

**SUPPORTING STATEMENT for the Paperwork Reduction Act Information Collection  
Submission for the Market Data Infrastructure**

**3235-0778**

**Proposed Partial Revision**

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 national market system for the collection, consolidation, and dissemination of information with respect to quotations for and transactions in national market system (“NMS”) stocks (“NMS information”) has been an essential element in the success of the U.S. securities markets. Congress recognized the importance of market information to the U.S. securities markets with the enactment of Section 11A of the Securities Exchange Act of 1934 (“Exchange Act”)<sup>1</sup> and the Commission has adopted rules under Regulation NMS that govern the provision of market information in the national market system.<sup>2</sup>

On February 14, 2020, the Commission proposed to update and modernize the national market system for the collection, consolidation, and dissemination of NMS information by, among other things, amending Regulation NMS.<sup>3</sup> Pursuant to the statutory authority provided

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<sup>1</sup> Section 11A(a)(2) of the Exchange Act (15 U.S.C. 78k-1(a)(2)) directs the Commission, having due regard for the public interest, the protection of investors, and the maintenance of fair and orderly markets, to use its authority under the Exchange Act to facilitate the establishment of a national market system for securities in accordance with the Congressional findings and objectives set forth in Section 11A(a)(1) of the Exchange Act (15 U.S.C. 78k-1(a)(1)). Among the findings and objectives in Section 11A(a)(1) are that “[n]ew data processing and communications techniques create the opportunity for more efficient and effective market operations” and “[i]t is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure . . . the availability to brokers, dealers and investors of information with respect to quotations for and transactions in securities . . . .” 15 U.S.C. 78k-1(a)(1)(B) and 15 U.S.C. 78k-1(a)(1)(C), respectively.

<sup>2</sup> See 17 CFR 242.600, 601, 602, and 603.

<sup>3</sup> See Securities Exchange Act Release No. 34-88216 (February 14, 2020), 85 FR 16726 (Mar. 24, 2020) (File No. S7-03-20) (“Proposing Release”).

by the Exchange Act,<sup>4</sup> including Sections 3(b),<sup>5</sup> 5,<sup>6</sup> 6,<sup>7</sup> 11A,<sup>8</sup> and 23(a)<sup>9</sup> thereof, the Commission adopted the amendments, with certain modifications, on December 9, 2020.<sup>10</sup>

The amendments contain two key elements. First, the Commission updated the content of NMS information that is required to be collected, consolidated and disseminated as part of the national market system under Regulation NMS. Second, the Commission amended the method by which “consolidated market data,” as now defined, is collected, consolidated and disseminated by introducing a decentralized consolidation model with competing consolidators, which replaces the centralized consolidation model that relies on exclusive securities information processors (“exclusive SIPs”).<sup>11</sup>

Today, NMS information is disseminated via a centralized consolidation model, whereby the self-regulatory organizations (“SROs”) provide certain NMS information for each NMS stock to an exclusive SIP. The exclusive SIP then consolidates this NMS information and makes it available to market participants.<sup>12</sup> Market participants also may independently consolidate NMS information by purchasing individual exchange proprietary market data products and

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<sup>4</sup> See 15 U.S.C. 78a.

<sup>5</sup> 15 U.S.C. 78c.

<sup>6</sup> 15 U.S.C. 78e.

<sup>7</sup> 15 U.S.C. 78f.

<sup>8</sup> 15 U.S.C. 78k-1.

<sup>9</sup> 15 U.S.C. 78w(a).

<sup>10</sup> See Securities Exchange Act Release No. 34-90610 (December 9, 2020), 86 FR 18596 (April 9, 2020) (File No. S7-03-20) (“Adopting Release”).

<sup>11</sup> An “exclusive processor” is defined in Section 3(a)(22)(B) of the Exchange Act as “any [SIP] or [SRO] which, directly or indirectly, engages on an exclusive basis on behalf of any national securities exchange or registered securities association, or any national securities exchange or registered securities association which engages on an exclusive basis on its own behalf, in collecting, processing, or preparing for distribution or publication any information with respect to (i) transactions or quotations on or effected or made by means of any facility of such exchange or (ii) quotations distributed or published by means of any electronic system operated or controlled by such association.” A securities information processor is defined in Section 3(a)(22) of the Exchange Act as “any person engaged in the business of (i) collecting, processing, or assisting, participating in, or coordinating the distribution or publication of information with respect to transactions in or quotations for any security (other than an exempted security) or (ii) distributing or publishing (whether by means of a ticker tape, a communications network, a terminal display device, or otherwise) on a current and continuing basis, information with respect to such transactions or quotations.”

<sup>12</sup> See Rule 603(b) of Regulation NMS. Rule 603(b) provides that all information for an individual NMS stock must be disseminated through a single plan processor. 17 CFR 242.603(b). See Rule 600(b)(59), which defines a plan processor as “any self-regulatory organization or securities information processor acting as an exclusive processor in connection with the development, implementation and/or operation of any facility contemplated by an effective national market system plan.” 17 CFR 242.600(b)(59).

consolidating that information for their own use, or obtain NMS information that has been consolidated by a vendor that provides a data aggregation service.

The Commission amended Regulation NMS to better achieve the goal of assuring “the availability to brokers, dealers and investors of information with respect to quotations for and transactions in securities”<sup>13</sup> that is prompt, accurate, reliable, and fair.<sup>14</sup> The Commission believes that the amendments promote fair and efficient markets, facilitate the best execution of investor orders, and reduce information asymmetries between market participants who currently rely on market data provided through the exclusive SIPs and those who purchase the proprietary market data products offered by the national securities exchanges.

The amendments, as adopted, establish seven new collections of information.

1. Registration requirements and Form CC. Rule 614(a)(1)(i) requires each competing consolidator to register with the Commission by filing Form CC electronically in accordance with the instructions contained on the form. Competing consolidators will be required to file amendments to the form in accordance with the rule and file notice of its cessation of operations.
2. Competing consolidator duties and data collection. Rule 614(d)(1)-(4) requires competing consolidators to (i) collect from each SRO the information with respect to quotations for and transactions in NMS stocks as provided in Rule 603(b); (ii) calculate and generate consolidated market data products; (iii) make consolidated market data products available to subscribers with the required timestamps on terms that are not unreasonably discriminatory; and (iv) timestamp the information collected from the SROs at certain specified times.
3. Competing consolidators’ public posting of Form CC. Rule 614(c) requires competing consolidators to make public on its website a direct URL hyperlink to the Commission website that contains each effective initial Form CC, as amended, order of ineffective initial Form CC, and Form CC amendments to an effective Form CC.
4. Recordkeeping. Rule 614(d)(7) requires each competing consolidator to keep and preserve at least one copy of all documents as defined in the rule for a period of no less than five years, the first two in an easily accessible place. Rule 614(d)(8) requires each competing consolidator, upon request of any representative of the Commission, to promptly furnish copies of any documents to such representative.
5. Reports and Reviews. Rule 614(d)(5) requires competing consolidators to publish on their websites certain monthly performance metrics. Rule 614(d)(6) requires competing consolidators to publish certain monthly data quality information.

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<sup>13</sup> Section 11A(a)(1)(C)(iii), 15 U.S.C. 78k-1(a)(1)(C)(iii).

<sup>14</sup> Section 11A(c)(1)(B), 15 U.S.C. 78k-1(c)(1)(B). Section 11A(c)(1)(B) provides the Commission with the authority to prescribe rules and regulations as necessary or appropriate in the public interest, for the protection of investors or otherwise in furtherance of the purposes of the Exchange Act to “assure the prompt, accurate, reliable, and fair collection, processing, distribution, and publication of information with respect to quotations for and transactions in such securities and the fairness and usefulness of the form and content of such information.”

6. Amendment to the effective national market system plan(s) for NMS stocks. Rule 614(e) requires the participants to the effective national market system plan(s) for NMS stocks to submit an amendment to such plan(s) within 150 days of the effectiveness of the amendments that contain certain specified provisions.
7. Collection and dissemination of information by national securities exchanges and national securities associations. The amendment to Rule 603(b) requires every national securities exchange on which an NMS stock is traded and the national securities association to make available to all competing consolidators and self-aggregators all information with respect to quotations for and transactions in NMS stocks, including all data necessary to generate consolidated market data products, in the same manner and using the same methods, including all methods of access and using the same format as such exchange or association makes available any information with respect to quotations for and transactions in NMS stocks to any person.

These collections of information are necessary to further the national market system objectives set forth in Section 11A(a)(1) of the Exchange Act. These objectives include the economically efficient execution of orders; fair competition among broker-dealers, among exchange markets, and between exchange markets and markets other than exchange markets; the availability of information with respect to quotations for and transactions in securities; and the practicability of brokers executing investors' orders in the best market. Without the amendments, the national market system for the collection, consolidation, and dissemination of consolidated market data will not be modernized and updated. As discussed in the Adopting Release, the current centralized consolidation model does not contain the data elements that market participants, including investors, need to trade competitively in the markets and is meaningfully slower than the proprietary data provided by the national securities exchanges.<sup>15</sup>

### **Proposed Partial Revision to Collection of Information**

In December of 2022, the Commission proposed amendments to Rules 600(b)(78) and 603(b) that would require the SROs to make available all data necessary to generate odd-lot information to the exclusive SIPs.<sup>16</sup> The Proposed Amendments would also require the primary listing exchange for each NMS stock to provide an indicator of the round lot size to the applicable exclusive SIP for dissemination and to calculate and provide to competing consolidators, self-aggregators, and the applicable exclusive SIP an indicator of the applicable minimum pricing increment for dissemination. As discussed further below, the Proposed Amendments would increase the burdens of the collection of information entitled "collection and dissemination of information by national securities exchanges and national securities

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<sup>15</sup> See also Adopting Release, *supra* note 10, at 18698-702 (discussing phased transition period and compliance schedule for the amendments); Proposed Amendments, *infra* note 16, at 80295 (discussing implementation status).

<sup>16</sup> Securities Exchange Act Release No. 96494 (Dec. 14, 2022), 87 FR 80266 (Dec. 29, 2022) ("Proposed Amendments").

associations.”<sup>17</sup> The Proposed Amendments only affect the SRO Market Data Collection and Dissemination information collection; the other information collections discussed herein are not affected by the Proposed Amendments.

In addition, as discussed further below, the Commission is correcting Item 13 to remove certain cost estimates that are the estimated dollar value (or “monetized” value) of the burden hours in Item 12. These were previously included in Item 13 in error and are now being moved to Item 12 for informational purposes. Specifically, the following information collections are being corrected: Registration Requirements and Form CC, Competing Consolidators Recordkeeping, Competing Consolidators Monthly Reports and Reviews, NMS Plan Amendment, and SRO Market Data Collection and Dissemination.

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

The purpose of the information collection is to update and modernize the NMS information that is collected, consolidated, and disseminated under the rules of the national market system and the method by which such information is made available to market participants. The registration requirement under Rule 614(a)(1) and (2) and Form CC provide information to the Commission and market participants. The Commission will gather information through the Form CC to determine whether to declare ineffective an initial Form CC. The information will also be used by market participants to evaluate competing consolidators. Under Rule 614, competing consolidators are required to keep certain records, which facilitate the Commission’s oversight of competing consolidators, and to publish certain monthly performance statistics, which provide transparency with respect to the services and performance of competing consolidators. Competing consolidators and self-aggregators must collect market data information from the SROs to generate consolidated market data products. The SROs will need to collect market data information that they will then have to provide to competing consolidators and self-aggregators for the purposes of generating consolidated market data products. Finally, the SROs must file an amendment to the effective national market system plan(s) to reflect the new role and functions of the plan(s). The collections of information are necessary to further the national market system objectives set forth in Exchange Act Section 11A(a)(1) and Regulation NMS. These objectives include the economically efficient execution of orders; fair competition among broker-dealers, among exchange markets, and between exchange markets and markets other than exchange markets; the availability of information with respect to quotations for and transactions in securities; and the practicability of brokers executing investors’ orders in the best market.

## **3. Consideration Given to Improved Information Technology**

The amendments use information technology to lessen the burden on the respondents. Form CC will be electronically filed with the Commission and publicly posted on the Commission’s and competing consolidators’ websites. The amendments modernize the manner in which consolidated market data, as now defined, is collected, calculated, and disseminated to market participants by introducing competing consolidators who may compete for subscribers by

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<sup>17</sup> For brevity, this Supporting Statement also refers to this collection of information as “SRO Market Data Collection and Dissemination.”

utilizing the latest information technology for the collection, consolidation and dissemination of consolidated market data products. In addition, self-aggregators will be able to use the information technology they choose to support their market data requirements. The Commission believes that the amendments will address the issues raised about the latencies that exist with the information technology that is currently used to collect, calculate, and disseminate NMS information.

#### **4. Duplication**

The amendments will not result in, or require the collection of, duplicate information that is otherwise available in a similar form. While each SRO publishes its own market data via proprietary data feeds for a fee, the proprietary data feeds do not provide the exact information in a consolidated manner as required in the amendment.

#### **5. Effects on Small Entities**

The Commission believes that the requirements under the amendments will not affect small entities.<sup>18</sup> The amendments impose requirements on national securities exchanges and FINRA, and on entities that act as competing consolidators. With respect to the national securities exchanges, the Commission's definition of a small entity is an exchange that has been exempt from the reporting requirements of Rule 601 of Regulation NMS and that is not affiliated with any person (other than a natural person) that is not a small business or small organization.<sup>19</sup> None of the national securities exchanges subject to the amendments fall within this definition. Similarly, FINRA does not qualify as a small entity.<sup>20</sup> The Commission believes that no competing consolidators will be small entities.

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

The information required by the amendments require national securities exchanges and associations to make available to competing consolidators and self-aggregators the information with respect to quotations for and transactions in NMS stocks that is necessary to generate consolidated market data. Further, competing consolidators must collect, calculate and generate consolidated market data products and make such data available to market participants. The Commission will receive from competing consolidators information on Form CC, and competing consolidators are required to maintain records and publish performance data and other information on their websites on a monthly basis.

The Commission believes that the amendments promote fair and efficient markets, facilitate the best execution of investor orders, and reduce information asymmetries between market participants who currently rely on market data provided through the exclusive SIPs and those who purchase the proprietary market data products offered by the national securities

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<sup>18</sup> See Adopting Release, *supra* note 10, at Part VI.

<sup>19</sup> See 17 CFR 240.0-10(e).

<sup>20</sup> See 13 CFR 121.201.

exchanges. Without the collection of information, the goals of Section 11A of the Exchange Act and the rule's intended benefits would not be achieved. The SROs would not be required to make available to competing consolidators and self-aggregators quotation and transaction information necessary to generate consolidated market data. Further, this would prevent competing consolidators and self-aggregators from generating consolidated market data and would prevent competing consolidators from making such data available to investors and other market participants. In addition, if the information on Form CC is not collected, market participants would not be able to compare and evaluate competing consolidator services and the Commission would not be able to assess whether to declare an initial Form CC as ineffective.

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

Competing consolidators are required to keep and preserve at least one copy of all documents, including all correspondence, memoranda, papers, books, notices, accounts and such other records as shall be made or received by it in the course of its business as such and in the conduct of its business. The amendment requires competing consolidators to keep these documents for a period of no less than five years, the first two years in an easily accessible place. This requirement is consistent with current SEC rules for SROs.<sup>21</sup>

There are no other special circumstances, and this collection is otherwise consistent with the guidelines in 5 CFR 1320.5(d)(2).

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

The Commission requested comment on the information collection requirements of the amendments in the Proposing Release,<sup>22</sup> a copy of which is attached. The burden and costs for filing ongoing Form CC Amendments were revised upon further Commission consideration and the evaluation of a comment letter that stated that competing consolidators would amend their fees more than once a year, which would require an amendment to a competing consolidator's Form CC.<sup>23</sup> The ongoing costs to post on its website a direct URL hyperlink to the Commission's website changed for the same reason.<sup>24</sup> The estimated burden and costs incurred by potential competing consolidators to build or upgrade systems to comply with proposed Rules 614(d)(1)-(d)(4) were increased due to further Commission consideration and evaluation of the view expressed by a commenter that the costs should be increased.<sup>25</sup> In addition, the Commission and staff participate in ongoing dialogue with representatives of various market participants through public conferences, meetings, and informal exchanges. Any comments received on this rulemaking were posted on the Commission's public website and made available through [www.sec.gov/rules/proposed.shtml](http://www.sec.gov/rules/proposed.shtml). The Commission considered all comments received

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<sup>21</sup> See, e.g., Rule 17a-1, 17 CFR 240.17a-1.

<sup>22</sup> See note 3 *supra*.

<sup>23</sup> See Adopting Release, *supra* note 10, at 86 FR at 18709.

<sup>24</sup> *Id.*

<sup>25</sup> *Id.* at 18709-10, 18713, 18714.

prior to publishing the final rule, and explained in the Adopting Release how the final rule responds to such comments, in accordance with 5 C.F.R. 1320.11(f).

### **Proposed Partial Revision to Collection of Information**

In the Proposed Amendments, the Commission requested comment on the revised estimates to the SRO Market Data Collection and Dissemination information collection.<sup>26</sup> Any comments received on this proposed rulemaking will be posted on the Commission's public website, and made available through <http://www.sec.gov/rules/proposed.shtml>. The Commission will consider all comments received prior to publishing the final rule, and will explain in any adopting release how the final rule responds to such comments, in accordance with 5 C.F.R. 1320.11(f).

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

No payment or gift is provided to respondents.

#### **10. Confidentiality**

The Form CC and amendments to the effective national market system plan(s) will not be confidential; they will be posted on the Commission's public website. Competing consolidators will make available to subscribers consolidated market data products, which therefore will not be confidential. Competing consolidator records will be available to the Commission and other regulators. The reports and reviews of competing consolidators will be published on competing consolidator websites and will not be confidential. Finally, the exchanges and associations will make available to competing consolidators and self-aggregators quotation and transaction information. Accordingly, no assurances of confidentiality are necessary.

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

The information collection collects basic personally identifiable information (PII) that may include name, telephone and fax number, email address, user ID and job title. In accordance with Section 208 of the E-Government Act of 2002, the agency has conducted a Privacy Impact Assessment (PIA) of the SRO Rule Tracking System/Electronic Form Filing System (SRTS/EFFS) PIA, in connection with this collection of information. The SRTS/EFFS PIA, published on September 30, 2013, is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>; this PIA is currently in the process of being updated.

The agency has determined that the information collection constitutes a system of record for purposes of the Privacy Act and is covered under System of Records Notice (SORN) # 70, published on February 15, 2018. SORN # 70 is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

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<sup>26</sup> See Proposed Amendments, *supra* note 16, at 80355.



## 12. Burden of Information Collection

As noted above, the amendments establish new collections of information. The Commission anticipates that the respondents will incur the following reporting, recordkeeping, or third-party disclosure burdens.

### Summary of Approximate Hourly Burdens

| Name of Information Collection      | Type of Burden | A<br>Number of Entities Impacted  | B<br>Annual Responses per Entity | C<br>Initial Burden per Entity per Response | D<br>Initial Burden Annualized per Entity per Response<br>C/3 | E<br>Ongoing Burden per Entity per Response | F<br>Annual Burden per Entity per Response<br>D+E<br>(except as noted) | G<br>Total Annual Burden per Entity<br>F*B<br>(except as noted) | H<br>Total Industry Burden<br>G*A<br>(except as noted) | Small Business Entities Affected |
|-------------------------------------|----------------|-----------------------------------|----------------------------------|---|---|---|--|---|--|----------------------------------|
| Form CC                             | Reporting      | 8                                 | 1                                | 200.3                                       | 66.77   | 0 <sup>27</sup>                             | 66.77  | 66.77   | 534.16   | 0                                |
| Form CC Amendment - Initial         | Reporting      | 8                                 | 2                                | 6   | 2   | 0   | 2  | 4   | 32   | 0                                |
| Form CC Amendment - Ongoing         | Reporting      | 8                                 | 6                                | 0   | 0   | 6.15  | 6.15   | 36.9 <sup>28</sup>  | 295.2 <sup>29</sup>                                    | 0                                |
| Form CC Cessation                   | Reporting      | 8                                 | 1                                | 2   | 0.67  | 0   | 0.67   | 0.67  | 5.36   | 0                                |
| CC Duties and Data Collection       | Third Party    |                                   |                                  |   |   |   |  |   |  |                                  |
|                                     |                | 2 (market data aggregation firms) | 1                                | 2,200                                       | 733.33  | 1,320                                       | 2,053.33   | 2,053.33  | 4,106.66   | 0                                |
|                                     |                | 1 (broker-dealer)                 | 1                                | 2,200                                       | 733.33  | 1,320                                       | 2,053.33   | 2,053.33  | 2,053.33   | 0                                |
|                                     |                | 2 (exclusive SIPs)                | 1                                | 4,400                                       | 1,466.67  | 1,320                                       | 2,786.66   | 2,786.66  | 5,573.33   | 0                                |
|                                     |                | 2 (new entrants)                  | 1                                | 8,800                                       | 2,933.33  | 1,320                                       | 4,253.33   | 4,253.33  | 8,506.66   | 0                                |
|                                     |                | 1 (SRO)                           | 1                                | 8,800                                       | 2,933.33  | 1,320                                       | 4,253.33   | 4,253.33  | 4,253.33   | 0                                |
| Public Posting of Form CC - Initial | Third Party    | 8                                 | 1                                | 0.5   | 0.167   | 0   | 0.167  | 0.167   | 1.336  | 0                                |

<sup>27</sup> The ongoing burdens for Form CC are reflected in the following line describing Form CC amendments.

<sup>28</sup> 6 (# of responses per entity in each subsequent year) x 6.15 hours (ongoing burden per entity per response) = 36.9 hours.

<sup>29</sup> 36.9 hours (the annual burden per entity for each subsequent year) x 8 (# of entities impacted) = 295.2 hours.

| Name of Information Collection      | Type of Burden | A<br>Number of Entities Impacted | B<br>Annual Responses per Entity | C<br>Initial Burden per Entity per Response | D<br>Initial Burden Annualized per Entity per Response<br>C/3 | E<br>Ongoing Burden per Entity per Response | F<br>Annual Burden per Entity per Response<br><br>D+E (except as noted) | G<br>Total Annual Burden per Entity<br><br>F*B (except as noted) | H<br>Total Industry Burden<br><br>G*A (except as noted) | Small Business Entities Affected |
|-------------------------------------|----------------|----------------------------------|----------------------------------|---|---|---|---|--|---|----------------------------------|
| Public Posting of Form CC - Ongoing | Third Party    | 8                                | 6                                | 0   | 0   | 0.25  | 0.25  | 1.5  | 12  | 0                                |
| CC Recordkeeping                    | Recordkeeping  | 8                                | 1                                | 40  | 13.33   | 20  | 33.33   | 33.33  | 266.64  | 0                                |
| CC Monthly Reports                  | Reporting      | 8                                | 12                               | 20.5  | 6.833   | 11  | 17.833  | 214  | 1,712   | 0                                |
| NMS Plans Amendment                 | Reporting      | 19                               | 1                                | 22.105 <sup>30</sup>                        | 7.368   | 12.895 <sup>31</sup>                        | 20.263  | 20.263   | 384.997   | 0                                |
| SRO Market Data                     | Third Party    | 17                               | 1                                | 220   | 73.33   | 396   | 469.33  | 469.33   | 7,978.61  | 0                                |
| <b>Total Annual Burden</b>          |                |                                  |                                  |   |   |   |   |  | 35,715.61   |                                  |

As discussed above, for certain of the collections of information, the Commission is correcting Item 13 to remove certain cost estimates that are the monetized value of the burden hours in Item 12. These were previously included in Item 13 in error and are now being moved to Item 12 for informational purposes. The following chart provides the monetized value of the estimated hour burdens for these collections of information. These values are being provided for information purposes, and only to provide additional background details regarding the hour burdens. Monetized values of hour burdens are not submitted to OMB for approval.

### Summary of Approximate Monetized Hourly Burdens (for informational purposes)

| Name of Information Collection | Type of Burden | A<br>Number of Entities Impacted | B<br>Annual Responses per Entity | C<br>Initial Value per Entity per Response | D<br>Initial Value Annualized per Entity per Response<br>C/3 | E<br>Ongoing Value per Entity per Response | F<br>Annual Value per Entity per Response<br><br>D+E (except as noted) | G<br>Total Annual Value per Entity<br><br>F*B (except as noted) | H<br>Total Industry Value<br><br>G*A (except as noted) | Small Business Entities Affected |
|--------------------------------|----------------|----------------------------------|----------------------------------|--|--|--|--|---|--|----------------------------------|
| Form CC                        | Reporting      | 8                                | 1                                | \$93,540.10                                | \$31,180.03  | \$0 <sup>32</sup>                          | \$31,180.03  | \$31,180.03   | \$249,440.27   | 0                                |

<sup>30</sup> (420 initial burden hours per response filed jointly by respondents) / (19 respondents) = 22.105 hours per respondent.

<sup>31</sup> (245 ongoing burden hours per response filed jointly by respondents) / (19 respondents) = 12.895 hours.

<sup>32</sup> The ongoing value for Form CC are reflected in the following line describing Form CC amendments.

| Name of Information Collection | Type of Burden | A<br>Number of Entities Impacted | B<br>Annual Responses per Entity | C<br>Initial Value per Entity per Response | D<br>Initial Value Annualized per Entity per Response<br>C/3 | E<br>Ongoing Value per Entity per Response | F<br>Annual Value per Entity per Response<br><br>D+E<br>(except as noted) | G<br>Total Annual Value per Entity<br><br>F*B (except as noted) | H<br>Total Industry Value<br><br>G*A (except as noted) | Small Business Entities Affected |
|--------------------------------|----------------|----------------------------------|----------------------------------|--|--|--|---|---|--|----------------------------------|
| Form CC Amendment - Initial    | Reporting      | 8                                | 2                                | \$2,802                                    | \$934.00   | 0  | \$934.00  | \$1,868.00  | \$14,944.00  | 0                                |
| Form CC Amendment - Ongoing    | Reporting      | 8                                | 6                                | 0  | 0  | \$2,872.05                                 | \$2,872.05  | \$17,232.30   | \$137,858.40 each year thereafter                      | 0                                |
| Form CC Cessation              | Reporting      | 8                                | 1                                | \$934                                      | \$311.33   | \$0  | \$311.33  | \$311.33  | \$2,490.64   |                                  |
| CC Recordkeeping               | Recordkeeping  | 8                                | 1                                | \$8,720                                    | \$2,906.67   | \$4,360                                    | \$7,266.67  | \$7,266.67  | \$58,133.36  | 0                                |
| CC Monthly Reports             | Reporting      | 8                                | 12                               | \$6,708.92                                 | \$2,236.31   | \$3,768.50                                 | \$6,004.81  | \$72,057.72   | \$576,461.76   | 0                                |
| NMS Plans Amendment            | Reporting      | 19                               | 1                                | \$9,217.89                                 | \$3,072.63   | \$5,377.11                                 | \$8,449.74  | \$8,449.74  | \$160,545  | 0                                |
| SRO Market Data                | Third Party    | 17                               | 1                                | \$70,865                                   | \$23,621.67  | \$128,064                                  | \$151,685.67  | \$151,685.67  | \$2,578,656.39   | 0                                |

### Registration Requirements and Form CC

The respondents to this collection of information will be the 8 entities that the Commission estimates may register as competing consolidators. Each SIP that wishes to register as a competing consolidator must file a Form CC to register with the Commission. Thereafter, each competing consolidator must file an annual report and an amendment, if necessary.

The Commission estimates that each competing consolidator will incur an initial, one-time reporting burden of 200.3 hours to complete the initial Form CC with the information required, including all exhibits and file the Form CC with the Commission (including 0.3 hours to access the Commission's Electronic Form Filing System). This would result in an estimated annual burden of 66.77 hours per respondent, and **534.16 hours** in the aggregate.<sup>33</sup> Competing consolidators will have to submit amendments to Form CC when necessary, including Annual Reports correcting information that has become inaccurate or incomplete, and Material Amendments that must be filed prior to any material change in the pricing, connectivity, or products offered. The Commission estimates that, during the first year, a competing consolidator will incur an initial reporting burden per response (annualized) of 6 hours to complete and file such materials. In each year thereafter, the Commission estimates that a competing consolidator will incur an ongoing annual burden of approximately 6.15 hours per response. This would result in estimated annual burdens per respondent of 4 hours<sup>34</sup> during the first year and 36.9 hours each

<sup>33</sup> 66.77 (initial one-time burden, annualized over the three-year approval period) x 8 respondents = 534.16 hours.

<sup>34</sup> 2 (# of responses per entity during the first year) x 2 hours (initial burden annualized per entity per response) = 4 hours.

year thereafter.<sup>35</sup> Correspondingly, the aggregate industry burdens would be **32 hours** during the first year<sup>36</sup> and **295.2 hours** each year thereafter.<sup>37</sup> When a competing consolidator ceases operation, it must prepare and file a cessation form on Form CC. The Commission estimates that each competing consolidator would incur an initial one-time reporting burden of 2 hours to prepare and file the cessation form. This would result in an estimated annual burden of 0.67 hours per respondent, and **5.36 hours** annually in the aggregate.<sup>38</sup>

The Commission estimates an initial monetized value of \$93,540.10 for internal legal costs related to the registration as competing consolidators. This would result in an estimated annual monetized value for the hour burden of \$31,180.03 per respondent.<sup>39</sup> This would result in an estimated annual monetized value for the hour burden for the industry of \$249,440.27. When a competing consolidator is required to amend its Form CC, it will have to file such amendment with the Commission. This would result in an estimated annual monetized value for each respondent of \$934 per response during the first year and \$2,872.05 per response each year thereafter. This would result in an estimated annual monetized value of \$1,868 per respondent in the first year and \$17,232 per respondent each year thereafter.<sup>40</sup> This would result in an estimated annual monetized value for the industry of \$14,944 during the first year and \$137,858.40 each year thereafter.<sup>41</sup> When a competing consolidator ceases operation, it must file a cessation form. The Commission estimates that each competing consolidator would incur an initial monetized value of \$934 for internal legal costs related to filing the cessation form. This would result in an estimated annual monetized value of \$311.33 per respondent, and \$2,490.64 annually in the aggregate.

### Competing Consolidator Duties and Data Collection

The respondents to this collection of information will be the 8 entities that the Commission estimates may act as competing consolidators. Each entity must collect from the

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<sup>35</sup> 6 (# of responses per entity in each subsequent year) x 6.15 hours (ongoing burden per entity per response) = 36.9 hours.

<sup>36</sup> 4 hours (the annual burden per entity for the first year) x 8 (# of entities impacted) = 32 hours.

<sup>37</sup> 36.9 hours (the annual burden per entity for each subsequent year) x 8 (# of entities impacted) = 295.2 hours.

<sup>38</sup> 0.67 (initial one-time burden, annualized over the three-year period) + 0 (no ongoing burden) = 0.67 hours.

<sup>39</sup> \$31,180.03 (initial, one-time value, annualized over the three-year period) + \$0 (ongoing value) = \$31,180.03.

<sup>40</sup> 2 (# of responses per entity during the first year) x \$934 (initial cost annualized per entity per response) = \$1,868; 6 (# of responses per entity each year after the first year) x \$2,872.05 (ongoing cost per entity per response) = \$17,232.30.

<sup>41</sup> \$1,868 (total annual cost per entity in the first year) x 8 (# of entities impacted) = \$14,944 (total industry costs during the first year); \$17,232.30 (total annual cost per entity in each year after the first year) x 8 (# of entities impacted) = \$137,858.40 (total industry costs in each year after the first year).

SROs quotation and transaction information for NMS stocks, calculate and generate consolidated market data products, and make available to subscribers consolidated market data products.

The Commission expects different entities to act as competing consolidators: two market data aggregation firms, one broker-dealer that currently aggregates market data for internal uses, two entities that currently operate as exclusive SIPs, two new entrants, and one SRO. The Commission has estimated the burdens for different types of entities based on the anticipated changes to their systems necessary to collect SRO quotation and transaction information, calculate and generate consolidated market data products, and make available consolidated market data products to subscribers.

The Commission estimates that each market data aggregation firm will incur an initial, one-time burden of 2,200 hours to modify its systems in order to operate as a competing consolidator. The Commission further estimates that each market data aggregation firm will incur an ongoing burden of 1,320 hours to maintain its systems. This would result in an estimated annual burden of 2,053.33 hours per respondent and **4,106.66 hours** annually in the aggregate.<sup>42</sup>

The Commission estimates that a broker-dealer will incur an initial, one-time burden of 2,200 hours to modify its systems in order to act as a competing consolidator. The Commission further estimates that the broker-dealer will incur an ongoing burden of 1,320 hours to maintain its systems. This would result in an estimated annual burden of 2,053.33 hours per respondent<sup>43</sup> and **2,053.33 hours** in the aggregate.

The Commission estimates that each exclusive SIP will incur an initial, one-time burden of 4,400 hours to modify its systems in order to act as a competing consolidator. The Commission further estimates that each exclusive SIP will incur an ongoing burden of 1,320 hours to maintain its systems. This would result in an estimated annual burden of 2,786.66 hours per respondent<sup>44</sup> and **5,573.33 hours** annually in the aggregate.

The Commission estimates that each new entrant will incur an initial, one-time burden of 8,800 hours to build systems in order to act as a competing consolidator. The Commission further estimates that each new entrant will incur an ongoing burden of 1,320 hours to maintain its systems. This would result in an estimated annual burden of 4,253.33 hours per respondent<sup>45</sup> and **8,506.66 hours** annually in the aggregate.

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<sup>42</sup> 733.33 (initial one-time burden, annualized over the three-year period) + 1,320 (ongoing burden) = 2,053.33 hours.

<sup>43</sup> 733.33 (initial one-time burden, annualized over the three-year period) + 1,320 (ongoing burden) = 2,053.33 hours.

<sup>44</sup> 1,466.67 (initial one-time burden, annualized over the three-year period) + 1,320 (ongoing burden) = 2,786.67 hours.

<sup>45</sup> 2,933.33 (initial one-time burden, annualized over the three-year period) + 1,320 (ongoing burden) = 4,253.33 hours.

The Commission estimates that each SRO will incur an initial, one-time burden of 8,800 hours to build systems in order to act as a competing consolidator. The Commission further estimates that each SRO will incur an ongoing burden of 1,320 hours to maintain its systems. This would result in an estimated annual burden of 4,253.33 hours per respondent<sup>46</sup> and **4,253.33 hours** annually in the aggregate.

#### Competing Consolidators Public Posting of Form CC

The respondents to this collection of information will be the 8 entities that the Commission estimates may register as competing consolidators. Each entity must make public on its website a direct URL hyperlink to the Commission's website that contains each effective initial Form CC, order of ineffective initial Form CC, and amendments to effective Form CCs. The Commission estimates that each competing consolidator will incur an initial, one-time burden of 0.5 hours to publicly post the URL hyperlink and ensure the link is correct; when annualized, this results in an annual burden of **1.336 hours**. The Commission further estimates that each competing consolidator will incur an ongoing burden of 1.5 hours<sup>47</sup> annually to maintain the link. This would result in an estimated annual burden of 1.336 hours per respondent for the initial public posting of the Form CC<sup>48</sup> and **12 hours** annually per respondent to maintain the link.<sup>49</sup>

#### Competing Consolidators Recordkeeping

The respondents to this collection of information will be the 8 entities that the Commission estimates may act as competing consolidators. Each entity must keep and preserve at least one copy of all documents made or received by it in the course of its business and in the conduct of its business. These documents must be kept for a period of no less than five years, the first two years in an easily accessible place. The Commission estimates that each competing consolidator will incur an initial, one-time burden of 40 hours to comply with the recordkeeping requirements. The Commission further estimates that each competing consolidator will incur an ongoing burden of 20 hours to maintain the recordkeeping. This would result in an estimated annual burden of 33.33 hours per respondent<sup>50</sup> and **266.64 hours** annually in the aggregate.

The Commission estimates an initial monetized value of \$8,720 and an ongoing monetized value of \$4,360 per year, for internal legal costs related to recordkeeping. This would

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<sup>46</sup>  $2,933.33$  (initial one-time burden, annualized over the three-year period) +  $1,320$  (ongoing burden) =  $4,253.33$  hours.

<sup>47</sup>  $0.25$  (ongoing burden per response per year) \*  $6$  (ongoing responses per respondent per year) =  $1.5$  hours per respondent per year

<sup>48</sup>  $0.167$  (initial one-time burden, annualized over the three-year period) x  $8$  (respondents) =  $1.336$  hours.

<sup>49</sup>  $1.5$  (hours per respondent per year) \*  $8$  (respondents) =  $12$  hours.

<sup>50</sup>  $13.33$  (initial one-time burden, annualized over the three-year period) +  $20$  (ongoing burden) =  $33.33$  hours.

result in an estimated annual monetized value for the hour burden of \$7,266.67 per respondent.<sup>51</sup> The Commission estimates that there will be 8 competing consolidator respondents. This would result in an estimated annual monetized value of the hour burden for the industry of \$58,133.36.

### Competing Consolidators Monthly Reports and Reviews

The respondents to this collection of information will be the 8 entities that the Commission estimates may act as competing consolidators. Each entity must produce monthly reports. The Commission estimates that each competing consolidator will incur an initial burden of 246 hours to produce the monthly reports and post them publicly.<sup>52</sup> Accordingly, the estimated initial burden per respondent, per response is 20.5 hours.<sup>53</sup> The Commission further estimates that each competing consolidator will incur an ongoing burden of 132 hours to produce and post the monthly reports.<sup>54</sup> This would result in an estimated annual burdens of approximately 214 hours per respondent and approximately **1,712 hours** for all respondents.<sup>55</sup>

The Commission estimates an initial annual monetized value per respondent will be \$80,507, and the total initial annual value for all respondents will be \$644,056.<sup>56</sup> Accordingly, the Commission estimates that the initial value per respondent, per response will be approximately \$6,708.92,<sup>57</sup> and that the ongoing annual value per respondent will be \$45,222, and the total ongoing value for all respondents will be \$361,776.<sup>58</sup> Accordingly, the Commission estimates that the annual ongoing value per respondent, per response will be

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<sup>51</sup>  $\$2,906.67$  (initial, one-time value, annualized over a three-year period) +  $\$4,360$  (ongoing value) =  $\$7,266.67$ .

<sup>52</sup> See Adopting Release, supra note 10, 86 FR at 18718.

<sup>53</sup>  $246$  hours (initial burden per respondent per year) /  $12$  (months per year) =  $20.5$  hours (initial burden per respondent, per response).

<sup>54</sup> The Commission estimates that each competing consolidator would incur an average burden of 11 hours to prepare and make publicly available a monthly report in the format required by Rules 614(d)(5) and (d)(6). See Adopting Release, supra note 10, 86 FR at 18719.  $11$  hours (ongoing burden per respondent for each monthly report) x  $12$  months =  $132$  hours (ongoing burden per respondent, per year).

<sup>55</sup>  $6.833$  hours (initial burden annualized over a three-year period per entity, per response) +  $11$  hours (ongoing burden per entity, per response) =  $17.833$  hours (annual burden per respondent, per response).  $17.833$  hours (annual burden per respondent, per response) x  $12$  (# of responses per year) =  $213.996$  hours (total annual burden per respondent).  $8$  (# of respondents) x  $213.966$  hours (total annual burden per respondent) =  $1,711.968$  hours (total burden of all respondents).

<sup>56</sup> See Adopting Release, supra note 10, 86 FR at 18718.

<sup>57</sup>  $\$80,507$  (total initial annual value per respondent) /  $12$  (# of responses per year) =  $\$6,708.92$  (initial annual value per respondent, per response). Correspondingly, the Commission estimates that the initial annual value per entity, per response, annualized over a three-year period is  $\$2,236.31$ .

<sup>58</sup> See Adopting Release, supra note 10, at 18719.

approximately \$3,768.50.<sup>59</sup> This would result in an estimated annual value of \$6,004.81 per respondent.<sup>60</sup> The Commission estimates that there will be 8 competing consolidator respondents. This would result in an estimated annual total value per respondent of \$72,057.72 and a total value to the industry of \$576,461.76.<sup>61</sup>

### NMS Plans Amendment

The respondents to this collection of information will be the 18 national securities exchanges and the single national securities association who are participants in the effective national market system plan(s) for NMS stocks. The respondents must amend the current effective national market system plans to reflect the decentralized consolidation model for disseminating consolidated market data products as well as make technology changes to collect and provide timestamps. The Commission estimates that the participants collectively will incur an initial, one-time reporting burden of 420 hours of legal and compliance time to prepare, amend, and file the NMS plans. The Commission further estimates that the participants collectively will incur an ongoing burden of 245 hours related to the NMS amendment (for maintaining the required timestamps, conducting assessments of competing consolidators, preparing an annual report, maintaining the list of the primary listing exchange for each NMS stock, and calculating gross revenues). Because the Commission expects the 19 SRO respondents to collectively file one response, this would result in an estimated annual burden of 20.263 hours per respondent<sup>62</sup> and **384.997 hours** annually in the aggregate.

The Commission estimates an initial monetized value of \$9,217.89 and an ongoing monetized value of \$5,377.11 per year, for internal legal costs related to preparing the NMS plan amendment. This would result in an estimated annual monetized value for the hour burden of \$8,449.74 per respondent.<sup>63</sup> Because the Commission expects the SRO respondents to collectively file one response, this would result in an annual monetized value of the hour burden for the industry of \$160,545.

### SRO Market Data Collection and Dissemination

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<sup>59</sup>  $\$45,222$  (ongoing annual value per respondent) / 12 (# of responses per year) = \$3,768.50 (annual ongoing value per respondent, per response).

<sup>60</sup>  $\$2,236.31$  (initial value per respondent, per response, annualized over a three-year period) +  $\$3,768.50$  (ongoing value per respondent, per response) = \$6,004.81 (annual value per entity, per response).

<sup>61</sup>  $\$6,004.81$  (annual value per respondent, per response) x 12 (# of responses per year) = \$72,057.72;  $\$72,057.72$  (total annual value per respondent) x 8 (# of respondents) = \$576,461.76 (total value of all respondents).

<sup>62</sup> 7.368 (initial one-time burden, annualized over a three-year period) + 12.895 (ongoing burden) = 20.263 hours.

<sup>63</sup>  $\$3,072.63$  (initial, one-time value, annualized over the three-year period) +  $\$5,377.11$  (ongoing value) = \$8,449.74.



The respondents to this collection of information will be the 16 national securities exchanges on which NMS stocks are traded and the single national securities association. Each of these SROs must make available to all competing consolidators and self-aggregators all information with respect to quotations for and transactions in NMS stocks, including all data necessary to generate consolidated market data, in the same manner and using the same methods, including all methods of access and the same format, as such SRO makes available any information with respect to quotations for and transactions in NMS stocks to any person.

The Commission estimates that each of these SROs will incur an initial, one-time reporting burden of 220 hours of legal, compliance, information technology, and business operations personnel time to prepare and modify systems to generate and make available the market data. The Commission further estimates that each SRO will incur an ongoing reporting burden of 396 hours to collect the information necessary to generate consolidated market data. This would result in an estimated annual burden of 469.33 hours per respondent<sup>64</sup> and **7,978.61 hours** annually in the aggregate.

The Commission estimates an initial monetized value of \$70,865 and an ongoing monetized value of \$128,064 per year, for internal legal and programming costs related to collecting and disseminating market data. This would result in an estimated annual monetized value for the hour burden of \$151,685.67 per respondent<sup>65</sup> and an estimated annual monetized value of the hour burden for the industry of \$2,578,656.

**PROPOSED PARTIAL REVISION: New Burdens Associated with the Proposed Amendments**

The Commission believes that the December 2022 amendments would result in the two new hourly burdens. These are discussed in more detail below.

**Summary of Proposed New Hourly Burdens**

| Name of Information Collection | Type of Burden | A<br>Number of Entities Impacted | B<br>Annual Responses per Entity | C<br>Initial Burden per Entity per Response | D<br>Initial Burden Annualized per Entity per Response<br>C/3 | E<br>Ongoing Burden per Entity per Response | F<br>Annual Burden per Entity per Response<br><br>D+E (except as noted) | G<br>Total Annual Burden per Entity<br><br>F*B (except as noted) | H<br>Total Industry Burden<br><br>G*A (except as noted) | Small Business Entities Affected |
|--------------------------------|----------------|----------------------------------|----------------------------------|---|---|---|---|--|---|----------------------------------|
| SRO Market                     | Third Party    | 17                               | 1                                | 11  | 3.67  | 19.8  | 23.47   | 23.47  | 398.99  | 0                                |

<sup>64</sup> 73.33 hours (initial one-time burden, annualized over the three-year period) + 396 hours (ongoing burden) = 469.33 hours.

<sup>65</sup> (\$23,621.67 initial, one-time value, annualized over the three-year period) + (\$128,064 ongoing value) = \$151,685.67.

|   |                |   |   |    |       |   |       |       |        |   |
|---|----------------|---|---|----|-------|---|-------|-------|--------|---|
| Data --<br>Odd-lot<br>informatio<br>n to<br>exclusive<br>SIPs                                 |                |   |   |    |       |   |       |       |        |   |
| SRO<br>Market<br>Data --<br>Round lot<br>and<br>minimum<br>pricing<br>increment<br>indicators | Third<br>Party | 5 | 4 | 50 | 16.67 | 8 | 24.67 | 98.68 | 493.4  | 0 |
| <b>Total</b>  |                |   |   |    |       |   |       |       | 883.39 |   |

In the Proposed Amendments, the Commission proposed to amend Rule 603(b) to require SROs to make available all data necessary to generate odd-lot information to the exclusive SIPs, which could increase the burdens under the SRO Market Data Collection and Dissemination information collection.<sup>66</sup> The Commission estimates that this proposed requirement would add 11 initial burden hours<sup>67</sup> and 19.8 annual burden hours<sup>68</sup> to its previous estimates for the SRO Market Data Collection and Dissemination information collection.<sup>69</sup> This would result in an

<sup>66</sup> The SROs already provide certain quotation information to the exclusive SIPs, and many SROs already provide odd-lot quotation information to customers through their proprietary data feeds. Nevertheless, providing the exclusive SIPs with the data necessary to generate odd-lot information may entail additional burdens. Specifically, technical development work may be needed to direct odd-lot quotations to the exclusive SIPs and to expand the capacity of the existing connections through which the SROs provide data to the exclusive SIPs to support the additional message traffic associated with odd-lot quotations. See Proposed Amendments, *supra* note 16, at 80354-55.

<sup>67</sup> The Commission estimates the monetized initial burden for this requirement to be \$3,929. The Commission derived this estimate based on per hour figures from SIFMA's Management & Professional Earnings in the Securities Industry 2013, modified to account for an 1,800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead: [(Compliance Manager at \$344 for 5.25 hours) + (Attorney at \$462 for 3.5 hours) + (Sr. Systems Analyst at \$316 for 1 hour) + (Operations Specialist at \$152 for 1.25 hours)] = 11 initial burden hours and \$3,929.

<sup>68</sup> The Commission estimates the monetized ongoing, annual burden for this requirement to be \$7,050. The Commission derived this estimate based on per hour figures from SIFMA's Management & Professional Earnings in the Securities Industry 2013, modified to account for an 1,800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead: [(Compliance Manager at \$344 for 10.6 hours) + (Attorney at \$462 for 3.4 hours) + (Sr. Systems Analyst at \$316 for 5.8 hours)] = 19.8 annual burden hours and \$7,050.

<sup>69</sup> These estimates represent 5% of the existing burdens for the SRO Market Data Collection and Dissemination information collection because the SROs already collect the data necessary to generate odd-lot information and this information is only a subset of consolidated market data as defined in the MDI Rules. See Proposed Amendments, *supra* note 16, at 80354-55.

estimated annual burden of 23.47 hours per respondent<sup>70</sup> and **398.99 hours** annually in the aggregate.

In addition, the Proposed Amendments would require the primary listing exchange for each NMS stock to provide an indicator of the round lot size to the applicable exclusive SIP for dissemination and to calculate and provide to competing consolidators, self-aggregators, and the applicable exclusive SIP an indicator of the applicable minimum pricing increment for dissemination.<sup>71</sup> This would also increase the burden estimates for the SRO Market Data Collection and Dissemination information collection. Specifically, the Commission estimates that these proposed requirements would add 50 initial burden hours<sup>72</sup> and 32 annual burden hours<sup>73</sup> for each of the five primary listing exchanges. This would result in an estimated annual burden of 24.67 hours per respondent<sup>74</sup> and **493.4 hours** annually in the aggregate.

### 13. Costs to Respondents

The Commission believes that respondents will incur costs in connection with the amendment. The Commission anticipates that the respondents will incur the following initial and annual cost burdens.

#### Summary of Dollar Costs

| Name of Information Collection | Type of Burden | A<br>Number of Entities Impacted | B<br>Annual Responses per Entity | C<br>Initial Cost per Entity per Response | D<br>Initial Cost Annualized per Entity per Response<br>C/3 | E<br>Ongoing Cost per Entity per Response | F<br>Annual Cost per Entity per Response<br>D+E (except as noted) | G<br>Total Annual Cost per Entity<br>F*B (except as noted) | H<br>Total Industry Cost<br>G*A (except as noted) | Small Business Entities Affected |
|--------------------------------|----------------|----------------------------------|----------------------------------|---|---|---|---|--|---|----------------------------------|
| Form CC                        | Reporting      | 8                                | 1                                | \$50                                      | \$16.67   | \$25                                      | \$41.67   | \$41.67  | \$333.36  | 0                                |

<sup>70</sup> 3.67 hours (initial one-time burden, annualized over the three-year period) + 19.8 hours (ongoing burden) = 23.47 hours.

<sup>71</sup> The primary listing exchange is already required to calculate the applicable round lot size and provide it to competing consolidators and self-aggregators under the MDI Rules, and the incremental burden of providing this indicator to the two exclusive SIPs is likely to be minimal. However, calculating the applicable minimum pricing increment and providing it to competing consolidators, self-aggregators, and the exclusive SIPs would entail additional burdens. Specifically, primary listing exchanges would need to program systems to calculate the applicable minimum pricing increment for each NMS stock that they list each quarter based on its Time Weighted Average Quoted Spread and to include this information in the data that they provide to competing consolidators, self-aggregators, and the exclusive SIPs. See Proposed Amendments, supra note 16, at 80354-55.

<sup>72</sup> The Commission estimates the monetized initial burden for this requirement to be \$19,000 per primary listing exchange. See Proposed Amendments, supra note 16, at 80333.

<sup>73</sup> The Commission estimates the monetized ongoing, annual burden for this requirement to be \$9,000 per primary listing exchange. Id.

<sup>74</sup> 16.67 hours (initial one-time burden, annualized over the three-year period) + 8 hours (ongoing burden) = 24.67 hours.

| Name of Information Collection      | Type of Burden | A<br>Number of Entities Impacted  | B<br>Annual Responses per Entity | C<br>Initial Cost per Entity per Response | D<br>Initial Cost Annualized per Entity per Response<br>C/3 | E<br>Ongoing Cost per Entity per Response | F<br>Annual Cost per Entity per Response<br>D+E (except as noted) | G<br>Total Annual Cost per Entity<br>F*B (except as noted) | H<br>Total Industry Cost<br>G*A (except as noted) | Small Business Entities Affected |
|-------------------------------------|----------------|-----------------------------------|----------------------------------|---|---|---|---|--|---|----------------------------------|
| CC Duties and Data Collection       | Third Party    |                                   |                                  |   |   |   |   |  |   |                                  |
|                                     |                | 2 (market data aggregation firms) | 1                                | \$826,750                                 | \$275,583.33  | \$5,141,895                               | \$5,417,478.33  | \$5,417,478.33   | \$10,834,956.66                                   | 0                                |
|                                     |                | 1 (broker-dealer)                 | 1                                | \$826,750                                 | \$275,583.33  | \$5,141,895                               | \$5,417,478.33  | \$5,417,478.33   | \$5,417,478.33                                    | 0                                |
|                                     |                | 2 (SIPs)                          | 1                                | \$1,445,500                               | \$481,833.33  | \$5,141,895                               | \$5,623,728.33  | \$5,623,728.33   | \$11,247,456.66                                   | 0                                |
|                                     |                | 2 (new entrants)                  | 1                                | \$2,683,000                               | \$894,333.33  | \$5,141,895                               | \$6,036,228.33  | \$6,036,228.33   | \$12,072,456.66                                   | 0                                |
|                                     |                | 1 (SRO)                           | 1                                | \$2,683,000                               | \$894,333.33  | \$5,141,895                               | \$6,036,228.33  | \$6,036,228.33   | \$6,036,228.33                                    | 0                                |
| Public Posting of Form CC - Initial | Third Party    | 8                                 | 1                                | 0   | 0   |   | \$0   | \$0  | \$0   | 0                                |
| Public Posting of Form CC - Ongoing | Third Party    | 8                                 | 6                                |   |   | 0   | \$0   | \$0  | \$0   | 0                                |
| CC Monthly Reports                  | Reporting      | 8                                 | 1                                | \$800                                     | \$266.67  | 0   | \$266.67 <sup>75</sup>  | \$266.67   | \$2,133.36  | 0                                |
| <b>Total Annual Costs</b>           |                |                                   |                                  |   |   |   |   |  | \$45,611,043.36                                   |                                  |

### Registration Requirements and Form CC

As noted above, the respondents to this collection of information will be the 8 entities that the Commission estimates may act as competing consolidators. Each competing consolidator will register with the Commission by filing and digitally signing Form CC through the EFFS system. The Commission estimates an initial external cost of \$50 to obtain digital IDs to sign Form CC and ongoing external costs of \$25 per year for the same. This would result in an estimated annual cost of \$41.67<sup>76</sup> and an estimated annual cost for the industry of **\$333.36**.

### Competing Consolidator Duties and Data Collection

As noted above, the respondents to this collection of information will be the 8 entities that the Commission estimates may act as competing consolidators. Each entity must collect

<sup>75</sup> The hour burden for this information collection has twelve responses per year per respondent, but the cost burden has only one response per year per respondent. Accordingly, for purposes of the ROCIS entry, we divided the annual cost per entity by 12 ( $\$266.67/12 = \$22.2225$ ) so it could be included in the same worksheet as the hour burden.

<sup>76</sup>  $\$16.67$  (initial, one-time cost, annualized over the three-year period) +  $\$25$  (ongoing cost) =  $\$41.67$ .

from the SROs quotation and transaction information for NMS stocks, calculate and generate consolidated market data products, and make available such products to subscribers.

The Commission expects different entities to register as competing consolidators: two market data aggregation firms, one broker-dealer, two entities that currently operate as exclusive SIPs, two new entrants, and one SRO. The Commission has estimated the burdens for different types of entities based on the anticipated changes to their systems necessary to collect SRO quotation and transaction information, calculate and generate consolidated market data products, and make available such products to subscribers.

The Commission estimates an initial cost of \$826,750 and an ongoing cost of \$5,141,895 per year for market data aggregation firms that act as competing consolidators, for internal programming, legal, and external fees related to collect, consolidate, and aggregate market data. This would result in an estimated annual cost of \$5,417,478.33 per respondent<sup>77</sup> and an estimated annual cost for the industry of **\$10,834,956.66**.

The Commission estimates an initial cost of \$826,750 and an ongoing cost of \$5,141,895 per year for broker-dealer firms that act as competing consolidators, for internal programming, legal, and external fees related to collect, consolidate, and aggregate market data. This would result in an estimated annual cost of \$5,417,478.33 per respondent<sup>78</sup> and an estimated annual cost for the industry of **\$5,417,478.33**.

The Commission estimates an initial cost of \$1,445,500 and an ongoing cost of \$5,141,895 per year for exclusive SIPs that act as competing consolidators, for internal programming, legal, and external fees related to collect, consolidate, and aggregate market data. This would result in an estimated annual cost of \$5,623,728.33 per respondent<sup>79</sup> and an estimated annual cost for the industry of **\$11,247,456.66**.

The Commission estimates an initial cost of \$2,683,000 and an ongoing cost of \$5,141,895 per year for new entrants that act as competing consolidators, for internal programming, legal, and external fees related to collect, consolidate, and aggregate market data. This would result in an estimated annual cost of \$6,036,228.33 per respondent<sup>80</sup> and an estimated annual cost for the industry of **\$12,072,456.66**.

The Commission estimates an initial cost of \$2,683,000 and an ongoing cost of \$5,141,895 per year for the SRO that acts as a competing consolidator, for internal programming,

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<sup>77</sup> \$275,583.33 (initial, one-time cost, annualized over the three-year period) + \$5,141,895 (ongoing cost) = \$5,417,478.33.

<sup>78</sup> \$275,583.33 (initial, one-time cost, annualized over the three-year period) + \$5,141,895 (ongoing cost) = \$5,417,478.33.

<sup>79</sup> \$481,833.33 (initial, one-time cost, annualized over the three-year period) + \$5,141,895 (ongoing cost) = \$5,623,728.33.

<sup>80</sup> \$894,333.33 (initial, one-time cost, annualized over the three-year period) + \$5,141,895 (ongoing cost) = \$6,036,228.33.

legal, and external fees related to collect, consolidate, and aggregate market data. This would result in an estimated annual cost of \$6,036,228.33 per respondent<sup>81</sup> and an estimated annual cost for the industry of **\$6,036,228.33**.

#### Competing Consolidators Monthly Reports and Reviews

As noted above, the respondents to this collection of information will be the 8 entities that the Commission estimates may act as competing consolidators. Each entity must produce monthly reports and maintain them on a website. The Commission estimates an initial external cost of \$800 for an external website developer to create the website and no ongoing external costs. This would result in an estimated annual cost of \$266.67<sup>82</sup> and an estimated annual cost for the industry of \$2,133.36.

#### **14. Cost to Federal Government**

The Commission estimates it will cost the federal government \$630,927 in order to build out the current Form CC in the EFFS/SRTS system, which is \$210,309 per year over three years. The Commission previously estimated that it would cost \$750,000 but is revising this estimate downward in light of more recent technology budget planning information.

#### **15. Changes in Burden**

The Commission has revised its burden estimate for the collections of information, as summarized in this chart:

| Name of Information Collection                                      | Annual Industry Burden/Cost | Annual Industry Burden/Cost Previously Reviewed | Increase (Decrease) in Burden/Cost | Reason for Change                                     |
|---|-----------------------------|---|------------------------------------|---|
| <i>Burden hour increases as a result of the Proposed Amendments</i> |                             |   |                                    |   |
| SRO Market Data-- Odd-lot information to exclusive SIPs             | 389.99                      | 7,978.61  | 389.99                             | Additional burdens resulting from Proposed Amendments |
| SRO Market Data-- Round lot and                                     | 493.4                       | 7,978.61  | 493.4                              | Additional burdens resulting from Proposed Amendments |

<sup>81</sup> \$894,333.33 (initial, one-time cost, annualized over the three-year period) + \$5,141,895 (ongoing cost) = \$6,036,228.33.

<sup>82</sup> \$266.67 (initial, one-time cost, annualized over the three-year period) + 0 (ongoing cost) = \$266.67.

|   |            |                |                  |                                |
|---|------------|----------------|------------------|--------------------------------|
| minimum pricing increment indicators                    |            |                |                  |                                |
| <i>Cost reductions to remove monetized cost burdens</i> |            |                |                  |                                |
| CC Recordkeeping  | 0          | \$58,133.36    | (\$58,133.36)    | Removing monetized cost burden |
| NMS Plans Amendment                                     | 0          | \$160,545      | (\$160,545)      | Removing monetized cost burden |
| SRO Market Data   | 0          | \$2,578,656.39 | (\$2,578,656.39) | Removing monetized cost burden |
| Form CC   | \$333.36   | \$249,573.60   | (\$249,240.24)   | Removing monetized cost burden |
| Form CC Amendment--Ongoing                              | 0          | \$137,858.40   | (\$137,858.40)   | Removing monetized cost burden |
| CC Monthly Reports                                      | \$2,133.36 | \$578,594.88   | (\$576,461.52)   | Removing monetized cost burden |

***Burden hour increases as a result of the Proposed Amendments***

**SRO Market Data Collection and Dissemination**

As discussed above, the Proposed Amendments would increase the burdens of the SRO Market Data Collection and Dissemination information collection. Specifically, the requirement for SROs to make available all data necessary to generate odd-lot information to the exclusive SIPs and for the primary listing exchange for each NMS stock to calculate and provide to competing consolidators, self-aggregators, and the applicable exclusive SIP an indicator of the applicable minimum pricing increment for dissemination would add 883.39 hours (389.99 + 493.4) annually in the aggregate.

***Cost reductions to remove monetized cost burdens***

**Competing Consolidators Recordkeeping**

With respect to costs to respondents for Competing Consolidators Recordkeeping, the Commission initially estimated an initial cost of \$8,720 and an ongoing cost of \$4,360 per year, for internal legal costs related to recordkeeping. This would result in an estimated annual cost of \$7,266.67 per respondent.<sup>83</sup> The Commission estimates that there will be 8 competing consolidator respondents. This would result in an estimated annual cost for the industry of \$58,133.36.

The Commission is reducing this estimate to zero as it is a monetized estimate of burden hours.

<sup>83</sup> \$2,906.67 (initial, one-time cost, annualized over a three-year period) + \$4,360 (ongoing cost) = \$7,266.67.

## NMS Plans Amendment

With respect to costs to respondents for the NMS Plans Amendment, the Commission initially estimated an initial cost of \$9,217.89 and an ongoing cost of \$5,377.11 per year, for internal legal costs related to preparing an NMS Plan amendment. This would result in an estimated annual cost of \$8,449.74 per respondent<sup>84</sup> and an estimated annual cost for the industry of \$160,545.

The Commission is reducing this estimate to zero as it is a monetized estimate of burden hours.

## SRO Market Data Collection and Dissemination

With respect to costs to respondents for SRO Market Data Collection and Dissemination, the Commission initially estimated an initial cost of \$70,865 and ongoing cost of \$128,064 per year, for internal legal and programming costs related to collecting and disseminating market data. This would result in an estimated annual cost of \$151,685.67 per respondent.<sup>85</sup> The Commission estimates that there will be 17 SRO respondents. This would result in an estimated annual cost for the industry of \$2,578,656.

The Commission is reducing this estimate to zero as it is a monetized estimate of burden hours.

## Registration Requirements and Form CC

With respect to costs to respondents for Registration Requirements and Form CC, the Commission initially estimated an initial cost of \$93,590.10<sup>86</sup> for internal legal costs related to the registration as competing consolidators. This would result in an estimated annual cost of \$31,196.70 per respondent.<sup>87</sup> The Commission estimates that there will be 8 competing consolidator respondents. This would result in an estimated annual cost for the industry of \$249,573.60.

The Commission is reducing these estimates to remove monetized estimates of burden hours. As discussed above, the only remaining external costs related to this information collection are an initial external cost of \$50 to obtain digital IDs to sign Form CC and ongoing

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<sup>84</sup> \$3,072.63 (initial, one-time cost, annualized over the three-year period) + \$5,377.11 (ongoing cost) = \$8,449.74.

<sup>85</sup> (\$23,621.67 initial, one-time cost, annualized over the three-year period) + (\$128,064 ongoing cost) = \$151,685.67.

<sup>86</sup> This number represents each respondent's initial one-time burden of \$93,540.10 + \$50 to access EFFS.

<sup>87</sup> \$31,196.70 (initial, one-time cost, annualized over the three-year period) + \$0 (ongoing cost) = \$31,196.70.



external costs of \$25 per year for the same. This would result in an estimated annual cost of \$41.67<sup>88</sup> and an estimated annual cost for the industry of \$333.36.

### Competing Consolidators Monthly Reports and Reviews

With respect to costs to respondents for Competing Consolidators Monthly Reports and Reviews the Commission initially estimated an initial annual cost per respondent of \$81,307, and total initial annual costs for all respondents of \$650,456.<sup>89</sup> Accordingly, the Commission estimated an initial cost per respondent, per response of approximately \$6,775.58,<sup>90</sup> and an ongoing annual cost per respondent of \$45,222, and total ongoing costs for all respondents of \$361,776.<sup>91</sup> Accordingly, the Commission estimated an annual ongoing cost per respondent, per response of approximately \$3,768.50.<sup>92</sup> This would result in an estimated annual cost of \$6,027.03 per respondent.<sup>93</sup> The Commission estimated that there will be 8 competing consolidator respondents. This would result in an estimated annual total cost per respondent of \$72,324.36 and a total cost to the industry of \$578,594.88.<sup>94</sup>

The Commission is reducing these estimates to remove monetized estimates of burden hours. As discussed above, the only remaining external costs related to this information collection are an initial external cost of \$800 for an external website developer to create the website where the reports are posted and maintained. This would result in an estimated annual cost of \$266.67<sup>95</sup> and an estimated annual cost for the industry of \$2,133.36.

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

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<sup>88</sup> \$16.67 (initial, one-time cost, annualized over the three-year period) + \$25 (ongoing cost) = \$41.67.

<sup>89</sup> See Adopting Release, *supra* note 10, 86 FR at 18718 (\$80,507 total initial costs + \$800 in external costs = \$81,307; \$644,056, total cost of all respondents + \$6,400 in external costs = \$650,456).

<sup>90</sup> \$81,307 (total initial annual cost for per respondent) / 12 (# of responses per year) = \$6,775.58 (initial annual cost per respondent, per response). Correspondingly, the Commission estimates that the initial annual cost per entity, per response, annualized over a three-year period is \$2,258.53.

<sup>91</sup> See *id.* at 18719.

<sup>92</sup> \$45,222 (ongoing annual cost per respondent) / 12 (# of responses per year) = \$3,768.50 (annual ongoing cost per respondent, per response).

<sup>93</sup> \$2,258.53 (initial cost per respondent, per response, annualized over a three-year period) + \$3,768.50 (ongoing cost per respondent, per response) = \$6,027.03 (annual cost per entity, per response).

<sup>94</sup> \$6,027.03 (annual costs per respondent, per response) x 12 (# of responses per year) = \$72,324.36; \$72,324.36 (total annual cost per respondent) x 8 (# of respondents) = \$578,594.88 (total costs of all respondents).

<sup>95</sup> \$266.67 (initial, one-time cost, annualized over the three-year period) + 0 (ongoing cost) = \$266.67.

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

**17. OMB Expiration Date Display Approval**

The Commission is requesting authorization to omit the expiration date on the electronic version of the Form CC, 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. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

This collection does not involve statistical methods.