

**SUPPORTING STATEMENT**  
**for the Paperwork Reduction Act Information Collection Submission for**  
*Rule 17a-10 – Report on Revenue and Expenses*  
*OMB Control No. 3235-0122*

**A. JUSTIFICATION**

**1. Necessity of Information**

Paragraph (a)(1) of Rule 17a-10 (17 CFR 240.17a-10) under the Securities Exchange Act of 1934<sup>1</sup> (“Exchange Act”) generally requires broker-dealers that are exempted from the filing requirements of paragraph (a) of Exchange Act Rule 17a-5 (17 CFR 240.17a-5) to file with the Commission the Facing Page, Statement of Income (Loss), and balance sheet from Part IIA of Form X-17A-5 (17 CFR 249.617),<sup>2</sup> and Schedule I of Form X-17A-5 (17 CFR 249.617) not later than 17 business days after the end of each calendar year. Paragraph (a)(2) of Rule 17a-10 requires a broker-dealer subject to paragraph (a) of Rule 17a-5 to submit Schedule I of Form X-17A-5 with its Form X-17A-5 for the calendar quarter ending December 31 of each year.

The previous Paperwork Reduction Act submission for Rule 17a-10 stated that the burden associated with the filing of Schedule I was accounted for in the Paperwork Reduction Act filing associated with Rule 17a-5.<sup>3</sup> However, Commission staff has determined that it is appropriate that the burden for the filing of Schedule I required under Rule 17a-10 be accounted for as a burden attributable to Rule 17a-10.

Paragraph (b) of Rule 17a-10 provides that the provisions of paragraph (a) do not apply to members of national securities exchanges or registered national securities associations that maintain records containing the information required by Form X-17A-5 and which transmit to the Commission copies of the records pursuant to a plan which has been declared effective by the Commission. As a result, filings of Schedule I are generally made with FINRA electronically through its eFOCUS system.

The primary purpose of Rule 17a-10 is to obtain the economic and statistical data necessary for an ongoing analysis of the securities industry. The Commission adopted Rule 17a-10 pursuant to sections 15(c)(3), 17(a), and 23(a) of the Exchange Act, 15 U.S.C. sections 78o(c)(3), 78q(a), and 78w(a), respectively.

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

The information submitted under Rule 17a-10 is used to identify which broker-dealers engage in various securities-related activities and to determine the amount of revenue derived by such broker-dealers from these activities. These data are needed by the Commission to evaluate

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<sup>1</sup> 15 U.S.C. 78a *et seq.*

<sup>2</sup> Form X-17A-5 is the Financial and Operational Combined Uniform Single Report (“FOCUS Report”), which is used by broker-dealers to provide certain required information to the Commission.

<sup>3</sup> See Rule 17a-5 Paperwork Reduction Act filing (OMB Control Number 3235-0123).

the effects of economic events and public policies on various segments of the securities industry. Only the most current information will assist the Commission in its ongoing analysis of securities industry revenue sources and related expenses.

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

The compilation and filing of the required information reflect the complexity of the broker-dealer's business. The increasing use by the Commission and broker-dealers of computerized systems for information gathering and compilation has minimized the burden associated with Rule 17a-10 to the extent possible at this time.

### **4. Duplication**

Rule 17a-10 is the only rule that requires the submission of Schedule I of Form X-17A-5. Because no similar information is available, no duplication exists.

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

The required reports are not extensive, and therefore the collection of information is not unduly burdensome for small entities.

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

If this information were collected less frequently, the Commission could not maintain and formulate effective policies regarding the securities industry.

### **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**

No payments or gifts were provided to respondents.

### **10. Confidentiality**

Paragraph (c) of Rule 17a-10 provides that the reports filed under the rule are to be considered non-public information, except in situations where the Commission determines it is in the public interest to direct otherwise.

## 11. Sensitive Questions

The information collection collects basic elements of Personally Identifiable Information (“PII”) including name, job title, and work address that is covered by the EDGAR PIA. No information of a sensitive nature, including social security numbers, will be required under this collection of information. Additionally, the agency has determined that the information collection does not constitute a system of record for purposes of the Privacy Act. Information is not retrieved by a personal identifier.

## 12. Information Collection Burden

The staff estimates that for the 12 months ended December 31, 2022, approximately 3,740 broker-dealers filed Schedule I under paragraph (a)(2) of Rule 17a-10, and that while no broker-dealer filed Schedule I and the Facing Page, Statement of Income (Loss), and balance sheet from Part IIA of Form X-17A-5 under paragraph (a)(1) of Rule 17a-10, the Commission conservatively estimates that there is one respondent that files in this category.

The staff estimates that, on average, the amount of time required to file Schedule I is approximately 12 hours per response. This estimate is based on staff experience in this area. Each broker-dealer is required to make one filing per year, resulting in an industry-wide total reporting burden of approximately 44,880 hours per year (3,740 responses times one response per year times 12 hours per response).

The staff estimates that, on average, the amount of time required to file the Facing Page, Statement of Income, and balance sheet from Part IIA of Form X-17A-5 is approximately 12 hours, resulting in an industry-wide total reporting burden of 12 hours (1 respondent times one response per year times 12 hours per response).

The burden hours are summarized in the table below.

<b>Name of Information Collection</b>	<b>Burden Type</b>	<b>Number of Respondents</b>	<b>Number of Annual Responses Per Respondent</b>	<b>Ongoing Burden Per Response</b>	<b>Total Industry Burden for Information Collection</b>	<b>Small Business Entities Affected</b>
Schedule I	Reporting	3,740	1	12	44,880	895
File Form X-17A-5 facing page, income statement, and balance sheet	Reporting	1	1	12	12	1
<b>Total Hour Burden</b>					44,892	

### 13. Costs to Respondents

Not applicable. It is not anticipated that respondents will have to incur capital or start-up costs to comply with Rule 17a-10.

### 14. Costs to Federal Government

Commission staff estimates that there is no annual cost associated with reviewing filings made under Rule 17a-10.

### 15. Changes in Burden

The annual reporting burden increased as a result of the Commission staff's determination, discussed above, that it is appropriate to attribute the burden associated with Schedule I filings to the burden attributable to Rule 17a-10. This resulted in an increase in the number of respondents filing Schedule 1 from 0 to 3,740 and related burden hour increase from 0 to 44,880 hours (3,740 respondents times 12 hours per year). The Commission estimates a decrease in the number of respondents filing the Form X-17A-5 Facing Page, Statement of Income, and balance sheet from 46 to 1. This results in a decrease in the hour burden from 552 to 12 hours for Form X-17a-5 filers (1 respondent x 12 hours). There is no change in the cost burden, which continues to be \$0.

The changes in hour burdens are summarized in the table below. The cost burden is estimated to be \$0 for both forms due to electronic filing by respondents.

<b>Name of Information Collection</b>	<b>Current Annual Industry Burden</b>	<b>Revised Annual Industry Burden</b>	<b>Change in Burden</b>	<b>Reason for Change</b>
Schedule I	0	44,880	44,880	Addressing information collection under the Rule
File Form X-17A-5 facing page, income statement, and balance sheet	552	12	(540)	Change in staff estimate of entities impacted

### 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. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS**

This collection does not involve statistical methods.