

**SUPPORTING STATEMENT FOR NEW AND  
REVISED INFORMATION COLLECTIONS**

**Core Principles and Other Requirements for Swap Execution Facilities**

**OMB CONTROL NUMBER 3038-0074**

**Justification**

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“**Dodd-Frank Act**”) added new section 5h to the Commodity Exchange Act (“**CEA**”) to impose requirements concerning the registration and operation of swap execution facilities (“**SEFs**”), which the Commodity Futures Trading Commission (“**Commission**”) has incorporated in part 37 of its regulations as well as other parts of the Commission’s regulations.<sup>1</sup> The information collections under this Control Number are necessary for the Commission to evaluate whether SEFs, or entities applying to become SEFs, comply with the CEA’s statutory core principle requirements and part 37 of the Commission regulations.<sup>2</sup> Concurrently with the

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<sup>1</sup> In general, OMB Control Number 3038-0074 covers all information collections in part 37, including Subpart A and the SEF core principles (*i.e.*, Subparts B through P) as well as the related appendices thereto (*i.e.*, Appendix A—Form SEF, Appendix B—Guidance and Acceptable Practices, and proposed Appendix C—Guidance to Core Principle 3). The OMB control number also includes all information collections related to part 9 and proposed part 36, to the extent applicable to SEFs.

The Commission notes that its previous request for an extension of OMB control number 3038-0074 in 2016, the Commission stated in the renewal notice that OMB control number 3038-0074 “covers all information collections in part 37 of the Commission’s regulations, including Subpart A and the SEF core principles (*i.e.*, Subparts B and C) . . . [other than] any information collections related to § 37.10 . . . .” The Commission notes that the reference to “Subparts B and C” should specify “Subparts B through P” instead. Agency Information Collection Activities Under OMB Review, 81 FR 65630, n.1 (Sep. 23, 2016) (“**2016 Part 37 PRA Renewal**”).

<sup>2</sup> Among other requirements, part 37 of the Commission’s regulations imposes SEF registration requirements for a trading platform or system and requires SEFs to continually comply with 15 enumerated core principles. The 15 core principles establish additional requirements with respect to SEFs: enforcing rules; listing contracts for trading that are not readily susceptible to manipulation; monitoring trading to prevent market manipulation; obtaining information; adopting position limits or position accountability levels; adopting rules to enforce financial integrity of swaps transactions entered on or through the SEF; adopting rules to provide for the exercise of emergency authority, in consultation

submission of this Supporting Statement, the Commission has published a final rule in the Federal Register that provides relief from certain part 37 requirements that SEFs found in practice to be operationally unworkable or unnecessarily burdensome.

The Commission believes that the changes—and related information collections—reflect the Commission’s enhanced knowledge and experience with swaps trading characteristics, and the Commission believes these changes are needed to further the Dodd-Frank Act’s twin statutory goals for SEFs to promote the trading of swaps on SEFs and to promote pre-trade price transparency in the swaps market.

- 2. Indicate how, by whom, and for what purpose the data would be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

The information will be used and has been used by the Commission to determine whether SEFs, and applicants seeking registration as a SEF with the Commission, comply with applicable CEA statutory core principles and all other part 37 Commission regulatory requirements.

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.**

All required submissions by SEFs to the Commission must be submitted electronically, either via email or through an applicable Commission internet portal. All required information to be provided to the public may be posted on the SEF’s website.

- 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

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with the Commission; making public information regarding prices and volume on a timely basis; maintaining records of all activities of the business of the contract market in a form and manner acceptable to the Commission for five years; avoiding rules that result in unreasonable restraints of trade or anticompetitive burden on trading; enforcing rules to minimize conflicts of interest in its decision-making process; maintaining adequate financial resources; establishing system safeguards; and designating a chief compliance officer.

Information collected under this OMB Control Number is not already collected by the Commission for any other purpose, nor is it collected by any other agency, nor is the information available from any other source.

**5. If the collection of information involves small business or other small entities (Item 5 of OMB Form 83-I), describe the methods used to minimize burden.**

The required information collected under this OMB Control Number does not involve any small businesses or other small entities. The Commission notes that it has previously established certain definitions of “small entities” to be used by the Commission in evaluating the impact of its regulations on small entities in accordance with the Regulatory Flexibility Act.<sup>3</sup> The Commission has previously determined that SEFs are not small entities for the purpose of the Regulatory Flexibility Act.<sup>4</sup>

**6. Describe the consequence to the Federal Program or policy activities if the collection were conducted less frequently as well as any technical or legal obstacles to reducing burden.**

Less frequent information collections would impair the Commission’s oversight ability and harm the Commission’s stated mission to foster open, transparent, competitive, and financially sound markets.<sup>5</sup>

**7. Explain any special circumstances that require the collection to be conducted in a manner:**

- **requiring respondents to report information to the agency more often than quarterly;**

The current rules require respondents to report the disciplinary and access denial information to the National Futures Association within 30 days of the adverse action. The Final Rule does not change this requirement.<sup>6</sup>

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<sup>3</sup> Policy Statement and Establishment of Definitions of “Small Entities” for Purposes of the Regulatory Flexibility Act, 47 FR 18618 (Apr. 30, 1982).

<sup>4</sup> Core Principles and Other Requirements for Swap Execution Facilities, 78 FR 33476, 33548 (Jun. 4, 2013).

<sup>5</sup> See CFTC Mission Statements, *available at* <https://www.cftc.gov/About/MissionResponsibilities/index.htm>

<sup>6</sup> The Commission notes that in exigent situations, the Commission may request information from SEFs more often than quarterly as the Commission deems appropriate for the circumstances.

- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it:**

In order for the Commission to adequately perform its statutory responsibility to determine whether SEFs, and applicants to become SEFs, comply with the applicable core principles and implementing regulations, a request for information may require the collection and presentation of information in fewer than 30 days, depending on the exigency of the situation. The Final Rule requires each SEF to provide notice to the Commission of its noncompliance with the financial resource requirements no later than forty-eight hours after the SEF knows or reasonably should have known of its noncompliance.

- **requiring respondents to submit more than an original and two copies of any document:**

Respondents are not required to submit more than an original and two copies of any documents.

- **requiring respondents to retain records other than health, medical, government contract, grant-in-aid, or tax records, for more than three years:**

Commission Regulation 1.31 and Core Principle 10 (Recordkeeping) require that books and records required to be kept by the CEA or Commission regulations be retained for certain specified periods. Other than with respect to oral communications and records exclusively created and maintained on paper, the shortest of these periods is five years from the date of creation.

- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study:**

The collection does not involve a statistical survey.

- **requiring the use of a statistical data classification that has not been reviewed and approved by OMB:**

The collection does not involve the use of any statistical data.

- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**

The collection does not involve any pledge of confidentiality.

- **requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

The Commission has procedures to protect the confidentiality of an applicant's or registrant's data. These are set forth in the Commission's regulations at parts 145 and 147 of title 17 of the Code of Federal Regulations.

- 8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice required by 5 C.F.R. 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.**

The Commission is providing this supporting statement concurrently with publication of the Part 37 Final Rule in the Federal Register. The link to the Part 37 Final Rule may be found on the Commission's website at: <https://www.cftc.gov/sites/default/files/2021/02/2020-28944a.pdf>. No comments were received respective to the PRA.

**Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping disclosure, or reporting format (if any, and on the data elements to be recorded, disclosed, or reported.**

With respect to the Part 37 Final Rule, the Commission and staff have, since 2013, when the Commission adopted part 37 of its regulations to implement a regulatory framework for SEFs and for the trading and execution of swaps on such facilities,<sup>7</sup> informally discussed various aspects of proposed changes as well as learning more about SEFs' business models and the swaps markets. In addition, the Commission received additional public comments – many either directly or indirectly related to PRA obligations in part 37 under this OMB Control Number 3038-0074 – as part of the Commission's formal "Project KISS" initiative to apply the Commission's rules "in ways that are simpler, less burdensome and less of a drag on the American economy."<sup>8</sup>

- **Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every three years—even if the collection of information activity is the same as in prior periods. There may be**

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<sup>7</sup> Core Principles and Other Requirements for Swap Execution Facilities, 78 FR 33476 (Jun. 4, 2013).

<sup>8</sup> CFTC Requests Public Input on Simplifying Rules, CFTC Release No. 7555-17 (May 3, 2017), available at <https://www.cftc.gov/PressRoom/PressReleases/pr7555-17>.

**circumstances that may preclude consultation in a specific situation. These circumstances should be explained.**

No such circumstances are anticipated.

**9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

The question is not applicable.

**10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulations, or agency policy.**

The Commission does not provide respondents with an assurance of confidentiality beyond that provided by applicable law. The Commission fully complies with section 8(a)(1) of the CEA, which strictly prohibits the Commission, unless specifically authorized by the CEA, from making public “data and information that would separately disclose the business transactions or market positions of any person and trade secrets or names of customers.” The Commission has procedures to protect the confidentiality of an applicant’s or registrant’s data. These are set forth in the Commission’s regulations at parts 145 and 147 of title 17 of the Code of Federal Regulations.

**11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.**

The regulations covered by this collection do not require the giving of sensitive information, as that term is used in Question 11.

**12. Provide estimates of the hour burden of the collection of information. The Statement should:**

- **Indicate the number of respondents, frequency of response, annual hour burden and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than ten) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**
  
- **If the request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.**
  
- **Provide estimates of annualized cost to respondents for the hours burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 13.**

See Attachment A for more detailed discussion.

As it has done previously, the Commission notes that certain information collection obligations are imposed on (1) respondents related to the SEF registration process while other information collections are imposed on (2) registered SEFs operating in compliance with statutory and regulatory obligations.

As further described in Attachment A, the Commission estimates the following:

- **SEF registration process**
  - o Number of respondents:
    - The Commission currently estimates that it receives approximately 4 respondent applicants for SEF registration each year, and the Commission does not believe that this estimate will change.
  
  - o Burden hours:
    - For SEF applicants in general, the Final Rule does not alter the current estimate of 300 burden hours.<sup>9</sup>
  
- **Registered SEFs**

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<sup>9</sup> 4 applicants per year applying for SEF registration x 300 burden hours = 1,200 burden hours.

- o Number of respondents:
  - The Commission notes that there are currently 20 registered SEFs. Eventually, the Commission expects the number of total registered SEFs to increase and will submit revised estimates if needed.
- o Burden hours:
  - The Final Rule added and eliminated information collections burdens for registered SEFs. The Commission estimates on a net basis that the total burden hours imposed on each SEF will be reduced from 407 hours to 387 hours per SEF.
  - The total burden hours across all registered SEFs will decrease from 8,140 hours to 7,740 due to the decrease in the amount of burden hours imposed on each SEF.<sup>10</sup>

**13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).**

- **The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major costs factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software, monitoring, sampling, drilling and testing equipment, and record storage facilities.**
- **If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate, agencies may consult with a sample of respondents (fewer than ten), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.**

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<sup>10</sup> 20 SEFs x 387 burden hours = 7,740 burden hours.



- **Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government or (4) as part of customary and usual business or private practices.**

It is expected new SEFs will utilize existing software, information technology, and systems. Thus, the Commission believes that there will not be additional capital/startup costs or operational/maintenance costs incurred by SEFs to report the information required by the proposed rule. For example, all of the entities subject to the Commission's proposed interpretation and application of the SEF registration requirement are already operational platforms that are registered either as interdealer brokers with the National Futures Association or registered in some corresponding capacity with an international regulator.

- 14. Provide estimates of the annualized costs to the Federal Government. Also provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing and support staff), and any other expense that would not have been incurred without this collection of information. Agencies may also aggregate cost estimates from Items 12, 13, and 14 in a single table.**

While the number of registered SEFs is expected to increase, the Commission does not anticipate that it will require additional government employees to review the additional SEFs due to the increased experience and efficiency of the relevant Commission staff. The Commission notes, however, an increase in the average wage rate of those employees from \$148.16, as estimated in the 2018 Part 37 PRA Renewal, to \$156.15 per hour.<sup>11</sup> Accordingly, the total cost to the government will be \$249,834.<sup>12</sup>

- 15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.**

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<sup>11</sup> The Commission estimated in its supporting statement for the 2018 Part 37 PRA Renewal a cost to the government of \$237,056 annually based on ten full time equivalents reviewing for 20 days at 8 hours per day (1,600 hours) at an average total compensation of about \$148.16 per hour. In arriving at a wage rate for the hourly costs imposed in the 2018 Part 37 PRA Renewal, Commission staff used a blended rate of salaries for (i) non-managerial lawyers and economists at Grade 14 and (ii) managerial lawyers and economists at Grade 15, and divided that figure by 2000 annual working hours to arrive at the hourly rate multiplied by 1.625 to account for overhead and benefits.

For the purposes of this revision, the Commission will perform the same calculations using the U.S. Bureau of Labor Statistics average annual wage rate for lawyers in Washington, D.C. for May 2019.

<sup>12</sup> As described in the footnote immediately above, \$156.15 (revised wages and associated benefits) x 1,600 hours = \$249,834.

The 'Final Rules address operational issues facing SEFs and their market participants in connection with the Commission's regulatory requirements for a SEF's audit trail data, financial resources, and chief compliance officer. The Rules address areas that a number of SEFs and their market participants requested relief from certain part 37 requirements that they found in practice to be operationally unworkable or unnecessarily burdensome.

- 16. For collection of information whose results are planned to be published for statistical use, outline plans for tabulation, statistical analysis, and publication. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.**

This question does not apply.

- 17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

This question does not apply.

- 18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.**

No exceptions exist.

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Attachment A includes both (1) a discussion of the Commission’s general assumption and methodology in determining its information collection estimates and (2) tables listing the individual information collection estimates and related burdens for both respondent SEFs and applicants for SEF registration.

**General Assumptions and Methodology****Scope and Applicability of Information Collections**

As discussed in footnote 1 above, OMB Control Number 3038-0074 covers all information collections in part 37, including Subpart A and the SEF core principles (*i.e.*, Subparts B through P) as well as the related appendices thereto (*i.e.*, Appendix A—Form SEF, Appendix B—Guidance and Acceptable Practices, and proposed Appendix C—Guidance to Core Principle 3).<sup>13</sup> The OMB control number also includes all information collections related to part 9 and proposed part 36 to the extent applicable to SEFs.

**Estimated Number of Respondents**

1. SEF registration process: The Commission estimates that it will continue to receive 4 applicants per year for SEF registration.
2. Registered SEFs: The Commission notes that there are currently 20 registered SEFs.

**Average Burden Hour Cost**

The Commission calculates the average burden hour cost based on a blended hourly rate of \$59 (rounded up) that consists of ¼ Financial Specialist’s wage, ¼ Lawyer’s wage, ¼ Paralegal’s wage, and ¼ Accountant’s wage provided by the Department of Labor’s Bureau of Labor Statistics, *available at* [https://www.bls.gov/oes/current/naics4\\_523000.htm](https://www.bls.gov/oes/current/naics4_523000.htm).

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<sup>13</sup> The Commission notes that in its previous request for an extension of OMB control number 3038-0074 in 2016, the Commission stated in the renewal notice that OMB control number 3038-0074 “covers all information collections in part 37 of the Commission’s regulations, including Subpart A and the SEF core principles (*i.e.*, Subparts B and C) . . . [other than] any information collections related to § 37.10 . . .” The Commission notes that the reference to “Subparts B and C” should specify “Subparts B through P” instead. Agency Information Collection Activities Under OMB Review, 81 FR 65630, n.1 (Sep. 23, 2016).

**Burdens: Registered SEFs**

**Recordkeeping Burden Hours and Costs**

1. Regulation(s)	2. Estimated Number of Respondents	3. Estimated Number of Responses  by Each Respondent	4. Estimated Average Number of Burden Hours per Response	5. Annual Number of Burden Hours per Respondent	6. Estimated Average Burden Hour Cost	7. Total Average Hour Burden Cost Per Respondent  (5 x 6)	8. Total Annual Responses  (2 x 3)	9. Total Annual Number of Burden Hours  (2 x 5)	10. Total Annual Burden Hour Cost of All Responses  (2 x 7)
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<b>Regulatory &amp; Core Principle Compliance Part 37 (Subparts A-P) and related Appendices<sup>14</sup></b>	<p>20</p>	<p>251 (<i>i.e.</i>, each trade day)<sup>15</sup></p>	<p>1.143<sup>16</sup></p>	<p>287<sup>17</sup></p>	<p>\$59</p>	<p>\$16,933</p>	<p>5,020</p>	<p>5,740</p>	<p>\$338,660</p>
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<sup>14</sup>This category was previously labeled as “Designation and Compliance (for registered SEFs).”

<sup>15</sup> The Commission reached an estimate of approximately 251 trading days by assuming a year of [365.25 days] x [5 weekdays] ÷ [7 days in a week] = 260.89 weekdays. The Commission then subtracted 10 public holidays (based on the Office of Personnel Management’s calendar of public holidays): 260.89 days – 10 public holidays = 250.89 trading days, which the Commission rounds to 251. The Commission notes that not all SEFs may take all public holidays (*e.g.*, Veteran’s Day), but a SEF may also offer a non-Federal holiday (*e.g.*, Good Friday). See, *e.g.*, ICE Swap Trade, available at <https://www.cftc.gov/sites/default/files/filings/ptc/17/12/ptc121417icesefsef005.pdf>.

<sup>16</sup> Based on the Commission’s estimate of 287 total annual burden hours per SEF, the Commission divided 287 burden hours by 251 trade days to reach 1.143 burden hours per trade day per SEF.

<sup>17</sup> As noted above, the Commission previously estimated 437 associated burden hours for this line item. The Commission subtracted from this total and moved the burden hours attributable to the information collections in §§ 37.1300 et al. (Quarterly Financial Statements) and § 37.1501(d) (Annual Compliance Report) to the table for reporting burden hours below. The Commission further reduced this estimate by an additional 50 annual burden hours as a result of the adoption of proposed changes: 437 (initial estimate) – 20 (moving §§ 37.1300 et al.) – 80 (moving § 37.1501(d)) – 50 (changes to § 37.401(c)) = 287 annual burden hours.

Reporting Burden Hours and Costs

1. Regulation(s)	2. Estimated Number of Respondents	3. Estimated Number of Responses by Each Respondent	4. Estimated Average Number of Burden Hours per Response	5. Annual Number of Burden Hours per Respondent  (3 x 4)	6. Estimated Average Burden Hour Cost	7. Total Average Hour Burden Cost Per Respondent  (5 x 6)	8. Total Annual Responses  (2 x 3)	9. Total Annual Number of Burden Hours  (2 x 5)	10. Total Annual Burden Hour Cost of All Responses  (2 x 7)
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<b>§§37.1300 et al (Quarterly Financial Statements)</b>	<b>20</b>	<b>4</b>	<b>10<sup>18</sup></b>	<b>40</b>	<b>\$59</b>	<b>\$2,360</b>	<b>80</b>	<b>800<sup>19</sup></b>	<b>\$47,200</b>
<b>§ 37.1401(g) (Program of Risk Analysis and Oversight Technology Questionnaire)</b>	<b>20</b>	<b>1</b>	<b>8</b>	<b>8</b>	<b>\$59</b>	<b>\$472</b>	<b>20</b>	<b>160</b>	<b>\$9,440</b>

<sup>18</sup> The Commission obtained this result by estimating that current §§ 37.1300 et al imposes 20 total annual burden hours per SEF to provide the Commission with four quarterly financial reports. The Commission estimates that § 37.1306(a)(2)(i) (requiring quarterly financial statements to be GAAP-compliant) would impose an additional 10 annual burden hours. Additionally, proposed § 37.1306(c)(2)(iv) (requiring a SEF to calculate and explain its wind-down costs) would impose an initial burden of 20 burden hours for the first year and five annual burden hours each subsequent year (*i.e.*, the Commission believes that it will impose additional burden hours for a SEF’s initial estimate and corresponding explanation but will require fewer burden hours for a SEF to update its estimate and explanation for subsequent years); as a result, § 37.1306(c) imposes a pro-rated burden of 10 hours per year on each SEF (20 burden hours for the initial year + 5 burden hours in year two + 5 burden hours in year three = 30 total burden hours for the next three years. Therefore, 30 total burden hours / 3 years = 10 extra burden hours per year). Accordingly, the Commission estimates that §§ 37.1300 et al requires 40 annual burden hours per SEF (20 burden hours currently required + 10 additional annual burden hours for § 37.1306(a) + 10 additional annual burden hours (pro-rated) for § 37.1306(c) = 40 annual burden hours). Per report, each SEF will incur 10 burden hours (40 total annual burden hours / 4 quarterly reports = 10 burden hours per report).

The Commission acknowledges that a SEF may require more than 20 hours annually to collect the necessary financial information and create its financial reports and operating cost projections. The Commission, however, expects that SEFs, as part of their usual and customary business practice, prepare at least some form of financial statements and operating cost projections. In several cases, the Commission is aware that a SEF may be required to create such financial reports. Therefore, the Commission is not necessarily including in its PRA estimate all of the time it may take a SEF to create its financial reports; the Commission believes that 20 total burden hours for the current requirement is a reasonable estimate for the additional burdens, over and above what a SEF would already undertake as a usual and customary business practice (or as may otherwise be required by applicable law), to comply with its information collection obligations under §§ 37.1300 et al.

<sup>19</sup> The Commission notes that the Part 37 NPRM would revise § 37.1301(b) to permit a SEF that also operates as a derivatives clearing organization (“**DCO**”) to file a single report under § 39.11 for DCOs. The Commission believes that this will affect 1 SEF and would save that SEF approximately 5 annual burden hours due to being able to submit its information in a consolidated report to the Commission. The Commission is continuing to consider this proposed change and, therefore, did not adopt it in the Final Rules.

§ 37.1501(d) (Annual Compliance Report) <sup>20</sup>	20	1	52	52	\$59	\$3,068	20	1,040	\$61,360
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<sup>20</sup> As noted above, the Commission estimated that the existing information collection associated with a SEF’s annual compliance report imposed about 80 annual burden hours per SEF. The Final Rules reduce this information collection by 28 burden hours. (80 burden hours – 28 burden hours = 52 burden hours).

First, under § 37.1501(d), a SEF no longer needs to include in its annual compliance report (“**ACR**”) either a review of all the Commission regulations applicable to a SEF or identify the written policies and procedures designed to ensure compliance with the Act and Commission regulations. The Commission estimates this will save a SEF approximately 10 annual burden hours. Second, § 37.1501(d)(3) eliminates the requirement that a SEF specifically discuss its compliance staffing and structure; a catalogue of investigations and disciplinary actions taken over the last year; and a review of disciplinary committee and panel performance. The Commission estimates that this reduces annual recurring information collection burden hours by approximately 5 burden hours per SEF. Third, § 37.1501(d)(4) requires a SEF to discuss only material noncompliance matters and explain the corresponding actions taken to resolve such matters rather than explaining all compliance matters. The Commission estimates that this change reduces annual recurring information collection burden hours per SEF by 3 burden hours. Fourth, § 37.1501(d)(5) limits a SEF CCO’s certification of an ACR’s accuracy and completeness to “all material respects” of the report rather than to all aspects (including immaterial aspects) as currently required. The Commission estimates that this change would reduce annually recurring information collection burden hours per SEF/CCO by 10 burden hours. Accordingly, 10 + 5 + 3 + 10 = 28 annual burden hours saved.



**Burdens: SEF Registration**  
**Reporting Burden Hours and Costs<sup>21</sup>**

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
Regulation(s)	Estimated Number of Respondents	Estimated Number of Responses  by Each Respondent	Estimated Average Number of Burden Hours per Response	Annual Number of Burden Hours per Respondent  (3 x 4)	Estimated Average Burden Hour Cost	Total Average Hour Burden Cost Per Respondent  (5 x 6)	Total Annual Responses  (2 x 3)	Total Annual Number of Burden Hours  (2 x 5)	Total Annual Burden Hour Cost of All Responses  (2 x 7)
§ 37.3 and Form SEF (SEF Registration)	4 <sup>22</sup>	1 <sup>23</sup>	295	295	\$59	\$17,405	4	1,180	\$69,620
§ 37.3(a) (Request to Delay Registration Requirement)	20	1	1	1	\$59	\$59	20	20	\$1,180

<sup>21</sup> The Commission has not identified any recordkeeping or third-party disclosure information collections related to SEF registration.

<sup>22</sup> Based on the number of applicants that have applied for permanent SEF registration since the Commission first granted permanent registration status to SEFs on January 22, 2016, the Commission expects to receive four applications per year for permanent SEF registration as part of the normal course of business.

<sup>23</sup> For this purpose, the Commission considers the entire SEF application process to constitute a single information collection.

