	17Ad-22(e)(12)	Recordkeeping	1	1	12	4	5	9	9	9
	Subtotal		7							39
31	17Ad-22(e)(13)	Recordkeeping	6	1	0		7	7	7	42
32	17Ad-22(e)(13)	Recordkeeping	1	1	41	13.67	7	20.67	20.67	20.67
	Subtotal		7							62.67
33	17Ad-22(e)(14)	Recordkeeping	2	1	0	0	6	6	6	12
34	17Ad-22(e)(14)	Recordkeeping	1	1	36	12	6	18	18	18
	Subtotal		3							30
35	17Ad-22(e)(15)	Recordkeeping	6	1	0	0	48	48	48	288
36	17Ad-22(e)(15)	Recordkeeping	1	1	210	70	48	118	118	118
	Subtotal		7							406
37	17Ad-22(e)(16)	Recordkeeping	6	1	0	0	6	12.67	12.67	36
38	17Ad-22(e)(16)	Recordkeeping	1	1	20	6.67	6	12.67	12.67	12.67
	Subtotal		7							48.67
39	17Ad-22(e)(17)	Recordkeeping	6	1	0	0	6	6	6	36
40	17Ad-22(e)(17)	Recordkeeping	1		28	9.33	6	15.33	15.33	15.33
	Subtotal		7							51.33
41	17Ad-22(e)(18)	Third Party Reporting	6	1	0	0	7	7	7	42
42	17Ad-22(e)(18)	Third-Party Reporting	1	1	44	14.67	7	21.67	21.67	21.67
	Subtotal		7							63.67
43	17Ad-22(e)(19)	Recordkeeping	6	1	0	0	7	7	7	42
44	17Ad-22(e)(19)	Recordkeeping	1	1	44	14.67	7	21.67	21.67	21.67

	Subtotal		7							63.67
45	17Ad-22(e)(20)	Recordkeeping	6	1	0	0	7	7	7	42
46	17Ad-22(e)(20)	Recordkeeping	1	1	44	14.67	7	21.67	21.67	21.67
	Subtotal		7							63.67
47	17Ad-22(e)(21)	Recordkeeping	6	1	0	0	11	11	11	66
48	17Ad-22(e)(21)	Recordkeeping	1	1	32	10.67	11	21.67	21.67	21.67
	Subtotal		7							87.67
49	17Ad-22(e)(22)	Recordkeeping	6	1	0	0	5	5	5	30
50	17Ad-22(e)(22)	Recordkeeping	1	1	24	8	5	13	13	13
	Subtotal		7							43
51	17Ad-22(e)(23)	Third-Party Reporting	6	1	0	0	34	34	34	204
52	17Ad-22(e)(23)	Third-Party Reporting	1	1	138	46	34	80	80	80
	Subtotal		7							284
Total Annual Burden Hours for All Respondents										3,996.32

13. Costs to Respondents

Requirements in Rule 17Ad-22(b)(4) that Impose Costs on Registered Clearing Agencies

The PRA analysis submitted in connection with the 2016 Adopting Release estimated that Rule 17Ad-22(b)(4) imposes an ongoing cost on all respondent CCPs for work on model validation. Based on its oversight of registered clearing agencies, the Commission estimated that respondent clearing agencies would hire a consulting firm that would dedicate two consultants to the project for a total period of 12 weeks. Accordingly, should respondent clearing agencies decide to hire external consultants to develop and implement Rule 17Ad-22(b)(4), the ongoing cost associated with hiring such consultants would be \$3,888,000 per year.¹⁹⁸ Based on the Commission staff's experience conducting regulatory oversight of clearing agencies subject to the rule, and the Commission staff's estimate that the number of respondents for the rule has not changed, the Commission staff believes that these estimates remain valid with respect to the period covered by the prospective PRA extension.

Requirements in Rule 17Ad-22(c)(2) that Impose Costs on Registered Clearing Agencies

Rule 17Ad-22(c)(2) requires each clearing agency to post on its website annual audited financial statements and, therefore, each registered clearing agency must use the services of a registered public accounting firm in order to comply with the rule. The PRA analysis submitted in connection with the 2016 Adopting Release estimated that those services would impose an ongoing cost of approximately

¹⁹⁸ This figure was calculated as follows: 2 Consultants for 30 hours per week at \$600 per hour = \$36,000 per week x 12 weeks = \$432,000 per clearing agency x 9 respondent CCPs = \$3,888,000. The \$600 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.

\$500,000 each year.¹⁹⁹ Therefore, the Commission estimated a total annual cost of approximately \$5,000,000.²⁰⁰ The Commission staff believes that these estimates remain valid with respect to the period covered by the prospective PRA extension.

Total Costs for Rules 17Ad-22(b) and (c)

The total annual cost for Rules 17Ad-22(b)(4) and (c)(2) is \$8,888,000.²⁰¹

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

IC	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
2	17Ad-22(b)(4)	Recordkeeping	9	1	0	0	432	432	432	3,888
5 & 6	17Ad-22(c)(2)	Third-Party	10	1	0	0	500	500	500	5,000
Total Cost for All Respondents (in thousands of dollars)										8,888

Requirements in Rule 17Ad-22(e) that Impose Costs on Covered Clearing Agencies

Rules 17Ad-22(e)(4) and (e)(7) include requirements for covered clearing agencies to have policies and procedures reasonably designed to test and validate models related to measuring financial risks. The PRA analysis submitted in connection with the 2016 Adopting Release stated that, based on the Commission’s 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). The Commission estimated that if each covered clearing agency chose to hire external consultants, the ongoing cost associated with hiring such consultants would be \$4,509,120 in the aggregate (annually).²⁰² However, the Commission also estimated that the annualized cost associated with Rules 17Ad-22(e)(4) and (e)(7) relating to risk model and validation would be \$3,006,080 or \$1,503,040 for each rule.²⁰³ Based on that

¹⁹⁹ A precise estimate of audit costs for clearing agencies cannot be made, and therefore, we examined a number of existing surveys, (see, e.g., surveys by CFO.com studying large and small public companies). While the costs may vary depending on the circumstances, we are using an estimate of \$500,000, which is on the upper range for an average cost.

²⁰⁰ This figure was calculated as follows: \$500,000 estimated cost of registered public accounting firm x 10 respondent clearing agencies = \$5,000,000.

²⁰¹ This figure was calculated as follows: \$3,888,000 (total annual cost for Rule 17Ad-22(b)(4)) + \$5,000,000 (total annual cost for Rule 17Ad-22(c)(2)) = \$8,888,000.

²⁰² 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 clearing agency x 7 covered clearing agencies = \$4,509,120. 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.

²⁰³ This figure was calculated as follows: based on the lower end of the estimated ranges \$0 (Year 1 cost) +

\$3,006,080 estimate, the Commission calculated that each rule would impose costs of \$214,720 per respondent per year.²⁰⁴

Since the submission of the supporting statement in connection with the 2016 Adopting Release, the Commission staff has had an opportunity further consider the cost estimates that the Commission originally submitted for Rules 17Ad-22(e)(4) and (e)(7), and the Commission staff now believes that the 2016 supporting statement incorrectly calculated the aggregate costs estimates of \$3,006,080 (or \$1,503,040 for each rule) per year, and the per-respondent cost estimate of \$214,720 per year. Specifically, the Commission staff believes that the annual cost estimate of \$3,006,080 was incorrect because it was calculated by adding together the annual costs for only the second and third years of the three-year period covered by the 2016 PRA submission. In other words, the Commission staff believes that the cost estimates should have been identical for years one, two and three, rather than \$0 for year one, and \$4,509,120 for each of years two and three.

The Commission staff believes that the Commission’s initial calculation of \$644,160 per respondent (for both rules combined) was correctly calculated, but the annual cost estimate for each rule should have been calculated by simply dividing the annual cost estimate for both rules in half. Using that approach, the Commission staff now estimates that the annual costs associated with Rules 17Ad-22(e)(4) and (e)(7) relating to risk model and validation to be \$322,080 per respondent for each rule.²⁰⁵

The total estimated annual burden associated with Rules 17Ad-22(e)(4) and (7) would therefore be \$4,509,120 (for both rules combined),²⁰⁶ or \$2,254,560 per rule.²⁰⁷

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

IC	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 Annual Industry Cost
14 & 15	17Ad-22(e)(4)	Recordkeeping	7	1	0	0	322.08	322.08	322.08	2,254.56

$\$4,509,120$ (Year 2 cost) + $\$4,509,120$ (Year 3 cost) = $\$9,018,240$ (estimated total cost for 3 years) ÷ 3 years = $\$3,006,080$. For the purposes of estimated 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.

²⁰⁴ $\$3,006,080 \div 7$ respondents = $\$429,440 \div 2$ (rules 17Ad-22(e)(4) and (e)(7)) = $\$214,720$.

²⁰⁵ This figure was calculated as follows: 2 Consultants for 40 hours per week at \$671 per hour = $\$53,680 \times 12$ 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.

²⁰⁶ This figure was calculated as follows: $\$644,160 \times 7$ respondents = $\$4,509,120$ total annual industry cost for both rules combined.

²⁰⁷ This figure was calculated as follows: $\$322,080$ annual cost per entity $\times 7$ respondents = $\$2,254,560$ total industry cost.

20 & 21	17Ad-22(e)(7)	Recordkeeping	7	1	0	0	322.08	322.08	322.08	2,254.56
Total Cost for All Respondents (in thousands of dollars)										4,509.12

14. Cost to Federal Government

No cost to the federal government is anticipated.

15. Changes in Burden

The burden estimates are lower than those in the 2016 Adopting Release. The specific reasons for these changes are explained in further detail above in the discussion regarding the burden estimates for each specific provision of Rule 17Ad-22. However, the lower estimate is primarily attributable to the fact that several of the respondent clearing agencies have already incurred either all or some of the initial burdens associated with the provisions of Rule 17Ad-22(e). At the time that the Commission adopted Rule 17Ad-22(e) in 2016, the respondents had not yet incurred these initial burdens. For that reason, the initial burden estimates for many of the provisions included in Rule 17Ad-22(e) are lower for the prospective PRA extension compared to those that were provided in the PRA analysis that was submitted in connection with the 2016 Adopting Release.

Separately, in contrast to the PRA analysis that was submitted in connection with the 2016 Adopting Release, the above analysis for the prospective PRA extension does not include burden estimates for Rule 17Ad-22(c) separate and apart from those that are provided for Rules 17Ad-22(c)(1) and (c)(2). Since the submission of the PRA analysis in the 2016 Adopting Release, the Commission staff has reconsidered the burden estimates that were previously provided for Rule 17Ad-22(c) and noted that the rule does not impose any requirements other than those separately accounted for in the PRA burden estimates provided for Rules 17Ad-22(c)(1) and (c)(2). As such, the Commission staff believes it is appropriate to include only the burden estimates for these two rules.

16. Information Collection Planned for Statistical Purposes

Not applicable. The information collection 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. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection of information does not involve statistical methods.