

SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission for
Rule 15c1-6

Disclosure of Interest in Distribution
OMB Control No. 3235-0472

A. JUSTIFICATION

1. Information Collection Necessity

The Commission adopted Rule 15c1-6 (17 CFR 240.15c1-6), to protect the public by prohibiting a broker or dealer from inducing the purchase or sale of any security by any act, practice, or course of business which would defraud or deceive any person. Rule 15c1-6 states that any broker-dealer trying to sell to or buy from a customer a security in a primary or secondary distribution in which the broker-dealer is participating or is otherwise financially interested must give the customer written notification of the broker-dealer's participation or interest at or before completion of the transaction.

The Commission is statutorily authorized by Section 15 of the Securities Exchange Act of 1934 ("Exchange Act") 15 U.S.C. 78o(c)(2), to adopt rules and regulations that define and prescribe means reasonably designed to prevent such acts and practices as are fraudulent, deceptive, or manipulative. Further statutory authority is found in Section 23(a) of the Exchange Act, 15 U.S.C. 78w.

2. Information Collection Purpose and Use

The information required by the rule is necessary for the execution of the Commission's mandate under the Exchange Act to prevent fraudulent, manipulative, and deceptive acts and practices by broker-dealers. In addition, the information required by the rule provides a potential investor in a security with the opportunity to better evaluate transactions in light of the disclosure of the broker-dealer's interest in the distribution of such security. Without this disclosure the investor would not be as able to make an informed investment decision.

3. Consideration Given to Information Technology

The compilation of this information must be done on an individual basis for each potential investor. Thus, improved information technology would not reduce the burden.

4. Duplication

Not applicable; there is no duplication of information.

5. Effect on Small Entities

The rule requirements are not unduly burdensome on smaller broker-dealers.

6. Consequences of Not Conducting Collection

Failure to collect the information may limit the Commission's ability to prevent fraudulent, manipulative, and deceptive acts and practices by broker-dealers.

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

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

8. Consultations Outside the Agency

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

9. Payment or Gift

Not applicable.

10. Confidentiality

Because the information is gathered by the Commission during compliance examinations, it is accorded confidential treatment pursuant to Regulation 200.80(b)(7) under the Freedom of Information Act, 17 CFR 200.80(b)(7).

11. Sensitive Questions

A Privacy Impact Assessment (PIA) is an analysis of how personally identifiable information about individual members of the public is collected, used, shared, and maintained in an electronic system. The Rule 15c1-6 information collection does not relate to individuals. The agency has determined that a System of Records Notice (SORN) and Privacy Act Statement (PAS) are also not required and that the Privacy Analysis Work Sheet (PAW) is sufficient.

12. Information Collection Burden

Of the 3,648 broker-dealers registered as of April 1, 2020, approximately 10% would need to make the type of disclosure required by the rule. Each such respondent will spend an estimated 10 hours per year in complying with the rule. Thus, approximately 365 respondents will spend a total of approximately 3,650 hours per year to comply with the rule.

Rule	Burden type	Number of Respondents	Number of Annual Responses per Respondent	Time per Response (Hours)	Total Burden per Burden Type (Hours)
15c1-6	Third-party	365	1	10	3,650

	disclosure				
Total Aggregate Burden					3,650

The approximate internal cost per hour of complying with the collection of information imposed by Rule 15c1-6 is \$100 per respondent, resulting in a total cost of compliance for all respondents of \$365,000 (3,650 hours @ \$100). This is, however, solely a monetization of the hour burden not a cost burden. The burden is a third-party disclosure on an annual basis.

13. Costs to Respondents

There is no cost burden on respondents imposed by the collection of information.

14. Costs to Federal Government

There is no estimated cost to the Federal Government.

15. Change in Burden

The estimated burden of collecting information pursuant to Rule 15c1-6 has decreased from approximately 3,940 hours per year to approximately 3,650 hours per year due to a reduction in the number of broker-dealers affected by the rule.

16. Information Collections Planned for Statistical Purposes

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

17. Approval to Omit OMB Expiration Date

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

18. Exceptions to Certification for Paperwork Reduction Act Submissions

This collection complies with the requirements in 5 CFR 1320.9.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.