

**SUPPORTING STATEMENT**  
**for the Paperwork Reduction Act Information Collection Submission for**  
**Rule 15Ba2-1 and Form MSD**  
OMB Control No. 3235-0083

**A. JUSTIFICATION**

**1. Necessity of Information Collection**

Section 15B(a)(2) of the Securities Exchange Act of 1934 (the “Act”) authorizes the Commission to prescribe by rule an application form for registration that requires such information about a municipal securities dealer and its associated persons as is necessary and appropriate in the public interest and for the protection of investors. Rule 15Ba2-1 (17 CFR 240.15Ba2-1), adopted pursuant to Sections 15B(a)(2), 17(a) and 23(a) of the Act, 15 U.S.C. 78q-4(a)(2), 78q(a) and 78w(a), implements Section 15B(a)(1) and (2) by providing that an application for registration by a bank municipal securities dealer (or a separately identifiable department or division of a bank) must be filed on Form MSD (17 CFR 249.1100).

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

The Commission uses the information obtained from Form MSD filings to determine whether bank municipal securities dealers meet the standards for registration set forth in the Exchange Act, to make information about particular bank municipal securities dealers available to customers and members of the public, and to develop risk assessment information about bank municipal securities dealers. The information is provided to the public by being included routinely in the public files of the SEC and being available for inspection by any interested person because it is important to give investors an independent means of obtaining or verifying information that they may deem relevant regarding management, supervisory, and certain other persons associated with a municipal securities dealer, with whom they may be entrusting a substantial portion of their assets. Such information includes, but is not necessarily limited to, the qualifications of such persons.

**3. Consideration Given to Information Technology**

While the Commission continues to improve its systems for information gathering and compilation through the increasing use of computer technology, the burden associated with filing each Form MSD is already negligible. Thus, improved information technology will have little effect in reducing the burden.

**4. Duplication**

One signed original and one signed copy of Form MSD must be filed with the SEC, and an exact copy should be retained by the registrant. In addition, an original signed copy of the form must be filed with registrant’s appropriate federal bank regulatory agency, determined in accordance with section 3(a)(34) of the Securities Exchange Act of 1934. In order to avoid unnecessary duplication with respect to the response to question 5, an applicant may submit a copy of the Form MSD-4, the form that is filed with the appropriate federal bank regulatory agency

regarding individuals associated with the municipal securities dealer, rather than the otherwise required Schedule A. The information requested on Schedules B and C is not available from any other source and is necessary for the Commission to determine whether or not to grant an applicant's application for registration.

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

Although some bank municipal securities dealers using Form MSD may be characterized as small businesses, the need for information on bank municipal securities dealers (as described in item 2 above) is the same regardless of the size of the dealer.

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

If the collection were not conducted, the Commission would not be able to use Form MSD information for purposes such as evaluating applications for registration and developing risk assessment information about bank municipal securities dealers. Also, the public would not be able to obtain or verify form MSD information on municipal securities dealers and their associated persons.

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

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

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

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

#### **9. Payment or Gift**

None.

#### **10. Confidentiality**

A Privacy Act Statement, pursuant to 5 U.S.C. 552(e)(3), has been added to Form MSD. This statement provides no assurance of confidentiality.

#### **11. Sensitive Questions**

The information collection collects basic personally identifiable information that may include name, maiden name, alias, civil or criminal history, education, personal contact information, occupation, job title, work history, and work contact information. However, the agency has determined that the information collection does not constitute a system of record for purposes of the

Privacy Act, because the information is not retrieved by a personal identifier. The EDGAR PIA will cover this collection of information.

## 12. Information Collection Burden

Form MSD is a one-time registration form that must be amended only if it becomes inaccurate. Based upon past submissions of zero initial filings and 14 amendments in 2019, zero initial filings and three amendments in 2020, zero initial filings and one amendment in 2021, and zero initial filings and zero amendments thus far in 2022, the Commission estimates that on an annual basis approximately one respondent will use Form MSD for an initial registration application, and that approximately six respondents will use Form MSD for an amendment, for a total of seven respondents per year. The time required to complete Form MSD varies with the size and complexity of the bank municipal securities dealer’s proposed operations. Bank personnel that prepare Form MSD filings previously indicated that it can take up to 15 hours for a bank with a large operation and many employees to complete the form, but that smaller banks with fewer personnel can complete the form in one to two hours. We believe that most recent applications have come from smaller banks. Also, amendments to form MSD are likely to require significantly less time. We estimate that the total annual burden is currently approximately 11 hours at an average of 1.5 hours per respondent. (7 respondents/year x 1.5 hours/respondent = 10.5 hours/year rounded up to 11). The staff estimates that the average internal compliance cost per hour is approximately \$406.<sup>1</sup> Therefore, the estimated total annual internal cost of compliance is approximately \$4,263 per year (10.5 hours/year x \$406/hour = \$4,263/year).

### SUMMARY OF ANNUAL INFORMATION COLLECTION BURDEN TO RESPONDENTS

Burden Type	Number of Annual Responses	Time Per Response (Hours)	Total Annual Burden (Hours)
One-time reporting to the SEC	7	1.5	11

## 13. Costs to Respondents

There are no costs to respondents other than those identified in item 12, above.

## 14. Costs to Federal Government

Not applicable. Currently, there are no developmental costs associated with Rule 15Ba2-1

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<sup>1</sup> The estimate of \$406 per hour is for a compliance attorney, based on the Securities Industry and Financial Markets Association’s Management & Professional Earnings in the Securities Industry 2013, modified by Commission staff to account for an 1800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

or Form MSD. The Commission receives approximately seven Form MSD filing per year, and processing or reviewing the filings does not require the Commission to hire any new employees or relocate any existing employees. This is done by existing staff as part of their regular duties.

**15. Changes in Burden**

Since the last time Commission staff estimated the burden in 2019, the approximate number of Form MSD filings received by the Commission each year has decreased from 14 to seven, resulting in a decrease in the estimated annual hour burden from the 2019 estimate of approximately 21 hours to the current estimate of approximately 11 hours.

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

Not applicable. The information collection 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. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

This collection does not employ statistical methods.