

SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission for
Registration of Municipal Advisors

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

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) amended Section 15B of the Securities Exchange Act of 1934 (“Exchange Act”) to require municipal advisors to register with the Securities and Exchange Commission (the “Commission”). On September 20, 2013, the Commission adopted Rules 15Ba1-1 through 15Ba1-8 and 15Bc4-1 under the Exchange Act to establish the rules by which a municipal advisor must obtain, maintain, and terminate its registration with the Commission. In addition, the rules interpret the definition of the term “municipal advisor,” interpret the statutory exclusions from that definition, and provide certain additional regulatory exemptions.¹ The rules became effective on January 13, 2014; however, on January 13, 2014, the Commission temporarily stayed such rules until July 1, 2014.² Amendments to Form MA and Form MA-I designed to eliminate aspects of the forms that request filers to provide certain forms of personally identifiable information (“PII”), including Social Security numbers (“SSN”), dates of birth, or Foreign ID numbers became effective on May 14, 2018.³ Section 15B(a)(1) of the Exchange Act makes it unlawful for a municipal advisor to provide advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, or to undertake certain solicitations of a municipal entity or obligated person, unless the municipal advisor is registered with the Commission. The rules, among other things (i) require municipal advisors to file certain forms (i.e., Form MA, Form MA-A, Form MA/A, Form MA-I, Form MA-I/A, Form MA-NR, and Form MA-W) with the Commission to obtain, maintain, or terminate their registration with the Commission and maintain certain books and records in accordance with the Exchange Act, and (ii) set forth how certain entities may meet the requirements of the statutory exclusions or regulatory exemptions from the definition of “municipal advisor.”

¹ See Registration of Municipal Advisors, Exchange Act Release No. 70462 (September 20, 2013), 78 FR 67468 (November 12, 2013) (the “Release”). The Office of Management and Budget (“OMB”) control number is 3235-0681.

² See Registration of Municipal Advisors; Temporary Stay of Final Rule, Exchange Act Release No. 71288 (January 13, 2014), 79 FR 2777 (January 16, 2014). The OMB control number is 3235-0681.

³ See Amendments to Forms and Schedules To Remove Provision of Certain Personally Identifiable Information, Exchange Act Release No. 83097 (May 14, 2018), 83 FR 22190 (May 14, 2018). The OMB Control Number is 3235-0681.

Rule 15Ba1-2 requires each firm applying for registration with the Commission as a municipal advisor to file electronically with the Commission Form MA and, with respect to each natural person associated with the municipal advisor firm who engages in municipal advisory activities on its behalf, Form MA-I.

Rule 15Ba1-4 requires that notice of withdrawal from registration as a municipal advisor be filed electronically with the Commission on Form MA-W.

Rule 15Ba1-5 requires municipal advisors to amend Form MA annually; amend Form MA and Form MA-I whenever certain information previously provided therein becomes inaccurate; report succession of registration on Form MA; and amend Form MA-I to indicate that an individual is no longer an associated person of the municipal advisory firm filing the form or no longer engaged in municipal advisory activities on its behalf.

Rule 15Ba1-6 provides that each non-resident municipal advisor shall, at the time of its application, furnish to the Commission for itself and for each non-resident general partner, non-resident managing agent, and non-resident natural person associated with the municipal advisor who engages in municipal advisory activities on behalf of the municipal advisor Form MA-NR, which appoints an agent in the United States for the service of process, as well as an opinion of counsel on Form MA stating that the municipal advisor can, as a matter of law, provide the Commission with access to its books and records as required by law and submit to inspection and examination by the Commission.

Form MA-I requires each municipal advisory firm to obtain and retain a written consent to service of process from each natural person engaged in municipal advisory activities on its behalf.

Rule 15Ba1-8 requires all registered municipal advisors to maintain, for not less than five years, true, accurate, and current books and records relating to their municipal advisory activities.

Rule 15Ba1-1(d)(3)(vi) exempts from the definition of “municipal advisor” any person engaging in municipal advisory activities in a circumstance in which a municipal entity or obligated person is otherwise represented by an independent registered municipal advisor with respect to the same aspects of a municipal financial product or an issuance of municipal securities, provided that certain written requirements are satisfied.

Rule 15Ba1-1(h)(2) provides that in determining whether or not funds to be invested constitute “municipal escrow investments,” a person may rely on representations in writing made by a knowledgeable official of a municipal entity or obligated person whose funds are to be invested regarding the nature of such investments, provided that the person seeking to rely on such representations has a reasonable basis for such reliance.

Rule 15Ba1-1(m)(3) provides that in determining whether or not funds to be invested constitute “proceeds of municipal securities,” a person may rely on representations in writing made by a knowledgeable official of a municipal entity or obligated person whose funds are to

be invested regarding the nature of such funds, provided that the person seeking to rely on such representations has a reasonable basis for such reliance.

2. Purpose and Use of the Information Collection

Form MA and Form MA-I help ensure that the Commission can make information about municipal advisors transparent and easily accessible to the investing public, including municipal entities and obligated persons who engage municipal advisors; investors who may purchase securities from offerings in which municipal advisors participated; and other regulators. Further, the information provided on Form MA and Form MA-I expands the amount of publicly available information about municipal advisors and their associated persons, including conflicts of interest and disciplinary history. Although much of the information required by Form MA is already publicly available with respect to municipal advisors that are already registered with the Commission as investment advisers or broker-dealers, many municipal advisors that are not currently registered with the Commission in another capacity will make this information available for the first time. Consequently, the rules and forms allow municipal entities and obligated persons, as well as others, to become more fully informed about municipal advisors in a more efficient manner.

In addition, the requirement that each municipal advisory firm register with the Commission on Form MA and complete Form MA-I with respect to each natural person who is a person associated with the municipal advisor and engages in municipal advisory activities on its behalf will help ensure that the Commission has information to oversee respondents and their activities in the municipal securities market effectively. In particular, the information provided in Form MA will be used to determine whether to grant a municipal advisor's application for registration or to institute proceedings to determine whether registration should be denied. The information will also be used to focus examinations and aid in risk-based examinations. Moreover, Form MA and Form MA-I will enable the Commission to obtain an accurate estimate of the number of municipal advisors, by size and by municipal advisory activity; analyze data regarding the various types of municipal advisory activities; and evaluate the disciplinary history of all municipal advisors and associated persons, including regulatory, civil, and criminal proceedings.

The requirement that a municipal advisor file amendments to Form MA and Form MA-I will help ensure the availability of up-to-date information about municipal advisors and their associated persons. In addition, the requirement that a municipal advisor file Form MA-W to withdraw from registration will inform the Commission that a municipal advisor is no longer engaging in municipal advisory activities.

The requirement that a municipal advisor make and keep books and records, including written communications and records of associated persons, will help to ensure that records of the respondent's primary municipal advisory activities, as well as the activities of its associated persons, exist. The Commission and other regulators could potentially request books and records during an examination to evaluate the municipal advisor's compliance with the Exchange Act, the rules thereunder, and Municipal Securities Rulemaking Board ("MSRB") rules, as well as for other regulatory purposes.

The requirement that a non-resident municipal advisor complete Form MA-NR, and furnish Form MA-NR for its non-resident general partners, non-resident managing agents, and associated persons engaged in municipal advisory activities, will help minimize legal or logistical obstacles that the Commission may encounter when attempting to effect service, conserve Commission resources, and avoid potential conflicts of law. The requirement that a non-resident municipal advisor provide an opinion of counsel on Form MA will help ensure that such non-resident municipal advisor can provide access to its books and records and submit to inspection and examination by the Commission.

The requirement that certain written representations and disclosures be made in order for a person to be exempt from the definition of municipal advisor (where a municipal entity or obligated person is represented by an independent registered municipal advisor with respect to the same aspects of a municipal financial product or an issuance of municipal securities) will allow the Commission staff to determine whether a person engaging in municipal advisory activities has failed to register with the Commission. Further, the information will allow municipal entities and obligated persons to understand whether a person is acting as a municipal advisor. Similarly, the exceptions from the definitions of municipal escrow investments and proceeds of municipal securities for reasonable inquiries will allow the Commission staff to determine whether a person engaging in municipal advisory activities has failed to register with the Commission.

3. Consideration Given to Information Technology

The rules require applicants and registered municipal advisors to electronically file Forms MA, MA-I, MA-NR, and MA-W through the Commission's Electronic Data Gathering, Analysis, and Retrieval System ("EDGAR"). By requiring submission of information through EDGAR, Commission staff is able to efficiently retrieve and analyze the data it needs, which enhances the Commission's ability to effectively carry out its mission with respect to municipal advisory activities. Municipal entities, obligated persons, the general public, and others are also be able to access information about municipal advisors electronically through the Commission's EDGAR system and easily cross-reference information submitted through the Investment Adviser Registration Depository ("IARD") and the Central Registration Depository ("CRD") systems. Information submitted on Form MA and Form MA-I will also be tagged in XML format, which may improve the Commission staff's ability to retrieve and analyze data and could allow municipal entities and obligated persons to perform better research into municipal advisors.

The rules also require municipal advisors to make and keep books and records relating to its municipal advisory activities. Rule 15Ba1-8(d) permits municipal advisors to maintain and preserve the required records on electronic storage media.

4. Duplication

The Commission recognizes that some of the information that respondents would collect under the relevant registration forms and recordkeeping rules would overlap with information

previously collected under other registration regimes or recordkeeping rules. In adopting these rules, the Commission sought to design a registration process that is similar to other registration processes administered by the Commission. The rules are based on rules applicable to broker-dealers and investment advisers; similarly, Form MA is based on Form ADV and Form BD, and Form MA-I is based on Form U4. To the extent market participants are familiar with these existing registration processes, the Commission believes that using similar processes to register municipal advisors will create efficiencies for market participants. In addition, the rules permit municipal advisors, to the extent that the disclosures required on Form MA have been disclosed on Form ADV or BD, to incorporate such information by reference, which should reduce duplication and costs for some municipal advisors.

The Commission considered but decided not to create a separate registration program for entities that are already registered with the Commission in another capacity. The Commission does not believe that such an approach would achieve the goal of creating a registration system specific to municipal advisors. Form MA, while modeled primarily on Form ADV and Form BD, is designed to capture information regarding the activities of municipal advisors and the markets that they serve that would not otherwise be captured in other forms. This information will permit the Commission to decide whether to grant or deny an application for registration; to manage the Commission's regulatory and examination programs; and to make such information available to the MSRB to better inform its regulation of municipal advisors. In addition, having information about municipal advisors in a single location could improve the municipal advisor selection process.

Further, the Commission believes that, based on the expertise and experience of its enforcement and examinations staff, for purposes of regulation, it is appropriate to collect information regarding the financial industry and other activities of associated persons involved in the municipal securities market, including swap dealers, major swap participants, and engineers and engineering firms. The Commission believes that to allow investment advisers to register as municipal advisors using Form ADV would not provide comparable information about certain associated persons of municipal advisors.

In addition, requiring municipal advisors to file a registration form specifically tailored to their municipal advisory activities is consistent with the broader public interest to make available to the public information about municipal advisors. Absent a form specific to municipal advisors, a municipal entity or obligated person seeking information about a municipal advisor may not realize that the data was available on Form BD or Form ADV. The Commission believes that persons seeking to compile, compare, and analyze data pertaining to the entire universe of registered municipal advisors, and regulators overseeing compliance with the rules and regulations applicable to municipal advisors, should be able to access relevant information easily within one system.

With respect to the recordkeeping requirements, the Commission has reduced duplication by adopting recordkeeping requirements that are consistent with other regulations under the securities laws. The Commission determined not to create a unique recordkeeping requirement for municipal advisors because it expects that many entities already registered with the Commission in another capacity, such as investment advisers and broker-dealers, would likely

incur higher, and in many ways redundant, costs to comply with this type of regime. If the Commission established a unique recordkeeping requirement for municipal advisors, the Commission believes that many municipal advisors would incur higher costs due to the inability to leverage experience, systems, and practices developed to comply with the similar recordkeeping practices under federal securities law.

5. Effect on Small Entities

The Commission's rules do not define "small business" or "small organization" for purposes of municipal advisors. The Small Business Act ("SBA") defines small business, for purposes of entities that provide financial investments and related activities, as a business that had annual receipts of less than \$7 million during the preceding fiscal year and is not affiliated with any person that is not a small business or small organization.⁴ The Commission is using the SBA's definition of small business to define municipal advisors that are small entities for purposes of the RFA and estimates that there are approximately 363 municipal advisors currently registered with the Commission that are small entities, and expects that approximately 66 municipal advisors that would be required to register with the Commission during the next three years would be small entities subject to the final rules and forms.⁵

The Commission notes that municipal advisors are required by statute to register with the Commission. As such, the final rules and forms affect municipal advisors required to register with the Commission, including small entities. The Commission does not believe differing compliance or reporting requirements or an exemption from coverage of the final rules and forms, or any part thereof, for small entities would be appropriate or consistent with investor protection or with the Commission's understanding of Congress's intent to have the Commission register municipal advisors and oversee their activities. Because the Commission believes that the protections of Section 15B of the Exchange Act, as amended by Section 975 of the Dodd-Frank Act, are intended to apply equally to clients of both large and small municipal advisory firms, the Commission believes it would be inconsistent with the purposes of the Exchange Act to specify different requirements for municipal advisors that qualify as small entities under the rules. Thus, the rules are designed to impose only those burdens necessary to accomplish the objectives of the Dodd-Frank Act and minimize any significant adverse impact on small entities.

⁴ Under Section 601(3) of the Regulatory Flexibility Act ("RFA"), the term "small business" is defined as having "the same meaning as the term 'small business concern' under section 3 of the SBA, unless an agency, after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition(s) in the Federal Register."

⁵ The Commission estimates that 341 respondents to the collection of information for Form MA, Form MA-I, consent to service of process and the books and records requirement during the next three years will be small entities. In addition, the Commission estimates that 18 and one respondents to Form MA-W and Form MA-NR, respectively, will be small entities. Furthermore, the Commission estimates that none of the respondents to the collection of information required under Rules 15Ba1-1(d)(3)(vi), 15Ba1-1(h)(2) and 15Ba1-1(m)(3) will be small entities.

6. Consequences of Not Conducting Collection

The collection of information under the rules and forms is designed to establish a permanent registration regime and establish certain recordkeeping requirements for municipal advisors, as provided in Section 975 of the Dodd-Frank Act. The registration regime will allow the Commission to retrieve and analyze the data it needs more efficiently, which should enhance the Commission's ability to carry out its mission with respect to municipal advisory activities effectively. In addition, the registration regime could improve the process through which municipal entities and obligated persons select municipal advisors and incentivize municipal advisors not to engage in misconduct. Absent the collection of information, municipal advisors would not have a mechanism through which to satisfy the requirement in Section 15B of the Exchange Act that they register with the Commission. In addition, less frequent collection of this information would not allow the Commission and other regulators; municipal entities and obligated persons; or investors to access up-to-date information about municipal advisors.

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

Since Rule 15Ba1-5 requires registered municipal advisors to file amendments to Forms MA and MA-I if certain information contained in the forms become inaccurate, it is possible for a registered municipal advisor to report information to the Commission more often than quarterly. However, this collection of information is necessary to ensure that the Commission, municipal entities, obligated persons, as well as the public have access to current information regarding municipal advisors registered with the Commission.

Rule 15Ba1-8 requires registered municipal advisors to maintain and preserve books and records for a period of not less than five years, the first two in an easily accessible place. This rule is modeled on Exchange Act Rules 17a-3 and 17a-4, and Rule 204-2 under the Investment Advisers Act, and OMB has previously approved that collection with the same five-year retention period. This collection of information would help to ensure that records exist of the respondent's municipal advisory activities and of its associated persons, and that the records could be provided to the Commission and other regulators during an examination to evaluate the municipal advisor's compliance with the Exchange Act, the rules thereunder, and MSRB rules, as well as for other regulatory purposes.

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

Not applicable.

10. Confidentiality

To the extent the Commission receives confidential information pursuant to submissions on Form MA and Form MA-I, such information would be kept confidential, subject to the provisions of applicable law (e.g., Freedom of Information Act, 5 U.S.C. 552).

The Form MA and Form MA-I require applicants to report various addresses, which may include private residential addresses. However, where the forms request an address, the applicant is asked to indicate whether the address provided is a private residence and is advised that, if so, the applicant's private address would not be included in publicly available versions of the form.

11. Sensitive Questions

Form MA and Form MA-I no longer request applicants to submit SSNs, dates of birth, or foreign identification numbers effective May 14, 2018.⁶ The Form MA and Form MA-I require applicants to report various addresses, which may include private residential addresses. However, where the forms request an address, the applicant is asked to indicate whether the address provided is a private residence and is advised that, if so, the address would not be included in publicly available versions of the form. The treatment of confidential information in Forms MA and MA-I is consistent with the Federal Information Security Management Act of 2002 and the Privacy Act of 1974.

The Commission has also published a System of Records Notice for the collection of information relating to municipal advisors.⁷ In addition, a Privacy Impact Assessment ("PIA") has been completed for the EDGAR system.⁸

12. Burden of Information Collection

- a. Rule 15Ba1-2: Registration of Municipal Advisors and Information Regarding Certain Natural Persons
 - i. Form MA: Application for Municipal Advisor Registration

The initial application for municipal advisor registration under Form MA is a one-time reporting burden. The Commission estimates this collection of information would apply to approximately 35 new municipal advisory firms that will submit a Form MA each year.⁹ This estimate is based on registration data for fiscal years 2017, 2018 and 2019. Over the three years of the information collection, the total estimated number of Form MA applicants would be 105, or 35

⁶ See supra note 3.

⁷ See Municipal Advisor Records (August 23, 2010, 75 FR 51854), available at <http://www.sec.gov/about/privacy/sorn/secsorn61.pdf>.

⁸ The PIA has been included in the PRA submission to OMB.

⁹ The estimate is derived by averaging the number of Form MA filings over the last three years and rounding up. There were 39 Form MA submissions in 2017, 34 Form MA submissions in 2018, and 30 Form MA submissions in 2019.

per year.¹⁰ The Commission estimates that the average amount of time for a municipal advisory firm to complete Form MA would be 3.5 hours. This figure is based on the estimated average amount of time for a municipal advisory firm to complete Form MA and the estimated average amount of time for an investment adviser to complete Part 1A of Form ADV. Thus, the Commission estimates that the aggregate annual reporting burden placed on Form MA applicants will be approximately 123 hours.¹¹

In addition, municipal advisory firms will need to complete amendments to Form MA. Amendments to registration are ongoing annual reporting burdens. The Commission estimates that this collection of information would apply to up to approximately 640 municipal advisory firms, including sole proprietors, during the next three years.¹² The Commission estimates that the average amount of time for a municipal advisor to prepare an annual amendment to Form MA, would be 1.5 hours. The Commission further estimates that the average amount of time necessary to prepare any interim updating amendment to Form MA other than the required annual amendment would be 0.5 hours. This figure is based on the burden estimates for an interim updating amendment for Form ADV. The Commission estimates that each municipal advisor would likely amend Form MA two times during the year – one annual amendment and one interim updating amendment. Thus, the Commission estimates that for the total annual reporting burden to amend Form MA would be

¹⁰ 35 (estimated number of Form MA applicants, year one) + 35 (estimated number of Form MA applicants, year two) + 35 (estimated number of Form MA applicants, year three) = 105.

¹¹ 35 (estimated number of Form MA applicants per year) x 3.5 hours (average time required to submit a completed Form MA) = 122.5 hours.

¹² 535 (estimated number of municipal advisors registered with the Commission as of December 31, 2019) + 35 (estimated number of Form MA applicants, year one) + 35 (estimated number of Form MA applicants, year two) + 35 (estimated number of Form MA applicants, year three) = 640.

1,140 hours in year one;¹³ 1,210 hours in year two;¹⁴ and 1,280 in year three.¹⁵ The annual reporting burden per respondent to amend Form MA per year is 2.0 hours.

In summary, the Commission estimates that, over a three-year period, the total reporting burden for the completion, amendment and submission of Form MA would be 3,998 hours,¹⁶ or 1,333 hours per year when annualized over three years. The average reporting burden per respondent would be approximately 6.61 hours,¹⁷ or approximately 2.20 hours per year when annualized over three years.

ii. Form MA-I: Information Regarding Natural Persons Who Engage in Municipal Advisory Activities

The initial completion of Form MA-I for each natural person who is a person associated with a municipal advisor on Form MA-I is a one-time reporting burden. The Commission estimates that municipal advisors would need to submit a new Form MA-I for approximately 570 individuals annually.¹⁸ This estimate is based on existing MA-I submission data. Over the three years of the information collection, the total estimated number of Form MA-I submissions would be

¹³ $((570 \text{ (number of municipal advisors required to submit an annual amendment to Form MA in year one)} \times 1.5 \text{ hours (average estimated time to prepare an annual amendment to Form MA)}) \times 1.0 \text{ (number of annual amendments per year)}) + ((570 \text{ (number of municipal advisors required to submit an interim updating amendment to Form MA in year one)} \times 0.5 \text{ hours (average estimated time to prepare an interim updating amendment to Form MA)}) \times 1.0 \text{ (number of interim updating amendments per year)}) = 1,140 \text{ hours.}$

¹⁴ $((605 \text{ (number of municipal advisors required to submit an annual amendment to Form MA in year two)} \times 1.5 \text{ hours (average estimated time to prepare an annual amendment to Form MA)}) \times 1.0 \text{ (number of annual amendments per year)}) + ((605 \text{ (number of municipal advisors required to submit an interim updating amendment to Form MA in year two)} \times 0.5 \text{ hours (average estimated time to prepare an interim updating amendment to Form MA)}) \times 1.0 \text{ (number of interim updating amendments per year)}) = 1,210 \text{ hours.}$

¹⁵ $((640 \text{ (number of municipal advisors required to submit an annual amendment to Form MA in year three)} \times 1.5 \text{ hours (average estimated time to prepare an annual amendment to Form MA)}) \times 1.0 \text{ (number of annual amendments per year)}) + ((640 \text{ (number of municipal advisors required to submit an interim updating amendment to Form MA in year three)} \times 0.5 \text{ hours (average estimated time to prepare an interim updating amendment to Form MA)}) \times 1.0 \text{ (number of interim updating amendments per year)}) = 1,280 \text{ hours.}$

¹⁶ $(105 \text{ (municipal advisory firms required to file Form MA, over three years)} \times 3.5 \text{ hours (average estimated time to complete Form MA)}) + 3,630 \text{ (total reporting burden to amend Form MA, over three years)} = 3,997.5 \text{ hours.}$

¹⁷ $3,998 \text{ (estimated average total burden to complete and amend Form MA, annually)} \div 605 \text{ (estimated average number of respondents annually)} = 6.61 \text{ hours.}$

¹⁸ The estimate is derived by averaging the number of Form MA-I submissions over the last three years. There were 619 Form MA-I submissions in 2017, 466 Form MA-I submissions in 2018, and 624 Form MA-I submissions in 2019.

approximately 1,710.¹⁹ The Commission estimates that the average amount of time for a municipal advisory firm to complete each Form MA-I would be three hours. Accordingly, the Commission estimates that respondents will spend approximately 5,130 hours completing Form MA-I over the three-year period. The estimated average annual reporting burden per respondent to submit new Form MA-Is is approximately 2.83 hours.²⁰

In addition, municipal advisory firms will need to complete amendments to Form MA-I. As discussed above, as of December 31, 2019, there were approximately 535 municipal advisors registered with the Commission, and the Commission estimates that approximately 105 firms will submit Form MA applications over the next three years.²¹ These firms would need to prepare amendments to Form MA-I for the approximately 3,955 associated persons in year one,²² 4,525 associated persons in year two,²³ and 5,095 associated persons in year three.²⁴ In addition, the Commission estimates that the annual average amount of time for a municipal advisory firm to complete an updating amendment to Form MA-I would be 0.5 hours. During Fiscal Years 2018 and 2019, municipal advisors submitted approximately 0.37 Form MA-I amendments for each Form MA-I on file or, approximately, 1,416 Form MA-I amendments per year.²⁵ The Commission, however, expects that as the municipal advisor registration regime matures firms will file an increasing number of Form MA-I amendments. As a result, the Commission estimates that a Form MA-I respondent would submit an average of 2.95 updating amendments per year.²⁶ Thus, the

¹⁹ 570 (estimated number of Form MA-I submissions, year one) + 570 (estimated number of Form MA-I submissions, year two) + 570 (estimated number of Form MA-I submissions, year three) = 1,710.

²⁰ $((1,710 \text{ (estimated total burden to complete Form MA-I, year one)} \div 570 \text{ (estimated number of respondents, year one)}) + (1,710 \text{ (estimated total burden to complete Form MA-I, year two)} \div 605 \text{ (estimated number of respondents, year two)}) + (1,710 \text{ (estimated total burden to complete Form MA-I, year three)} \div 640 \text{ (estimated number of respondents, year three)})) \div 3 = 2.83 \text{ hours.}$

²¹ See *supra* note 12.

²² 3,385 (estimated number of Form MA-I submissions on file with the Commission as of December 31, 2019) + 570 (estimated number of Form MA-I submissions, year one) = 3,955.

²³ 3,955 (estimated number of MA-I submissions on file with the Commission after year one) + 570 (estimated number of MA-I submissions, year two) = 4,525.

²⁴ 4,525 (estimated number of Form MA-I submissions on file with the Commission after year two) + 570 (estimated number of MA-I submissions, year three) = 5,095.

²⁵ $(1,398 \text{ (number of MA-I/As filed in Fiscal Year 2018)} + 1,435 \text{ (number of MA-I/As filed in Fiscal Year 2019)}) \div 7,560 \text{ (estimated total number of MA-Is on file with the Commission as of December 31, 2019)} = 0.37.$

²⁶ The estimate is derived by averaging the number of updating amendments submitted by respondents over the last three years. In 2017, the average number is 2,078 Form MA-I/A / 574 municipal advisors = 3.62. In 2018 the average number is 1,398 Form MA-I/A / 555 municipal advisors = 2.52. In 2019, the average number is 1,442 Form MA-I/A / 535 municipal advisors = 2.70. Averaging the average number of updating amendments for

Commission estimates that the total annual burden municipal advisors will incur to prepare updating amendments to Form MA-I would be approximately 5,834 hours in year one,²⁷ 6,674 hours in year two,²⁸ and 7,515 hours in year three,²⁹ or approximately 20,023 hours over a three-year period. This results in an estimated average annual reporting burden of 11 hours per respondent.³⁰

In summary, the Commission estimates that, over a three-year period, the total reporting burden for the completion, amendment and submission of Form MA-I would be 25,153 hours,³¹ or 8,384 hours per year when annualized over three years. The average reporting burden per respondent would be approximately 41.58 hours,³² or approximately 13.86 hours per year when annualized over three years.

b. Form MA-W: Notice of Withdrawal from Registration as a Municipal Advisor

Withdrawal from municipal advisor registration is a one-time reporting burden. The Commission estimates that there would be approximately 46 withdrawals from Form MA

the last three years: $3.62 (2017) + 2.52 (2018) + 2.70 (2019) / 3 = 2.95$ updating amendments per year.

²⁷ $(3,955 (estimated\ number\ of\ associated\ persons\ for\ whom\ updating\ amendments\ to\ Form\ MA-I\ would\ need\ to\ be\ filed,\ year\ one) \times 2.95 (average\ number\ of\ amendments\ per\ year)) \times (0.50\ hours\ (average\ estimated\ time\ to\ prepare\ an\ updating\ amendment\ to\ Form\ MA-I)) = 5,833.625$ hours per year.

²⁸ $(4,525 (estimated\ number\ of\ associated\ persons\ for\ whom\ updating\ amendments\ to\ Form\ MA-I\ would\ need\ to\ be\ filed,\ year\ two) \times 2.95 (average\ number\ of\ amendments\ per\ year)) \times (0.50\ hours\ (average\ estimated\ time\ to\ prepare\ an\ updating\ amendment\ to\ Form\ MA-I)) = 6,674.375$ hours per year.

²⁹ $(5,095 (estimated\ number\ of\ associated\ persons\ for\ whom\ updating\ amendments\ to\ Form\ MA-I\ would\ need\ to\ be\ filed,\ year\ three) \times 2.95 (average\ number\ of\ amendments\ per\ year)) \times (0.50\ hours\ (average\ estimated\ time\ to\ prepare\ an\ updating\ amendment\ to\ Form\ MA-I)) = 7,515.125$ hours per year.

³⁰ $((5,834\ hours\ (estimated\ total\ annual\ reporting\ burden\ for\ Form\ MA-I\ amendments,\ year\ one) \div 570 (estimated\ number\ of\ respondents\ required\ to\ amend\ Form\ MA-I,\ year\ one)) + (6,674 (estimated\ total\ annual\ reporting\ burden\ for\ Form\ MA-I\ amendments,\ year\ two) \div 605 (estimated\ number\ of\ respondents\ required\ to\ amend\ Form\ MA-I,\ year\ two)) + (7,515 (estimated\ total\ annual\ reporting\ burden\ for\ Form\ MA-I\ amendments,\ year\ three) \div 640 (estimated\ number\ of\ respondents\ required\ to\ amend\ Form\ MA-I,\ year\ three))) \div 3 = 11$ hours.

³¹ $5,130 (estimated\ total\ burden\ to\ complete\ and\ file\ Form\ MA-Is\ during\ three-year\ period) + 20,023 (estimated\ total\ burden\ to\ complete\ and\ file\ Form\ MA-I\ amendments\ during\ three-year\ period) = 25,153$ hours.

³² $25,153\ hours\ (average\ annual\ total\ burden\ to\ complete\ and\ amend\ Form\ MA-I,\ over\ three\ years) \div 605 (average\ number\ of\ respondents,\ over\ three\ years) = 41.58$ hours.

registration annually.³³ Over the three years of the information collection, the total estimated number of Form MA-W applicants would be 138.³⁴

The Commission estimates that the average amount of time for a municipal advisor to complete Form MA-W would be 0.5 hours.

In summary, the Commission estimates that, over a three-year period, the total one-time reporting burden for the completion of Form MA-W would be 69 hours,³⁵ or approximately 23 hours per year when annualized over three years. The one-time reporting burden would be 0.5 hours per respondent.³⁶

c. Form MA-NR: Designation of U.S. Agent for Service of Process for Non-Resident

The designation of a U.S. agent for service of process is a one-time reporting burden. The Commission estimates that three municipal advisors will have a non-resident general partner, non-resident managing agent, or non-resident associated person and such advisors will submit a total of approximately five Form MA-NRs annually.³⁷ These estimates are based on existing municipal advisor registration data. Over three years, the nine non-resident municipal advisor respondents would file approximately 15 Form MA-NRs.³⁸

The Commission estimates that the average amount of time to complete Form MA-NR would be 1.5 hours. This figure is based on the burden estimates for completing Form ADV-NR. Thus, the Commission estimates that the total annual burden to complete Form MA-NR would be approximately 22.5 hours,³⁹ or approximately 7.5 hours per respondent annually.⁴⁰

³³ The estimate of 46 Form MA-W submissions is derived by averaging the number of Form MA-W submissions over the last two years. There were 46 Form MA-W submissions in 2018 and 2019 respectively. The filing number from 2017 was omitted because an abnormally large number of Form MA-W submissions were submitted (116 submissions in 2017).

³⁴ 46 (estimated number of Form MA-W submissions, year one) + 46 (estimated number of Form MA-W submissions, year two) + 46 (estimated number of Form MA-W submissions, year three) = 138 .

³⁵ 138 (estimated number of Form MA-W submissions, over three years) \times 0.5 hours (average estimated time to complete Form MA-W) = 69 hours.

³⁶ 69 hours (total burden to complete Form MA-W, over three years) \div 138 (total number of MA-W submissions, over three years) = 0.5 hours.

³⁷ The estimate is derived by averaging the number of Form MA-NR submissions over the last three years. There were seven Form MA-NR submissions in 2017, four Form MA-NR submissions in 2018, and five Form MA-NR submissions in 2019.

³⁸ 5 (estimated number of Form MA-NR submissions, year one) + 5 (estimated number of Form MA-NR submissions, year two) + 5 (estimated number of Form MA-NR submissions, year three) = 15 .

In addition, each non-resident municipal advisor must provide an opinion of counsel on Form MA. The Commission estimates that the average annual reporting burden to provide an opinion of counsel would be three hours. The Commission estimates that the total annual burden to provide the opinions of counsel would be approximately nine hours, or 27 hours over the three-year period.⁴¹

In summary, the Commission estimates that, over a three-year period, the total reporting burden for the completion of Form MA-NR would be approximately 49.5 hours,⁴² or approximately 16.5 hours per year when annualized over three years. The reporting burden per respondent would be approximately 5.5 hours, or approximately 1.83 hours per year when annualized over three years.⁴³

d. Consent to Service of Process from Certain Associated Persons

The consent to service of process for certain associated persons is a one-time recordkeeping burden. Over three years, the Commission estimates that 105 new municipal advisory firms will need to complete a written consent to service of process from each natural person engaged in municipal advisory activities on their behalf.⁴⁴ The Commission estimates that each municipal advisory firm would spend approximately one hour to draft a template document to use in obtaining the written consents to service of process, amounting to an initial, one-time burden of approximately 105 hours.⁴⁵

³⁹ (5 (estimated Form MA-NR submissions each year) × 3 (estimated number of respondents each year)) × 1.5 hours (average estimated time to complete Form MA-NR) = 22.5 hours.

⁴⁰ 22.5 hours (estimated total annual burden to complete and file Form MA-NRs) ÷ 3 (estimated number of respondents, annually) = 7.5 hours.

⁴¹ 3 (non-resident municipal advisory firms expected to provide opinion of counsel, annually) × 3.0 hours (average estimated time to provide an opinion of counsel) = 9 hours.

⁴² 22.5 hours (total burden to complete Form MA-NR) + 27 hours (total burden to provide opinions of counsel) = 49.5 hours.

⁴³ 16.5 (estimated annual burden to complete Form MA-NR and opinion of counsel) ÷ 3 (estimated number of non-resident municipal advisory firms) = 5.5 hours.

⁴⁴ Rule 15Ba1-8(a)(8) requires each municipal advisory firm to retain written consents to service of process from each natural person who is a person associated with the municipal advisor and engages in municipal advisory activities solely on behalf of such registered municipal advisor.

⁴⁵ 105 (estimated number of applicants for municipal advisor registration over the three-year period) × 1.0 hour (estimated time required to draft a template to use in obtaining the written consents to service of process) = 105 hours.

In addition to the one-time burden borne by municipal advisory firms that register with the Commission during the three-year period, the Commission estimates that municipal advisory firms would spend approximately 171 hours over the three-year period obtaining written consents from their associated persons.⁴⁶ Based on existing registration data, the Commission estimates that approximately 92.4 of the 171 hours municipal advisory firms will spend obtaining written consents will be borne by newly registered firms, while approximately 78.6 of such hours will be borne by municipal advisory firms currently registered with the Commission.⁴⁷

In summary, the Commission estimates that, over a three-year period, the total recordkeeping burden for all municipal advisory firms to obtain written consents to service of process from each natural person engaged in municipal advisory activities on their behalf would be 276 hours,⁴⁸ or 92 hours per year when annualized over three years. The reporting burden per respondent would be approximately 0.46 hours,⁴⁹ or approximately 0.15 hours per year when annualized over three years.

e. Rule 15Ba1-8: Books and Records to Be Made and Maintained by Municipal Advisors

⁴⁶ (570 (estimated number of Form MA-I submissions, year one) + 570 (estimated number of Form MA-I submissions, year two) + 570 (estimated number of Form MA-I submissions, year three)) × 0.10 hours (estimated time required to obtain the written consents to service of process) = 171 hours.

⁴⁷ Current registration data indicate that the average number of associated persons per municipal advisory firm is approximately 8.81. Accordingly, based on the Commission's assumption it will receive 35 new Form MA applications per year over the three-year period, those new applicants will also submit approximately 308 new Form MA-Is per year over the three-year period (35 number of new Form MA applications, annually) x 8.81 (average number of associated persons per municipal advisory firm) = 308.

(308 (estimated number of Form MA-I submissions by new registrants, year 1) + 308 (estimated number of Form MA-I submission by new registrants, year 2) + 308 (estimated number of Form MA-I submissions by new registrants, year 3)) x 0.10 hours (estimated time required to obtain the written consents to service of process) = 92.4 hours.

⁴⁸ 92 hours (estimated burden for all municipal advisory firms to obtain written consents to service of process from each natural person engaged in municipal advisory activities on their behalf, year one) + 92 (estimated burden to obtain written consents to service of process from each natural person engaged in municipal advisory activities on their behalf, year two) + 92 (estimated burden to obtain written consents to service of process from each natural person engaged in municipal advisory activities on their behalf, year three) = 276 hours.

⁴⁹ 276 hours (total estimated annual burden for all municipal advisory firms to obtain written consents to service of process from each natural person engaged in municipal advisory activities on their behalf, during the three-year period) ÷ 605 (estimated average number of registered municipal advisory firms, during three-year period) = 0.456 hours.

The maintenance of books and records is an ongoing annual recordkeeping burden. The Commission estimates that this collection of information currently applies to approximately 535 municipal advisory firms, and further estimates that it will apply to approximately 105 newly registered municipal advisory firms during the three-year period.⁵⁰

The Commission estimates that the average annual burden for a municipal advisory firm to comply with the recordkeeping requirements would be 182 hours. Thus, the total estimated ongoing recordkeeping burden for the three-year period would be 330,330 hours.⁵¹ The estimated annual recordkeeping burden over the three-year period would be 103,740 hours in year one;⁵² 110,110 hours in year two;⁵³ and 116,480 in year three.⁵⁴

In summary, the Commission estimates that, over a three-year period, the total recordkeeping burden would be 330,330 hours,⁵⁵ or 110,110 hours when annualized over three years. The estimated annual recordkeeping burden per respondent would be 182 hours.

f. Rule 15Ba1-1(d)(3)(vi): Exemption When a Municipal Entity or Obligated Person is Represented by an Independent Registered Municipal Advisor

The written representations required pursuant to the exemption when a municipal entity or obligated person is represented by an independent registered municipal advisor is a one-time third-party disclosure burden. The Commission estimates this collection of information would

⁵⁰ See supra note 12.

⁵¹ $(570 \text{ (estimated number municipal advisors after year one)} \times 182 \text{ hours (estimated time spent by municipal advisors to ensure annual compliance with the books and records requirement)}) + 605 \text{ (estimated number of municipal advisors after year two)} \times 182 \text{ hours (estimated time spent by municipal advisors to ensure annual compliance with books and records requirement)}) + 640 \text{ (estimated number of municipal advisors after year three)} \times 182 \text{ hours (estimated time spent by municipal advisors to ensure annual compliance with books and records requirement)}) = 330,330 \text{ hours.}$

⁵² $(535 \text{ (estimated number of municipal advisory firms currently registered with the Commission)} + 35 \text{ (estimated number of Form MA submissions, year one)}) \times 182 \text{ hours (estimated time spent by municipal advisors to ensure annual compliance with the books and records requirement)} = 103,740 \text{ hours.}$

⁵³ $(570 \text{ (estimated number of municipal advisory firms registered with the Commission after year one)} + 35 \text{ (estimated number of Form MA submissions, year two)}) \times 182 \text{ hours (estimated time spent by municipal advisors to ensure annual compliance with the books and records requirement)} = 110,110 \text{ hours.}$

⁵⁴ $(605 \text{ (estimated number of municipal advisory firms registered with the Commission after years one and two)} + 35 \text{ (estimated number of Form MA submissions, year three)}) \times 182 \text{ hours (estimated time spent by municipal advisors to ensure annual compliance with the books and records requirement)} = 116,480 \text{ hours.}$

⁵⁵ See supra note 51.

apply to approximately 231 respondents annually.⁵⁶ The Commission estimates that each respondent seeking to rely on this exemption would need approximately one hour to draft a template document to use in obtaining the written representation, amounting to an initial, one-time burden of 231 hours.⁵⁷

There will also be an ongoing burden each time a person seeks to rely on this exemption. The Commission estimates that, on average, there are approximately 8,211 negotiated deals involving an underwriter each year.⁵⁸ The Commission also estimates that a person seeking to rely on this exemption would need approximately 0.25 hours to obtain a written representation from a municipal entity or obligated person, amounting to an annual ongoing burden of approximately 2,053 hours,⁵⁹ or 6,159 hours over the three-year period.

In summary, the Commission estimates that, over a three-year period, the total one-time third-party disclosure burden related to the exemption when a municipal entity or obligated person is represented by an independent registered municipal advisor would be 6,390 hours,⁶⁰ or 2,130 hours per year when annualized over three years. The third party disclosure burden per respondent would be approximately 27.66 hours,⁶¹ or 9.22 hours per year when annualized over three years.

g. Rule 15Ba1-1(h)(2): Exception to Definition of Municipal Escrow Investments

The written representations required for the exception for reasonable reliance on representations related to municipal escrow investments is a one-time third-party disclosure burden. The Commission believes that state-registered investment advisers with municipal entity

⁵⁶ Estimate based on information obtained from Mergent Municipal Bond Securities Database. The estimate represents the average number of underwriters that participated in negotiated transactions from 2017 to 2019.

⁵⁷ 231 (estimated number of respondents that will seek to rely on the exemption) \times 1.0 hours (estimated time required to draft the written representation) = 231 hours. The Commission believes that once these disclosures have been drafted, such language would become part of the standard municipal advice documentation and, accordingly, there would be no further ongoing associated burden.

⁵⁸ Estimate based on information obtained from Mergent Municipal Bond Securities Database. The estimate represents the average number of negotiated deals using an underwriter each year.

⁵⁹ $8,211$ (estimated average number of negotiated deals per year) \times 0.25 hours (estimated time required to obtain the written representation) = $2,052.75$ hours.

⁶⁰ $(231$ hours (estimated time to draft a template document to use in obtaining the written representation, year one) + $6,159$ hours (estimated time to obtain a written representation from a municipal entity or obligated person, three-year period) = $6,390$ hours.

⁶¹ $6,390$ hours (total burden related to the exemption when a municipal entity or obligated person is represented by an independent registered municipal advisor, over three years) \div 231 (estimated number of persons who will seek to rely on the exemption) = 27.66 hours.

clients are the persons most likely to rely on this exception. The Commission estimates that approximately 694 persons may seek to rely on this exception.⁶²

The Commission estimates that each person seeking to rely on this exception would need approximately one hour to draft a template document to use in obtaining the written representation, amounting to an initial, one-time burden of approximately 694 hours.⁶³ In addition, the Commission estimates that, once drafted, a person seeking to rely on this exception would need approximately 0.25 hours to obtain a written representation from its client. Based on responses to Form ADV, the Commission estimates that persons that would seek to rely on this exception have approximately 2,321 clients that are municipal entities. Thus, the Commission estimates that the burden to obtain the written representation would be 580 hours.⁶⁴

In summary, the Commission estimates that, over a three-year period, the one-time total third-party disclosure burden for all persons to rely on the exception for reasonable reliance on representations related to municipal escrow investments would be 1,274 hours,⁶⁵ or 425 hours per year when annualized over three years. The one-time third-party disclosure burden would be approximately 1.84 hours per respondent,⁶⁶ or approximately 0.61 hours per year when annualized over three years.

h. Rule 15Ba1-1(m)(3): Exception to Definition of Proceeds of Municipal Securities

The written representations required for the exception for reasonable reliance on representations related to proceeds of municipal securities is a one-time third-party disclosure burden. The Commission believes state-registered investment advisers with clients that are municipal entities or certain pooled investment vehicles in which municipal entities invest are the persons most likely to rely on this exception. Based on responses to Form ADV, the Commission estimates that approximately 720 persons may seek to rely on this exception.⁶⁷

⁶² The Commission estimates in this section are based on information reported directly by state-registered investment advisers in Item 5.D.(i)(1) within Form ADV.

⁶³ 694 (estimated number of persons who will seek to rely on the exception) \times 1.0 hours (estimated time required to draft the written representation) = 694 hours.

⁶⁴ $2,321$ (estimated number of clients from which written representation will be obtained) \times 0.25 hours (estimated time required to obtain the written representation) = 580.25 hours.

⁶⁵ 694 hours (estimated time to draft a template document to use in obtaining the written representation, over three years) + 580 hours (estimated time required to obtain the written representations from clients, over three years) = $1,274$ hours.

⁶⁶ $1,274$ hours (total burden related to the exception for reasonable reliance on representations related to municipal escrow investments, during three-year period) \div 694 (estimated number of persons who will seek to rely on the exception, during three-year period) = 1.84 hours.

⁶⁷ The Commission estimates in this section are based on information reported directly by state-registered investment advisers in Item 5.D.(f)(1) within Form ADV. The number of state-registered investment advisers which have pooled investment vehicle clients (other

The Commission estimates that each person seeking to rely on this exception would need approximately one hour to draft a template document to use in obtaining the written representation, amounting to an initial, one-time burden of approximately 720 hours.⁶⁸ In addition, the Commission estimates that, once drafted, a person seeking to rely on this exception would need approximately 0.25 hours to obtain a written representation from its client. Based on responses to Form ADV, the Commission estimates that persons that would seek to rely on this exception have approximately 4,056 clients that are state or municipal government entities or that are pooled investment vehicles (other than registered investment companies) with municipal entity investors.⁶⁹ Thus, the Commission estimates that the burden to obtain the written representation would be 1,014 hours.⁷⁰

In summary, the Commission estimates that, over a three-year period, the total one-time third-party disclosure burden for all persons to rely on the exception for reasonable reliance on representations related to proceeds of municipal securities would be 1,734 hours,⁷¹ or 578 hours per year when annualized over three years. The one-time third-party disclosure burden would be approximately 2.41 hours⁷² per respondent, or approximately 0.80 hours per year when annualized over three years.

i. Summary of Hourly Burdens

than investment company and business development company clients) within Form ADV, Item 5.D.(f)(1) = 637. The percentage of state-registered investment advisers which have municipal government entity clients (other than investment company and business development company clients) within Form ADV, Item 5.D.(f)(1) = 4%. $(637 \times .04) = 26$. The number of state-registered investment advisers relying on the exception to the definition of "municipal escrow investment" = 694. $(26 + 694) = 720$ persons.

⁶⁸ 720 (estimated number of respondents that will seek to rely on the exception) \times 1.0 hours (estimated time required to draft the written representation) = 720 hours.

⁶⁹ The number of municipal entity clients of state-registered investment advisers relying on the exception to the definition of "municipal escrow investment" in Item 5.D.(i)(1) within Form ADV = 2,321 clients. The number of pooled investment vehicle clients (other than investment company and business development company clients) of state-registered investment advisers in Item 5.D.(f)(1) within Form ADV = 1,735 clients. $(2,321 + 1,735) = 4,056$ clients.

⁷⁰ $4,056$ (estimated number of clients from which written representation will be obtained) \times 0.25 hours (estimated time required to obtain the written representation) = 1,014 hours.

⁷¹ 720 hours (estimated time to draft a template document to use in obtaining the written representation, during three-year period) + 1,014 hours (estimated time required to obtain the written representations from clients, during three-year period) = 1,734 hours.

⁷² $1,734$ hours (total burden related to the exception for reasonable reliance on representations related to proceeds of municipal securities, over three years) \div 720 (estimated number of persons who will seek to rely on the exception, over three years) = 2.41 hours.

The table below summarizes the Commission’s estimates of the total hourly reporting burden for all respondents under Rules 15Ba1-1 to 15Ba1-8.

Name of Information Collection	Estimated Avg Number of Entities Impacted Per Year	Estimated Total Annual Burden Per Entity⁷³	Estimated Avg Total Industry Burden⁷⁴
Form MA: Application for Municipal Advisor Registration	605	2.20	1,333
Form MA-I: Information Regarding Natural Persons Who Engage in Municipal Advisory Activities	605	13.86	8,384
Form MA-W: Notice of Withdrawal from Registration as a Municipal Advisor	46	0.50	23
Form MA-NR: Designation of U.S. Agent for Service of Process for Non-Resident	3	1.83	16.5
Consent to Service of Process for Certain Associated Persons	605	0.15	92
Rule 15Ba1-8: Books and Records to be Made and Maintained by Municipal Advisors	605	182	110,110
Rule 15Ba1-1(d)(3)(vi): Exemption When a Municipal Entity or Obligated Person is Represented by an Independent Registered Municipal Advisor	231	9.22	2,130
Rule 15Ba1-1(h)(2): Exception to Definition of Municipal Escrow Investments	694	0.61	425

⁷³ Numbers may not foot due to rounding.

⁷⁴ Numbers may not foot due to rounding.

Rule 15Ba1-1(m)(3): Exception to Definition of Proceeds of Municipal Securities	720	0.80	578
		TOTAL	123,091.50

13. Costs to Respondents

a. Rule 15Ba1-2: Registration of Municipal Advisors and Information Regarding Certain Natural Persons

i. Form MA: Application for Municipal Advisor Registration

The Commission believes that some municipal advisory firms would seek outside counsel to help them comply with the requirements of the final rules and to complete Form MA. For PRA purposes, the Commission assumes that all 105 municipal advisory firms registering on Form MA during the three-year period would, on average, consult with outside counsel for one hour, and would cost \$42,000 for all municipal advisory firms.⁷⁵

In summary, the Commission estimates that, over a three-year period, the total labor cost for all municipal advisory firms to seek outside counsel to complete Form MA would be approximately \$42,000,⁷⁶ or \$14,000 per year when annualized over three years. The total labor cost per respondent would be approximately \$400,⁷⁷ or approximately \$133.33 when annualized over three years.

ii. Form MA-I: Information Regarding Natural Persons Who Engage in Municipal Advisory Activities

Not applicable. The Commission does not believe respondents will incur a cost in completing the Form MA-I.

⁷⁵ 105 (estimated number of municipal advisory firms that would hire outside counsel) × 1 hour (average estimated time spent by outside counsel to help a municipal advisory firm comply with the rule) × \$400 (hourly rate for an outside attorney) = \$42,000. The hourly cost estimate of \$400 on average for an attorney is based on Commission staff conversations with law firms that regularly assist regulated financial firms with compliance matters.

⁷⁶ Id.

⁷⁷ \$42,000 (total labor cost to seek outside counsel, over three years) ÷ 105 (estimated number of registered municipal advisory firms, over three years) = \$400.

b. Form MA-W: Notice of Withdrawal from Registration as a Municipal Advisor

Not applicable. The Commission does not believe respondents will incur a cost in completing the Form MA-W.

c. Form MA-NR: Designation of U.S. Agent for Service of Process for Non-Resident

The Commission believes that non-resident municipal advisors would seek outside counsel to comply with the opinion of counsel requirements of Form MA-NR. The Commission estimates this would add \$1,200 in outside legal costs per respondent.⁷⁸ Thus, the Commission estimates that the total annual cost for all non-resident municipal advisory firms to hire outside counsel as part of providing an opinion of counsel would be \$3,600,⁷⁹ or \$10,800 over the three-year period.

In summary, the Commission estimates that, over a three-year period, the total cost for all non-resident municipal advisory firms to hire outside counsel as part of providing an opinion of counsel would be approximately \$10,800,⁸⁰ or \$3,600 per year when annualized over three years. The total labor cost per respondent would be \$1,200,⁸¹ or \$400 per year when annualized over three years.

d. Consent to Service of Process from Certain Associated Persons

Not applicable. It is not anticipated that respondents will incur any costs to comply with this requirement.

e. Rule 15Ba1-8: Books and Records to be Made and Maintained by Municipal Advisors

⁷⁸ The \$1,200 figure is based on an hourly cost estimate of \$400 on average for an outside attorney and three hours of work. Based on previous burden estimates, the Commission estimated that outside counsel will take, on average, three hours to assist in preparation of the opinion of counsel, for an average cost of \$1,200 per respondent.

⁷⁹ 3 (non-resident municipal advisory firms expected to provide opinion of counsel, annually) × \$1,200 (average estimated cost to hire outside counsel to provide an opinion of counsel) = \$3,600.

⁸⁰ \$3,600 (estimated total annual cost for respondents to provide opinions of counsel) × 3 (number of years) = \$10,800.

⁸¹ \$10,800 (total labor cost to hire outside counsel as part of providing an opinion of counsel, during three-year period) ÷ 9 (total number of non-resident municipal advisory firms providing an opinion of counsel, during three-year period) = \$1,200.

Not applicable. It is not anticipated that respondents will incur any costs to comply with this requirement.

f. Rule 15Ba1-1(d)(3)(vi): Exemption When a Municipal Entity or Obligated Person is Represented by an Independent Registered Municipal Advisor

Not applicable. It is not anticipated that respondents will incur any costs to utilize this exemption.

g. Rule 15Ba1-1(h)(2): Exception to Definition of Municipal Escrow Investments

Not applicable. It is not anticipated that respondents will incur any costs to qualify for this exception.

h. Rule 15Ba1-1(m)(3): Exception to Definition of Proceeds of Municipal Securities

Not applicable. It is not anticipated that respondents will incur any costs to qualify for this exception.

i. Summary of Cost Burdens

The table below summarizes the Commission’s estimate of the annual cost burdens for municipal advisors engaged in municipal advisory activities.

	<u>Nature of Information Collection Burden</u>	<u>Burden Estimate in Dollars Industry-Wide</u>	<u>Burden Estimate in Dollars Per Respondent</u>
a.	Form MA: Application for Municipal Advisor Registration	\$14,000	\$133.33
b.	Form MA-I: Information Regarding Natural Persons Who Engage in Municipal Advisory Activities	N/A	N/A
c.	Form MA-W: Notice of Withdrawal from Registration as a Municipal Advisor	N/A	N/A
d.	Form MA-NR: Designation of U.S. Agent for Service of Process for Non-Resident	\$3,600	\$1,200
e.	Consent to Service of Process from Certain Associated Persons	N/A	N/A
f.	Rule 15Ba1-8: Books and Records to be Made and	N/A	N/A

	<u>Nature of Information Collection Burden</u>	<u>Burden Estimate in Dollars Industry-Wide</u>	<u>Burden Estimate in Dollars Per Respondent</u>
	Maintained by Municipal Advisors		
g.	Rule 15Ba1-1(d)(3)(vi): Exemption When a Municipal Entity or Obligated Person is Represented by an Independent Registered Municipal Advisor	N/A	N/A
h.	Rule 15Ba1-1(h)(2): Exception to Definition of Municipal Escrow Investments	N/A	N/A
i.	Rule 15Ba1-1(m)(3): Exception to Definition of Proceeds of Municipal Securities	N/A	N/A
TOTAL		\$17,600	\$1,333.33

14. Costs to Federal Government

There would be no additional costs to the Federal Government.

15. Reason for Change

The Commission has revised its estimates of burdens and costs based upon actual registration and other market data obtained since the prior PRA renewal process in 2017.

16. Information Collection Planned for Statistical Purposes

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

17. Approval to Omit the OMB Expiration Date

We request authorization to omit the expiration date on the electronic version of the form, although the OMB control number will be displayed. Including the expiration date on the electronic version of this form will result in increased costs, because the need to make changes to the form may not follow the application's scheduled version release dates.

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.