

SUPPORTING STATEMENT
For the Paperwork Reduction Act New Information Collection Submission for
Rule 15c2-11 as Proposed to be Amended

OMB Control No. 3235-0202

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

A. Justification

1. Necessity of Information Collection

On September 13, 1971, effective December 13, 1971¹, the Commission adopted Rule 15c2-11 (17 CFR 240.15c2-11) (the “Rule”) under the Securities Exchange Act of 1934² to regulate the submission of quotations in a quotation medium by a broker-dealer for over-the-counter securities (“OTC securities”). The Rule is intended to prevent broker-dealers from publishing or submitting quotations for OTC securities that may facilitate a fraudulent or manipulative scheme. Subject to certain exceptions, the Rule prohibits broker-dealers from publishing or submitting a quotation for a security, or submitting a quotation for publication, in a quotation medium unless they have reviewed specified information concerning the issuer.

The Commission is proposing amendments³ (the “proposed amendments” or “proposed Rule”) that would focus the Rule more closely on those OTC securities that the Commission believes are more likely to be prone to fraud and manipulation by addressing the lack of

¹ See Initiation or Resumption of Quotations by a Broker or Dealer Who Lacks Certain Information, Exchange Act Rel. No. 34-9310 (Sept. 13, 1971), 36 FR 18641 (Sept. 18, 1971). The Rule was last substantively amended in 1991. See 56 FR 19148.

² 15 U.S.C. 78a et seq.

³ Publication or Submission of Quotations Without Specified Information, Exchange Act Rel. No. 34-87115 (Sept. 25, 2019), 84 FR 58206 (Oct. 30, 2019) (the “Release”).

transparency of some issuers. The Commission is also proposing amendments to reduce regulatory burdens on broker-dealers for quotations concerning OTC securities that appear to present lower risk.

The information collections in the proposed amendments are described in more detail below.⁴

| Information Collection | Provision of Proposed Rule Containing Recordkeeping Requirement |
|--|---|
| Recordkeeping associated with the initial publication or submission of a quotation in a quotation medium | 15c2-11(d)(1) |
| Recordkeeping when relying on an exception under proposed paragraph (f), that proposed paragraph (b) information is current and publicly available | 15c2-11(d)(2) |
| Recordkeeping obligations under unsolicited quotation exception under proposed paragraph (f)(2) | |
| Recordkeeping obligations concerning determining shell status under the proviso in proposed paragraph (f)(3)(iv)(B) | |
| Recordkeeping obligations for the exceptions under proposed paragraph (f)(5) – Asset Test | |
| Recordkeeping obligations for the exceptions under proposed paragraph (f)(5) – ADTV Test | |
| Recordkeeping obligations concerning reliance on an IDQS under proposed paragraph (f)(7) | 15c2-11(f)(8) |
| Recordkeeping obligations related to the creation of reasonable policies under proposed paragraph (f)(8) | |

2. Purpose and Use of the Information Collection

The information collections under the proposed amendments are intended to prevent broker-dealers from publishing or submitting quotations for OTC securities that may facilitate a fraudulent or manipulative scheme and to help ensure compliance with the Rule's exceptions.

3. Consideration Given to Information Technology

The proposed amendments seek to, among other things, better protect retail investors from incidents of fraud and manipulation in OTC securities by modernizing the Rule to be more efficient

⁴ See *infra*, Section 12.

and effective. Accordingly, the information collections are designed to incorporate advances in information technology and the internet that have occurred since the rule was last amended in 1991.⁵

The proposed Rule provides respondents with flexibility on when and how records should be kept⁶ and does not limit respondents to using forms of electronic storage which may become obsolete as new technology is developed. Accordingly, respondents will have the ability to utilize information technology to meet the requirements of the proposed Rule and will be permitted to utilize new future developments in technology in ways that may reduce burdens.

Additionally, the Commission leverages information technology to avoid redundant or unnecessary reporting and recordkeeping obligations in the proposed Rule. For example, obligations in paragraph (d)(1) and (d)(2) the proposed Rule, provide that paragraph (b) information is not required to be preserved if it is available on the Commission's Electronic Data Gathering, Analysis and Retrieval System ("EDGAR").⁷

Further, the proposed Rule modifies the requirement in the current Rule that a broker-dealer make the information that it obtained and reviewed as a part of the information collection associated with the publication or submission of quotations "reasonably available upon request" to investors seeking such information by permitting broker-dealers to direct the investors to the publicly-available information upon which the broker-dealer relied to comply with the requirement. With this

⁵ See e.g. Release at 58211.

⁶ See Release at 58246.

⁷ See proposed Rule 15c2-11(d)(2); Release at 58233-58234.

proposed amendment, the Commission is leveraging information technology to reduce the burden of the information collection requirement relative to the current Rule.⁸

4. Duplication

The information collection requirements under the current Rule and proposed amendments are not duplicated elsewhere.

5. Effect on Small Entities

The Commission believes that the Rule and proposed amendments impact the 89 broker-dealers that publish or submit quotations on OTC Markets Group's systems, one qualified IDQS and one national securities association. A broker-dealer is a small entity if it has total capital (net worth plus subordinated liabilities) of less than \$500,000 on the date in the prior fiscal year as of which its audited financial statements were prepared pursuant to §240.17a-5(d), and it is not affiliated with any person (other than a natural person) that is not a small business or small organization.

Based on a review of data involving the 89 broker-dealers that publish quotations for OTC securities, the Commission does not believe that any of the 89 broker-dealers impacted by the Rule are small entities under the above definition because they either exceed \$500,000 in total capital or are affiliated with a person that is not a small entity as defined in Rule 0-10. It is possible that in the future a small entity may become impacted by the Rule and the proposed amendments. Based on experience with broker-dealers that participate in this market, however, the Commission preliminarily believes that this scenario will be unlikely since firms that enter the market are likely to exceed \$500,000 in total capital or be affiliated with a person that is not a

⁸ See Release at 58233-58234.

small entity. Additionally, neither the one qualified IDQS nor the one national securities association are small entities. **Accordingly, zero small entities are effected by the proposed amendments.**

6. Consequences of Not Conducting Collection

The proposed amendments focus the Rule more closely on those OTC securities that the Commission believes are more likely to be prone to fraud and manipulation by addressing the lack of transparency of some issuers.⁹ The proposed amendments also reduce regulatory burdens on broker-dealers for quotations concerning OTC securities that appear to present lower risk.¹⁰

Without the information collection associated with the initial publication or submission of quotations it would be extremely difficult, if not impossible, for the Commission to determine that the information review requirements in paragraphs (a)-(c) have been met. Further, since the frequency of responses is dependent on the publication or submission of a quotation, it is not possible to decrease the frequency of the information collection while still subjecting respondents to the requirement.

Similarly, without the information collections associated with broker-dealers relying on an exception to the Rule broker-dealers have not had records regarding the basis of their reliance on an exception to the Rule it would be extremely difficult, if not impossible, for the Commission to determine whether broker-dealers are meeting the requirements of the exceptions during an examination.¹¹ As mentioned above, the proposed Rule provides broker-dealers with flexibility in

⁹ See Release at 58242.

¹⁰ Id.

¹¹ As noted in the Release, there have been instances during examinations where broker-dealers have not had records regarding the basis of their reliance on an exception to the existing Rule. See Release at 58233.

how they would create records to document reliance on an exception and that many of these records may not need to be created every time a broker-dealer publishes or submits a quotation relying on an exemption,¹² which limits the burden of the information collection.

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 Commission has issued a release soliciting comment on the new “collection of information” requirements and associated paperwork burdens. A copy of the release is attached. Comments on Commission releases are generally received from registrants, investors, and other market participants. In addition, the Commission and staff participate in ongoing dialogue with representatives of various market participants through public conferences, meetings and informal exchanges. Any comments received on this proposed rulemaking will be posted on the Commission’s public website, and made available through <http://www.sec.gov/rules/proposed.shtml>. The Commission will consider all comments received prior to publishing the final rule, and will explain in any adopting release how the final rule responds to such comments, in accordance with 5 C.F.R. 1320.11(f).”

9. Payment or Gift

Not applicable.

10. Confidentiality

Not applicable. Respondents receive no assurance of confidentiality.

11. Sensitive Questions

¹² See Release at 58246.

No information of a sensitive nature, including social security numbers, will be required under this proposed amendment. The information collection does not collect personally identifiable information (PII). 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 Collections

The commission estimates that the information collections in the rule, as proposed to be amended, will be as set forth in the chart below. A more detailed description of the information collections is immediately below the chart. The new collections are being proposed pursuant to the Commission's rulemaking authority and, accordingly, are categorized as a program change due to agency discretion.

| Summary of Hourly Burdens | | | | | | | | | | |
|--|----------------|-----------------------------|--|--|---|--|---------------------------------------|--------------------------------|-----------------------|----------------------------------|
| Name of Information Collection | Type of Burden | Number of Entities Impacted | Annual Responses per Entity per Response | 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 Industry Burden | Small Business Entities Affected |
| Recordkeeping Associated with the initial publication or submission of a Quotation in a Quotation Medium | Recordkeeping | 91 | 50 | 0 | 0 | 6.684 | 6.684 | 334.187 | 30,411 | 0 |
| Recordkeeping when relying on an exception under proposed paragraph (f), that proposed paragraph (b) information is current and publicly available | Recordkeeping | 91 | 1 | 1 | 0.33 | 581 | 581.33 | 581.33 | 52,901 | 0 |
| Recordkeeping obligations under unsolicited quotation exception under | Recordkeeping | 89 | 1 | 3 | 1 | 569.89 | 570.89 | 570.89 | 50,809 | 0 |

| | | | | | | | | | | |
|--|---------------|----|---|----|---|--------|--------|--------|----------------|---|
| proposed paragraph (f)(2) | | | | | | | | | | |
| Recordkeeping obligations concerning determining shell status under the <u>proviso</u> in proposed paragraph (f)(3)(iv)(B) | Recordkeeping | 91 | 1 | 3 | 1 | 677.8 | 678.8 | 678.8 | 61,771 | 0 |
| Recordkeeping obligations for the exceptions under proposed paragraph (f)(5) – Asset Test | Recordkeeping | 91 | 1 | 3 | 1 | 0.6167 | 1.6167 | 1.6169 | 147 | 0 |
| Recordkeeping obligations for the exceptions under proposed paragraph (f)(5) – ADTV Test | Recordkeeping | 91 | 1 | 0 | 0 | 155.4 | 155.4 | 155.4 | 14,141 | 0 |
| Recordkeeping obligations concerning reliance on an IDQS under proposed paragraph (f)(7) | Recordkeeping | 89 | 1 | 3 | 1 | 0.0167 | 0.0667 | 1.333 | 119 | 0 |
| Recordkeeping obligations related to the creation of reasonable Policies under proposed paragraph (f)(8) | Recordkeeping | 2 | 1 | 18 | 6 | 10 | 16 | 16 | 32 | 0 |
| TOTAL HOURLY BURDEN FOR ALL RESPONDENTS | | | | | | | | | 210,331 | |

a. Burden Associated with the Initial Publication or Submission of a Quotation in a Quotation Medium

Absent an exception, paragraph (a) of the current rule and proposed amendments requires broker-dealers to comply with an information review requirement prior to the initial publication or submission of a quotation for an OTC security. The Commission believes that the information

collections associated with the information review requirement involve conducting a review of and maintaining the required information.

The hourly burdens associated with the initial publication or submission of a quotation are estimated by multiplying the number of times the information review was completed in 2018 by the number of hours required to complete it and adjusted to account for the proposed amendments. The Commission estimates that it takes about three hours to review, record, and retain the information pertaining to prospectus issuers, Reg. A issuers, and reporting issuers, and seven hours to review, record, and retain the information pertaining to exempt foreign private issuers and catch-all issuers.¹³ Consistent with the currently approved burden for the Rule, the Commission is not estimating any initial burden for this requirement because it is unlikely that respondents would need to modify their systems or their training practices to comply with the information review requirement under the proposed amendments. **It is estimated that the total annualized industry-wide burden for this documentation requirement would be 30,411 hours for each year in the three-year approval period dispersed between 91 respondents.**¹⁴

¹³ The burden for all information reviews regardless of issuer type are added together in this discussion and combined into a single line item in the chart in this section to continue with conventions used in prior supporting statements. The “Summary of Hourly Burdens” chart below, therefore, uses a blended average number of ongoing burden per entity per response.

¹⁴ As further discussed in item 15 below, the Commission estimates that the total industry-wide burden associated with the initial publication or submission of a quotation for the information review of prospectus, Reg. A, or reporting issuers would be 1,473 hours. The Commission also estimates that the total industry-wide burden associated with the initial publication or submission of a quotation for the information review of exempt foreign private issuers or catch-all issuers would be 28,938 hours. 30,411 is the sum of these two estimates.

b. Recordkeeping Demonstrating that the Requirements of an Exception have been Met

Proposed paragraph (d)(2) would require that certain broker-dealers, qualified IDQs, or registered national securities associations preserve documents and information that demonstrate that the requirements for an exception under proposed paragraph (f) are met. The Commission believes that the requirement in these exceptions to have current and publicly available proposed paragraph (b) information would create ongoing recordkeeping burdens for respondents under proposed paragraph (d)(2). There are 9,913 unique issuers of quoted OTC securities for which broker-dealers would be required to maintain records to establish that proposed paragraph (b) information is current and publicly available.¹⁵ Of these 9,913 issuers, 3,320 are SEC/Reg. A/Bank Reporting Obligation issuers, 4,192 are exempt foreign private issuers, and 2,401 are catch-all issuers. It is estimated that it would take one minute to create documentation regarding the determination that the proposed paragraph (b) information is current and publicly available and that respondents would do so quarterly for SEC/Reg. A/bank reporting obligation issuers and foreign private issuers, bi-annually for catch-all issuers. Accordingly, each respondent would incur ongoing burden of 581¹⁶ hours on this task annually.¹⁷ The Commission believes that respondents already have systems and personnel in place to create these records, so the initial

¹⁵ See Release at 58252.

¹⁶ (3,320 SEC/Reg. A/Bank Reporting Obligation issuers x 1 minute x 4 responses per year) + (4,192 exempt foreign private issuers x 1 minute x 4 responses per year) + (2,401 catch-all issuers x 1 minute x 2 responses per year) = 581 hours.

¹⁷ Given the multiple steps, rounding, and small numbers involved in calculating this estimate, the Commission will show one response per entity in the “Summary of Hourly Burdens” chart below to ensure that the result in the “Total Industry Burden” column exactly matches the rounded number.

burden of putting procedures in place to ensure compliance with the proposed amendments would be limited to one hour of internal cost per broker-dealer, or 0.33 annualized hours. **It is therefore estimated that the total annualized industry-wide burden for this documentation requirement would be 52,901 hours for each year in the three-year approval period dispersed between 91 respondents.**

Proposed paragraph (f)(2)(ii) eliminates broker-dealers' reliance on the unsolicited quotation exception for certain company insiders if proposed paragraph (b) information is not current and publicly available, and the Commission believes that this proposed amendment would create ongoing recordkeeping burdens for broker-dealers relying on the unsolicited quotation exception. Based on data from OTC Markets Group, there were 3,043,214 quotations published in reliance on the unsolicited quotation exception in 2018. The Commission is including all unsolicited customer quotations in its estimate and estimating that the number would remain consistent on an annual basis for the purpose of this analysis. It is also estimated that it would take a respondent approximately one minute to create a record regarding such unsolicited quotation. Accordingly, it is estimated that, after rounding each respondent would incur ongoing burden of 569.89 hours¹⁸ on this requirement annually.¹⁹ The Commission believes that respondents would already have systems and personnel in place that they would use to create these records, so the initial burden of putting procedures in place to ensure compliance

¹⁸ (3,043,214 quotations x 1 minute) / 60 minutes = 50,720 hours for the industry. 5720 hours / 89 respondents = 569.89 hours.

¹⁹ Given the multiple steps, rounding, and small numbers involved in calculating this estimate, the Commission will show one response per entity in the "Summary of Hourly Burdens" chart below to ensure that the result in the "Total Industry Burden" column matches the estimated rounded number.

would be limited to three hours of internal cost per broker-dealer to reprogram systems and capture the record, or one annualized hour. Adding these together, **it is estimated that the total annualized industry-wide burden for this documentation requirement would be 50,809 hours for each year in the three-year approval period dispersed between 89 respondents.**

The proviso in proposed paragraph (f)(3)(ii) would eliminate eligibility for the piggyback exception for securities of issuers that are shell companies. The Commission estimates that respondents would spend one minute per issuer to identify shell companies quarterly and rely on this quarterly review for all quotations submitted concerning a particular issuer. As noted in the Release, there are 10,167 quoted OTC securities. Accordingly, each respondent would spend 677.8 hours²⁰ on this task annually.²¹ The Commission believes that respondents already have systems and personnel in place to create these records, so the initial burden of putting procedures in place to ensure compliance with the proposed amendments would be limited to three hours of internal cost or one annualized hour. **It is therefore estimated that the annualized total industry-wide burden for this documentation requirement would be 61,771 for each year in the three-year approval period dispersed between 91 respondents.**

It is estimated that there would be approximately 37 securities that would meet the proposed paragraph (f)(5) ADTV and asset tests. Specifically for the asset test, it is estimated it would take one minute to create documentation supporting respondents' reliance on this prong of the exception and that broker-dealers would do this once annually per issuer. Accordingly, each

²⁰ 10,167 securities x 1 minute x 4 responses per year = 667.8 hours.

²¹ Given the multiple steps, rounding, and small numbers involved in calculating this estimate, the Commission will show one response per entity in the Item 12 chart below to ensure that the result in the "Total Industry Burden" column matches the estimated rounded number.

respondent would spend roughly 0.6167 hours²² on this information collection annually.²³ The Commission believes that respondents would already have systems and personnel in place to create these records, so the initial burden of putting procedures in place to ensure compliance would be limited to three hours of internal cost per respondent, or one annualized hour. **It is therefore estimated that, after rounding, the annualized total industry-wide requirement would be 147 for each year in the three-year approval period dispersed between 91 respondents.**²⁴

Additionally, the Commission estimates that it would take one minute for a respondent to preserve documents and information that demonstrate that the requirements of the ADTV test have been met and that each respondent would do this 252 times a year.²⁵ **It is therefore estimated that there would be an ongoing burden of 14,141 hours²⁶ dispersed between 91 respondents.**²⁷

²² 37 securities x 1 minute = 0.6167 hours.

²³ Given the multiple steps, rounding, and small numbers involved in calculating this estimate, the Commission will show one response per entity in the “Summary of Hourly Burdens” chart below to ensure that the result in the “Total Industry Burden” column matches the estimated rounded number.

²⁴ 56 hours (ongoing industry burden) + 91 annualized hours (initial industry burden) = 147 hours.

²⁵ Given the multiple steps and rounding involved in calculating this estimate, the Commission will show one response per entity in the “Summary of Hourly Burdens” chart below to ensure that the result in the “Total Industry Burden” column matches the estimated rounded number.

²⁶ 37 securities x 252 days x 1 minute = 155.4 hours x 91 respondents = 14,141 hours.

²⁷ The Commission is not attributing any initial burden specifically to the ADTV test because it believes that the three hours of internal cost per respondent of initial burden attributed to the asset test will capture the initial burden for complying with the ADTV test because these are two necessary components of the same exception.

Proposed paragraph (f)(7) would except from the Rule’s issuer information and review and document collection provisions in proposed paragraphs (a) through (c), and (d)(1), the publication or submission, in a qualified IDQS, of a quotation concerning a security where that qualified IDQS complies with the requirements of proposed paragraphs (a) through (c) of the proposed Rule. The Commission conservatively estimates that respondents would conduct the required review for five percent of the exempt foreign private issuers that are quoted OTC securities and that each broker-dealer would document its reliance on the exception once per year per issuer. The information required to document compliance with the exception would be publicly available, so the Commission estimates that each respondent would spend approximately one minute creating each record. Accordingly, each respondent would spend roughly 0.33 hours²⁸ of ongoing annual burden on this documentation requirement.²⁹ The Commission believes that respondent would already have systems and personnel in place to create these records, so the initial burden of putting procedures in place to ensure compliance with the proposed amendments would be limited to three hours of internal cost per respondent, or one annualized hour. **It is therefore estimated that the annualized total industry-wide burden for this documentation requirement would be 119 hours for each year in the three-year approval period dispersed between 89 respondents.**

²⁸ 20 issuers x 1 minute = 0.33 hours.

²⁹ Given the multiple steps and rounding involved in calculating this estimate, the Commission will show one response per entity in the “Summary of Hourly Burdens” chart below to ensure that the result in the “Total Industry Burden” column matches the estimated rounded number.

c. Recordkeeping Associated with Reasonable Policies and Procedures of Qualified IDQSs and National Securities Associations

Under the proposed amendments, proposed paragraph (f)(8) would be contingent upon the qualified IDQS or registered national securities association representing that it has reasonably designed written policies and procedures to determine whether proposed paragraph (b) information is publicly available and current and the requirements of an exception under proposed paragraph (f) of this section are met. Accordingly, these entities would be required to update their written policies and procedures to make this representation. The Commission estimates that it would take two respondents approximately 18 hours of hours of internal cost per respondent, or six hours annualized. The Commission also estimates that the each respondent would have an ongoing annual burden of 10 hours each to review and update policies and procedures. Given the sophistication of the qualified IDQS and the registered national securities association, the Commission estimates that this burden would be borne internally. **It is therefore estimated that the annualized total industry-wide burden for this documentation requirement would be 32 hours for each year in the three-year approval period.**

13. Costs to Respondents

The Commission does not believe that respondents would incur any one-time start-up or ongoing operation or maintenance costs to comply with the current Rule or the proposed amendments.

14. Costs to the Federal Government

The Rule does not present a significant cost to the government because the government does not review the information collected by the respondents.

15. Changes in Burden

The proposed amendments modify the currently approved information collection associated with the initial publication or submission of quotations and also create new information collections. A chart summarizing the changes in burden is immediately below, and a more detailed description of the changes is below the chart.

| Summary of Changes in Burden | | | | |
|--|------------------------|--|------------------|---|
| Name of Information Collection | Annual Industry Burden | Annual Industry Burden Previously Approved | Change in Burden | Reason for Change |
| Recordkeeping Associated with the initial publication or submission of a Quotation in a Quotation Medium | 30,411 | 2,908 | 27,503 | Provisions of the proposed amendments impact the number of information reviews, so the burden has been updated accordingly. Provisions of the proposed amendments also require the renaming of this information collection. Further, while not modifying the numbers in this chart, the respondent count for this information collection has been corrected, as described in footnote 34. |

| | | | | |
|--|----------------|--------------|----------------|-----------------|
| Recordkeeping when relying on an exception under proposed paragraph (f), that proposed paragraph (b) information is current and publicly available | 52,901 | 0 | 52,901 | New Requirement |
| Recordkeeping obligations under unsolicited quotation exception under proposed paragraph (f)(2) | 50,809 | 0 | 50,809 | New Requirement |
| Recordkeeping obligations concerning determining shell status under the proviso in proposed paragraph (f)(3)(iv)(B) | 61,771 | 0 | 61,771 | New Requirement |
| Recordkeeping obligations for the exceptions under proposed paragraph (f)(5) – Asset Test | 147 | 0 | 147 | New Requirement |
| Recordkeeping obligations for the exceptions under proposed paragraph (f)(5) – ADTV Test | 14,141 | 0 | 14,141 | New Requirement |
| Recordkeeping obligations concerning reliance on an IDQS under proposed paragraph (f)(7) | 119 | 0 | 119 | New Requirement |
| Recordkeeping obligations related to the creation of reasonable Policies under proposed paragraph (f)(8) | 32 | 0 | 32 | New Requirement |
| TOTAL | 210,331 | 2,908 | 207,423 | |

a. Existing Information Collection

There is currently one approved information collection for the Rule. The proposed amendments change certain defined terms, so the name for this information collection has been changed from “Publication or submission of quotations without current information” to “Recordkeeping Associated with the initial publication or submission of a Quotation in a Quotation Medium” to reflect these changes. This revised name is also more descriptive of the actual requirements of the information collection.

As noted in section 12, broker-dealers file a Form 211 with FINRA when the Rule requires them to comply with the information review requirement. Given the alignment of this FINRA requirement and the Rule, the Commission has used the number of Forms 211 filed with FINRA multiplied by the estimated number of hours required to complete the information review to estimate the burdens associated with the information review requirement that is approved for the current Rule and also the incremental changes to burden resulting from the proposed amendments.³⁰ With respect to the burden hour estimate used to estimate the burden of each information review, the proposed amendments remove the disclosure requirement contained in the current Rule, so the Commission estimates that it takes about three hours to review, record, and retain the information pertaining to prospectus issuers, Reg. A issuers,

³⁰ For the purposes of estimating burdens, the Commission is utilizing more specific names to categorize the information reviews: “prospectus issuers, Reg. A issuers, or reporting issuers” is used in place of “reporting issuers” and “exempt foreign private issuers and catch-all issuers” is used in place of “non-reporting issuers.”

and reporting issuers, and seven hours to review, record, and retain the information pertaining to exempt foreign private issuers and catch-all issuers.³¹

The currently approved burden estimate for the information review requirement is 2,908 hours, which was calculated by adding estimates of 780 hours³² for information reviews concerning prospectus, Reg. A, or reporting issuers and 2,128 hours³³ for information reviews concerning foreign private issuers or catch-all issuers.³⁴

The Commission estimates that the proposed amendments would result in respondents conducting 491³⁵ information reviews in total concerning prospectus, Reg. A, or reporting issuers for a total burden of 1,473 hours.³⁶ The Commission also estimates that

³¹ The currently approved burden hour estimate attributes one hour to the disclosure requirements, so both of the burden hour estimate per information review has been reduced by one hour to account for the proposed amendments.

³² 195 information reviews x 4 hours = 780 hours.

³³ 266 information reviews x 8 hours = 2,128 hours.

³⁴ The currently approved information collection has a respondent count of 461 responding once annually. While the currently approved total burden is accurate, the number of respondents and annual responses per respondent were incorrectly entered into ROCIS. The numbers in this supporting statement correct that error.

³⁵ To estimate this number the Commission started with the number of 2018 information reviews concerning these issuers and adjusted for the proposed amendments as follows: 91 (2018 information reviews) + 402 (two-way priced quotation requirement) – 2 (exception for issuers that meet ADTV and Asset test) = 491 information reviews.

³⁶ 491 information reviews x 3 hours = 1,473.

the proposed amendments would result in respondents conducting 4,134³⁷ information reviews in total concerning foreign private issuers or catch-all issuers for a total of burden of 28,938 hours. **Adding these together, it is estimated that the proposed amendments would increase the burden for this information collection by 27,503 hours.**³⁸

b. New Information Collections

All of the other information collections associated with the proposed amendments are new. These information collections, which are described and estimated in section 12, have burdens of **52,901 hours** (proposed paragraph (b) information is current and publicly available), **50,809 hours** (unsolicited quotation exception), **61,771 hours** (determining shell status), **147 hours** (asset test), **14,141 hours** (ADTV Test), **119 hours** (reliance on an IDQS), and **32 hours** (creation of reasonable Policies under proposed paragraph (f)(8)).

³⁷ To estimate this number the Commission started with the number of 2018 information reviews concerning these issuers and adjusted for the proposed amendments as follows: 447 (2018 information reviews) + 477 (two-way priced quotations) + 3,211 (current publicly available proposed paragraph (b)(5) information) + -1 (exception for issuers that meet ADTV and Asset test) = 4,134 information reviews.

³⁸ The burden for all information reviews regardless of issuer type are added together in this discussion and combined into a single line item in the chart in this section to continue with conventions used in prior supporting statements.

16. Information Collection Planned for Statistical Purposes

Not applicable. There is no intention to publish the information for any purpose.

17. Approval to Omit OMB Expiration Date

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

18. Exceptions to Certification for Paperwork Reduction Act Submissions

This collection complies with the requirements in 5 CFR 1320.9.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.