

**SUPPORTING STATEMENT**  
**for the Paperwork Reduction Act Information Collection Submission for**  
**Rule 17A-22**  
**OMB Control No. 3235-0130**

**A. JUSTIFICATION**

**1. Necessity of Information Collection**

As a result of the paperwork crisis that occurred in the late 1960s, during which the number of securities transactions exceeded the securities industry's capacity to process those transactions, Congress enacted the Securities Acts Amendments of 1975,<sup>2</sup> which amended the Securities Exchange Act of 1934 ("Exchange Act") in order to establish a national system for the prompt and accurate clearance and settlement of securities transactions.

As part of those amendments, Congress authorized and directed the Securities and Exchange Commission (the "Commission") to oversee clearing agencies, which play a central role in the development and functioning of the national clearance and settlement system. In 1980, the Commission adopted Rule 17a-22 (17 CFR 240.17a-22) under the Exchange Act pursuant to authority in Sections 2, 17, 17A, and 23(a) of the Exchange Act (15 U.S.C. Sections 78b, 78q, 78q-1, and 78w(a), respectively). The rule requires registered clearing agencies to file with the Commission copies of any materials (such as manuals, notices, circulars, bulletins, lists, and periodicals) that it issues or makes generally available to its participants and other interested persons.

**2. Purpose and Use of the Information Collection**

The Commission uses the information filed pursuant to Rule 17a-22 to determine whether a clearing agency (1) is implementing procedural or policy changes and, if so, to determine whether such changes are consistent with the purposes of Section 17A of the Exchange Act, and (2) has changed its rules without reporting the actual or prospective change to the Commission as required by Section 19(b) of the Exchange Act. Without Rule 17a-22, the Commission could not perform these duties as statutorily required.

**3. Consideration Given to Information Technology**

Rule 17a-22 requires registered clearing agencies to file three hard copies of any materials (such as manuals, notices, circulars, bulletins, lists, and periodicals) that it issues or makes generally available to its participants and other interested persons. Nonetheless, the clearing agencies typically utilize computer systems to identify and collect the required materials.

**4. Duplication**

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<sup>2</sup> Pub. L. No. 94-29, 89 Stat. 97 (June 4, 1975).

Rule 17a-22 requires duplicate filings when the Commission is not a registered clearing agency's "appropriate regulatory agency."<sup>3</sup> However, since the rule applies only to already published material, the additional cost of making such duplicative filing is minimal.

## **5. Effect on Small Entities**

No information is requested from small entities.

## **6. Consequences of Not Conducting Collection**

If information were collected less frequently, the Commission's ability to monitor compliance of registered clearing agencies would be weakened.

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

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

## **8. Consultations Outside the Agency**

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

## **9. Payment or Gift**

There were no payments or gifts to respondents.

## **10. Confidentiality**

Not applicable; no assurance of confidentiality is provided by Rule 17a-22.

## **11. Sensitive Questions**

Rule 17a-22 (extension) does not collect, process, store, or disseminate personally identifiable information. No questions of a sensitive nature are asked.

## **12. Burden of Information Collection**

Rule 17a-22 requires registered clearing agencies to file with the Commission copies of any materials (such as manuals, notices, circulars, bulletins, lists, and periodicals) that it issues or makes generally available to its participants and other interested persons. Thus, Rule 17a-22 imposes an ongoing reporting burden for registered clearing agencies.

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<sup>3</sup> "Appropriate regulatory agency" is defined in Section 3(a)(22) of the Exchange Act, 15 U.S.C. 78a22.

The Commission receives on average approximately 840 responses per year pursuant to Rule 17a-22. This figure is based upon the most recent responses from seven active registered clearing agencies for which the Commission has obtained data.<sup>4</sup> The most active clearing agency sent the Commission on average approximately 720 responses annually and the least active sent on average less than fifty.<sup>5</sup> We think that an average of 120 annual responses per active clearing agency is a reasonable figure. The Commission staff estimates that each response requires approximately .25 hours (fifteen minutes), which represents the time it takes for a staff person at the clearing agency to properly identify a document subject to the rule, print and make copies, and mail that document to the Commission. Thus, the total annual burden for all active clearing agencies is approximately 210 hours (7 active clearing agencies multiplied by 120 responses multiplied by .25 hours) and, on average, a total of approximately 30 hours (840 total responses multiplied by .25 hour, divided by 7 active clearing agencies) per year are expended by each respondent to comply with the rule.

<b>Rule</b>	<b>Burden Type</b>	<b>Number of Respondents</b>	<b>Number of Annual Responses Per Respondent</b>	<b>Time Per Response (Hours)</b>	<b>Total Burden Per Burden Type (Hours)</b>
<b>Rule 17a-22 (Initial Form 1 Filings)</b>	Periodic Reporting	7	120	.25	210
<b>Total Aggregate Burden</b>					<b>210</b>

### 13. Costs to Respondents

There are no capital or start-up costs and no ongoing operation and maintenance costs associated with this collection of information.

### 14. Costs to Federal Government

The annualized cost to the Federal Government is zero because the rule only requires normal full-time employees to review the materials.

### 15. Changes in Burden

The aggregate hour burden decreased from 350 hours to 210 hours because the estimated annual number of responses per respondent decreased from 200 to 120.

<sup>4</sup> There are nine registered clearing agencies, but only seven active clearing that are expected to submit filings pursuant to Exchange Act Rule 17a-22.

<sup>5</sup> In recent years we have noticed variability in the number of aggregate filings and the number of filings per clearing agency received by the Commission each year. Accordingly, for purposes of the PRA, we are averaging the approximate number of filings received for 2017 (the last year for which we have compiled data) by the number of active clearing agencies.

**16. Information Collection Planned for Statistical Purposes**

The collection of information is not used for statistical purposes.

**17. Display of OMB Approval 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 does not involve statistical methods.