

**SUPPORTING STATEMENT**  
**for the Paperwork Reduction Act Information Collection Submission for**  
**Registration of Municipal Advisors**

**OMB Control Number: 3235-0681**

This submission is being made pursuant to the Paperwork Reduction Act of 1995, 44 U.S.C. Section 3501 et seq. (“PRA”).

**A. JUSTIFICATION**

**1. Necessity of Information Collection**

The Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) amended Section 15B of the Securities Exchange Act of 1934 (“Exchange Act”) to require municipal advisors to register with the Securities and Exchange Commission (“Commission”). On September 20, 2013, the Commission adopted Rules 15Ba1-1 through 15Ba1-8 and Rule 15Bc4-1 under the Exchange Act to establish the rules by which a municipal advisor must obtain, maintain, and terminate its registration with the Commission. In addition, the rules interpret the definition of the term “municipal advisor,” interpret the statutory exclusions from that definition, and provide certain additional regulatory exemptions.<sup>1</sup> The rules became effective on January 13, 2014; however, on January 13, 2014, the Commission temporarily stayed such rules until July 1, 2014.<sup>2</sup> Amendments to Form MA and Form MA-I designed to eliminate aspects of the forms that request filers to provide certain forms of personally identifiable information (“PII”) of natural persons, including Social Security numbers (“SSNs”), dates of birth, and foreign identity numbers became effective on May 14, 2018.<sup>3</sup> Section 15B(a)(1) of the Exchange Act makes it unlawful for a municipal advisor to provide advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, or to undertake certain solicitations of a municipal entity or obligated person, unless the municipal advisor is registered with the Commission.<sup>4</sup> The rules, among other things: (i) require municipal advisors to file certain forms (i.e., Form MA, Form MA-A, Form MA/A, Form MA-I, Form MA-I/A, Form MA-NR, and Form MA-W)<sup>5</sup> with the

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<sup>1</sup> See Registration of Municipal Advisors, Exchange Act Release No. 70462 (September 20, 2013), 78 FR 67468 (November 12, 2013) (“Final MA Rule Adopting Release”). The Office of Management and Budget (“OMB”) control number is 3235-0681.

<sup>2</sup> See Registration of Municipal Advisors; Temporary Stay of Final Rule, Exchange Act Release No. 71288 (January 13, 2014), 79 FR 2777 (January 16, 2014). The OMB control number is 3235-0681.

<sup>3</sup> See Amendments to Forms and Schedules to Remove Provision of Certain Personally Identifiable Information, Exchange Act Release No. 83097 (April 24, 2018), 83 FR 22190 (May 14, 2018). The OMB control number is 3235-0681.

<sup>4</sup> See 15 U.S.C. 78o-4(a)(1)(B).

<sup>5</sup> In contrast to the other enumerated forms, Form MA-A, Form MA/A, and Form MA-I/A are not standalone forms but rather refer to certain submission types on the Commission’s

Commission to obtain, maintain, or terminate their registration with the Commission and maintain certain books and records in accordance with the Exchange Act, and (ii) set forth how certain entities may meet the requirements of the statutory exclusions or regulatory exemptions from the definition of “municipal advisor.”

Rule 15Ba1-2 requires each person applying for registration with the Commission as a municipal advisor to file electronically with the Commission Form MA and, with respect to each natural person associated with the municipal advisor firm who engages in municipal advisory activities on its behalf, Form MA-I.<sup>6</sup>

Rule 15Ba1-4 requires that notice of withdrawal from registration as a municipal advisor be filed electronically with the Commission on Form MA-W.

Rule 15Ba1-5 requires municipal advisors to amend Form MA annually; amend Form MA whenever certain information previously provided therein becomes inaccurate or materially inaccurate;<sup>7</sup> amend Form MA-I whenever the information previously provided therein becomes inaccurate for any reason; and amend Form MA-I to indicate that an individual is no longer an associated person of the municipal advisory firm filing the form or no longer engaged in municipal advisory activities on its behalf.<sup>8</sup>

Rule 15Ba1-6 provides that each non-resident municipal advisor shall, at the time of its application, furnish to the Commission for itself and for each non-resident general partner, non-resident managing agent, and non-resident natural person associated with the municipal advisor who engages in municipal advisory activities on behalf of the municipal advisor Form MA-NR, which appoints an agent in the United States for the service of process, as well as an opinion of counsel on Form MA stating that the municipal advisor can, as a matter of law, provide the Commission with access to its books and records as required by law and submit to inspection and examination by the Commission.

Rule 15Ba1-7 requires municipal advisors to report succession of registration on Form MA.

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Electronic Data Gathering, Analysis, and Retrieval (“EDGAR”) system. As discussed below, the information collection for Form MA includes the variants Form MA-A (Annual Update of Municipal Advisor Registration) and Form MA/A (Amendment of a Prior Application for Registration), and the information collection for Form MA-I includes the variant Form MA-I/A (Amendment of a Previously Submitted Form MA-I). See EDGAR Filer Manual – Volume II: EDGAR Filing, Version 66 (June 20, 2023), at 8-187, available at <https://www.sec.gov/files/edgar/filermanual/archive/efmvol2.pdf>.

<sup>6</sup> The terms “municipal advisor” and “municipal advisory firm” are used interchangeably herein. Both terms include sole proprietors. See General Instructions for the Form MA Series, at 19, available at <https://www.sec.gov/files/formmadata.pdf>.

<sup>7</sup> See *id.* at 4-5.

<sup>8</sup> See *id.* at 2-3.

Rule 15Ba1-8 and Form MA-I require each municipal advisory firm to obtain and retain a written consent to service of process from each natural person associated with the municipal advisor who engages in municipal advisory activities on its behalf.

Rule 15Ba1-8 requires all registered municipal advisors to maintain, for not less than five years, true, accurate, and current books and records relating to their municipal advisory activities.

Rule 15Ba1-1(d)(3)(vi) exempts from the definition of “municipal advisor” any person engaging in municipal advisory activities in a circumstance in which a municipal entity or obligated person is otherwise represented by an independent registered municipal advisor with respect to the same aspects of a municipal financial product or an issuance of municipal securities, provided that certain written requirements are satisfied.

Section 15B of the Exchange Act provides in pertinent part that, unless registered with the Commission, a municipal advisor may not provide advice to or on behalf of a municipal entity or obligated person with respect to “municipal financial products,” a term that is defined to include “investment strategies” such as: (i) the recommendation of and brokerage of “municipal escrow investments,” and (ii) plans or programs for the investment of the “proceeds of municipal securities.”<sup>9</sup>

Rule 15Ba1-1(h)(2) provides that in determining whether or not funds to be invested or reinvested constitute “municipal escrow investments,” a person may rely on representations in writing made by a knowledgeable official of the municipal entity or obligated person whose funds are to be invested or reinvested regarding the nature of such investments, provided that the person seeking to rely on such representations has a reasonable basis for such reliance.

Rule 15Ba1-1(m)(3) provides that in determining whether or not funds to be invested constitute “proceeds of municipal securities,” a person may rely on representations in writing made by a knowledgeable official of the municipal entity or obligated person whose funds are to be invested regarding the nature of such funds, provided that the person seeking to rely on such representations has a reasonable basis for such reliance.

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

Form MA and Form MA-I help ensure that the Commission can make information about municipal advisors transparent and easily accessible to the investing public, including municipal entities and obligated persons who engage municipal advisors; investors who may purchase securities from offerings in which municipal advisors participated; and other regulators. Further, the information provided on Form MA and Form MA-I expands the amount of publicly available information about municipal advisors and their associated persons, including conflicts of interest and disciplinary history. Although much of the information required by Form MA is already publicly available with respect to municipal advisors that are already registered with the Commission as investment advisers or broker-dealers, many municipal advisors that are not currently registered with the Commission in another capacity will make this information available for the first time. Consequently, the rules and forms allow municipal entities and

<sup>9</sup> See 15 U.S.C. 78q-4(a)(1)(B), (e)(3), (e)(5).

obligated persons, as well as others, to become more fully informed about municipal advisors in a more efficient manner.

In addition, the requirement that each municipal advisory firm register with the Commission on Form MA and complete Form MA-I with respect to each natural person who is a person associated with the municipal advisor and engages in municipal advisory activities on its behalf will help ensure that the Commission has information to oversee respondents and their activities in the municipal securities market effectively. In particular, the information provided in Form MA will be used to determine whether to grant a municipal advisor's application for registration or to institute proceedings to determine whether registration should be denied. The information will also be used to focus examinations and aid in risk-based examinations. Moreover, Form MA and Form MA-I will enable the Commission to obtain an accurate estimate of the number of municipal advisors, by size and by municipal advisory activity; analyze data regarding the various types of municipal advisory activities; and evaluate the disciplinary history of all municipal advisors and associated persons, including regulatory, civil, and criminal proceedings.

The requirement that a municipal advisor file amendments to Form MA and Form MA-I will help ensure the availability of up-to-date information about municipal advisors and their associated persons. In addition, the requirement that a municipal advisor file Form MA-W to withdraw from registration will inform the Commission that a municipal advisor is no longer engaging in municipal advisory activities.

The requirement that a municipal advisor make and keep books and records, including written communications and records of associated persons, will help to ensure that records of the respondent's primary municipal advisory activities, as well as the activities of its associated persons, exist. The Commission and other regulators could potentially request books and records during an examination to evaluate the municipal advisor's compliance with the Exchange Act, the rules thereunder, and Municipal Securities Rulemaking Board ("MSRB") rules, as well as for other regulatory purposes.

The requirement that a non-resident municipal advisor complete Form MA-NR, and furnish Form MA-NR for its non-resident general partners, non-resident managing agents, and associated persons engaged in municipal advisory activities, will help minimize legal or logistical obstacles that the Commission may encounter when attempting to effect service, conserve Commission resources, and avoid potential conflicts of law. The requirement that a non-resident municipal advisor provide an opinion of counsel on Form MA will help ensure that such non-resident municipal advisor can provide access to its books and records and submit to inspection and examination by the Commission.

The requirement that certain written representations and disclosures be made in order for a person to be exempt from the definition of municipal advisor (where a municipal entity or obligated person is represented by an independent registered municipal advisor with respect to the same aspects of a municipal financial product or an issuance of municipal securities) will allow the Commission staff to determine whether a person engaging in municipal advisory activities has failed to register with the Commission. Further, the information will allow

municipal entities and obligated persons to understand whether a person is acting as a municipal advisor. Similarly, the exceptions from the definitions of municipal escrow investments and proceeds of municipal securities for reasonable reliance will allow the Commission staff to determine whether a person engaging in municipal advisory activities has failed to register with the Commission.

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

The rules require applicants and registered municipal advisors to electronically file Forms MA, MA-I, MA-NR, and MA-W through EDGAR. By requiring submission of information through EDGAR, Commission staff is able to efficiently retrieve and analyze the data it needs, which enhances the Commission's ability to effectively carry out its mission with respect to municipal advisory activities. Municipal entities, obligated persons, the general public, and others are also able to access information about municipal advisors electronically through the Commission's EDGAR system and easily cross-reference information submitted through the Investment Adviser Registration Depository ("IARD") and Central Registration Depository ("CRD") systems operated by the Financial Industry Regulatory Authority ("FINRA"). Information submitted on Form MA and Form MA-I will also be tagged in XML format, which may improve the Commission staff's ability to retrieve and analyze data and could allow municipal entities and obligated persons to perform better research into municipal advisors.

The rules also require municipal advisors to make and keep books and records relating to its municipal advisory activities. Rule 15Ba1-8(d) permits municipal advisors to maintain and preserve the required records on electronic storage media.

### **4. Duplication**

The Commission recognizes that some of the information that respondents would collect under the relevant registration forms and recordkeeping rules would overlap with information previously collected under other registration regimes or recordkeeping rules. In adopting these rules, the Commission sought to design a registration process that is similar to other registration processes administered by the Commission. The rules are based on rules applicable to broker-dealers and investment advisers; similarly, Form MA is based on the Commission's Form ADV and Form BD, and Form MA-I is based on FINRA's Form U4. To the extent market participants are familiar with these existing registration processes, the Commission believes that using similar processes to register municipal advisors will create efficiencies for market participants. In addition, the rules permit municipal advisors, to the extent that the disclosures required on Form MA have been disclosed on Form ADV or Form BD, to incorporate such information by reference, which should reduce duplication and costs for some municipal advisors.

The Commission considered but decided not to create a separate registration program for entities that are already registered with the Commission in another capacity. The Commission does not believe that such an approach would achieve the goal of creating a registration system specific to municipal advisors. Form MA, while modeled primarily on Form ADV and Form BD, is designed to capture information regarding the activities of municipal advisors and the markets that they serve that would not otherwise be captured in other forms. This information

will permit the Commission to decide whether to grant or deny an application for registration; to manage the Commission’s regulatory and examination programs; and to make such information available to the MSRB to better inform its regulation of municipal advisors. In addition, having information about municipal advisors in a single location could improve the municipal advisor selection process.

Further, the Commission believes that, based on the expertise and experience of its enforcement and examinations staff, for purposes of regulation, it is appropriate to collect information regarding the financial industry and other activities of associated persons involved in the municipal securities market, including swap dealers, major swap participants, and engineers and engineering firms. The Commission believes that to allow investment advisers to register as municipal advisors using Form ADV would not provide comparable information about certain associated persons of municipal advisors.

In addition, requiring municipal advisors to file a registration form specifically tailored to their municipal advisory activities is consistent with the broader public interest to make available to the public information about municipal advisors. Absent a form specific to municipal advisors, a municipal entity or obligated person seeking information about a municipal advisor may not realize that the data was available on Form BD or Form ADV. The Commission believes that persons seeking to compile, compare, and analyze data pertaining to the entire universe of registered municipal advisors, and regulators overseeing compliance with the rules and regulations applicable to municipal advisors, should be able to access relevant information easily within one system.

With respect to the recordkeeping requirements, the Commission has reduced duplication by adopting recordkeeping requirements that are consistent with other regulations under the securities laws. The Commission determined not to create a unique recordkeeping requirement for municipal advisors because it expects that many entities already registered with the Commission in another capacity, such as investment advisers and broker-dealers, would likely incur higher, and in many ways redundant, costs to comply with this type of regime. If the Commission established a unique recordkeeping requirement for municipal advisors, the Commission believes that many municipal advisors would incur higher costs due to the inability to leverage experience, systems, and practices developed to comply with the similar recordkeeping practices under federal securities law.

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

The Commission’s rules do not define “small business” or “small organization” for purposes of municipal advisors. At the time the Commission adopted the rules and forms, the Small Business Administration (“SBA”) defined a “small business concern,” for purposes of entities that provide financial investments and related activities, as a business that had annual receipts of less than \$7 million during the preceding fiscal year and is not affiliated with any person that is not a small business or small organization.<sup>10</sup> The Commission incorporated the

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<sup>10</sup> See Final MA Rule Adopting Release, 78 FR at 67627 (citing 13 CFR 121.201). Under Section 601(3) of the Regulatory Flexibility Act (“RFA”), the term “small business” is defined as having “the same meaning as the term ‘small business concern’ under section

SBA’s definition in Item 10 of Form MA and is using that definition to define municipal advisors that are small entities for purposes of the RFA.<sup>11</sup> The Commission estimates that there are approximately 333 municipal advisors currently registered with the Commission that are small entities, and expects that approximately 34 of the 45 municipal advisors that would be required to register with the Commission during the next three years would be small entities subject to the final rules and forms.<sup>12</sup> The table below summarizes the Commission’s estimates of the total number of respondents for each information collection that will be small entities annually in each of the next three years:

<u>Name of Information Collection</u>	<u>Estimated Number of Respondents That Will Be Small Entities Annually in Each of the Next Three Years</u>
Form MA: Application for Municipal Advisor Registration	290 <sup>13</sup>
Form MA-I: Information Regarding Natural Persons Who Engage in Municipal Advisory Activities	290 <sup>14</sup>
Form MA-W: Notice of Withdrawal	25 <sup>15</sup>

3 of the Small Business Act, unless an agency, after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition(s) in the Federal Register.” 5 U.S.C. 601(3).

<sup>11</sup> See Final MA Rule Adopting Release, 78 FR at 67557.

<sup>12</sup>  $11.33$  (estimated average number of new Form MA filers that were small entities over the last three years  $((13 (2020) + 14 (2021) + 7 (2022)) \div 3) \div 15$  (estimated average number of new Form MA filers over the last three years (see *infra* note 23 and accompanying text)) = 75.53% (estimated percentage of new Form MA filers that are small entities).  $0.7553 \times 45$  (estimated number of new Form MA filers over three years (see *infra* note 24 and accompanying text)) = 33.99.

<sup>13</sup>  $333$  (estimated number of municipal advisors currently registered with the Commission that are small entities)  $\div 446$  (estimated number of municipal advisors registered with the Commission as of December 31, 2022 (see *infra* Section 12.a.)) = 74.66% (estimated percentage of municipal advisors that are small entities).  $0.7466 \times 388$  (estimated average number of municipal advisors in each of the next three years (see *infra* note 29 and accompanying text)) = 289.68.

<sup>14</sup> See *supra* note 13.

<sup>15</sup>  $24.67$  (estimated average number of Form MA-W filers that were small entities over the last three years  $((20 (2020) + 35 (2021) + 19 (2022)) \div 3) \div 35$  (estimated average number of Form MA-W filers over the last three years (see *infra* note 50)) = 70.49% (estimated percentage of Form MA-W filers that are small entities).  $0.7049 \times 35$

from Registration as a Municipal Advisor	
Form MA-NR: Designation of U.S. Agent for Service of Process for Non-Residents	2 <sup>16</sup>
Consent to Service of Process from Certain Associated Persons	290 <sup>17</sup>
Rule 15Ba1-8: Books and Records to Be Made and Maintained by Municipal Advisors	290 <sup>18</sup>
Rule 15Ba1-1(d)(3)(vi): Exemption When a Municipal Entity or Obligated Person Is Represented by an Independent Registered Municipal Advisor	0
Rule 15Ba1-1(h)(2): Exception to Definition of Municipal Escrow Investments	0
Rule 15Ba1-1(m)(3): Exception to Definition of Proceeds of Municipal Securities	0

The Commission notes that municipal advisors are required by statute to register with the Commission. As such, the final rules and forms affect municipal advisors required to register with the Commission, including small entities. The Commission does not believe differing compliance or reporting requirements or an exemption from coverage of the final rules and forms, or any part thereof, for small entities would be appropriate or consistent with investor protection or with the Commission's understanding of Congress's intent to have the Commission register municipal advisors and oversee their activities. Because the Commission believes that the protections of Section 15B of the Exchange Act, as amended by Section 975 of the Dodd-Frank Act, are intended to apply equally to clients of both large and small municipal advisory firms, the Commission believes it would be inconsistent with the purposes of the Exchange Act to specify different requirements for municipal advisors that qualify as small entities under the

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(estimated number of Form MA-W filers in each of the next three years (see *infra* note 50 and accompanying text)) = 24.67.

<sup>16</sup> 1.67 (estimated average number of Form MA-NR filers that were small entities over the last three years ((1 (2020) + 1 (2021) + 3 (2022)) ÷ 3) ÷ 3 (estimated average number of Form MA-NR respondents over the last three years (see *infra* note 54 and accompanying text)) = 55.67% (estimated percentage of Form MA-NR respondents that are small entities). 0.5567 x 3 (estimated number of Form MA-NR respondents in each of the next three years (see *infra* note 54 and accompanying text)) = 1.67.

<sup>17</sup> See *supra* note 13.

<sup>18</sup> *Id.*



rules. Thus, the rules are designed to impose only those burdens necessary to accomplish the objectives of the Dodd-Frank Act and minimize any significant adverse impact on small entities.

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

The collection of information under the rules and forms is designed to establish a permanent registration regime and establish certain recordkeeping requirements for municipal advisors, as provided in Section 975 of the Dodd-Frank Act. The registration regime will allow the Commission to retrieve and analyze the data it needs more efficiently, which should enhance the Commission's ability to carry out its mission with respect to municipal advisory activities effectively. In addition, the registration regime could improve the process through which municipal entities and obligated persons select municipal advisors and incentivize municipal advisors not to engage in misconduct. Absent the collection of information, municipal advisors would not have a mechanism through which to satisfy the requirement in Section 15B of the Exchange Act that they register with the Commission. In addition, less frequent collection of this information would not allow the Commission and other regulators; municipal entities and obligated persons; or investors to access up-to-date information about municipal advisors.

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

Since Rule 15Ba1-5 requires registered municipal advisors to file amendments to Forms MA and MA-I if certain information contained in the forms become inaccurate, it is possible for a registered municipal advisor to report information to the Commission more often than quarterly. However, this collection of information is necessary to ensure that the Commission, municipal entities, obligated persons, as well as the public have access to current information regarding municipal advisors registered with the Commission.

Rule 15Ba1-8 requires registered municipal advisors to maintain and preserve books and records for a period of not less than five years, the first two in an easily accessible place. This rule is modeled on Exchange Act Rules 17a-3 and 17a-4, and Rule 204-2 under the Investment Advisers Act of 1940, and OMB has previously approved that collection with the same five-year retention period. This collection of information would help to ensure that records exist of the respondent's municipal advisory activities and of its associated persons, and that the records could be provided to the Commission and other regulators during an examination to evaluate the municipal advisor's compliance with the Exchange Act, the rules thereunder, and MSRB rules, as well as for other regulatory purposes.

## **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.<sup>19</sup> No public comments were received.

## **9. Payment or Gift**

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<sup>19</sup> See Proposed Collection; Comment Request; Extension: Rules 15Ba1-1 Through 15Ba1-8, 88 FR 34196 (May 26, 2023).

Not applicable. No payment or gift would be provided to respondents.

## **10. Confidentiality**

To the extent the Commission receives confidential information pursuant to submissions on Form MA and Form MA-I, such information would be kept confidential, subject to the provisions of applicable law (e.g., Freedom of Information Act, 5 U.S.C. 552).

Form MA and Form MA-I require applicants and registered municipal advisors to report various addresses, which may include private residential addresses. However, where the forms request an address, the applicant or registrant is asked to indicate whether the address provided is a private residence and is advised that, if so, the private residential address will not be included in publicly available versions of the form.

## **11. Sensitive Questions**

Form MA and Form MA-I no longer request applicants to submit SSNs, dates of birth, or foreign identity numbers effective May 14, 2018.<sup>20</sup> Form MA and Form MA-I require applicants and registered municipal advisors to report various addresses, which may include private residential addresses. However, where the forms request an address, the applicant or registrant is asked to indicate whether the address provided is a private residence and is advised that, if so, the private residential address will not be included in publicly available versions of the form. The treatment of confidential information in Form MA and Form MA-I is consistent with the Federal Information Security Management Act of 2002 and the Privacy Act of 1974.

The Commission has also published a System of Records Notice (“SORN”) for the collection of information relating to municipal advisors.<sup>21</sup> In addition, a Privacy Impact Assessment (“PIA”) has been completed for the EDGAR system.<sup>22</sup>

## **12. Information Collection Burden**

### **a. Form MA: Application for Municipal Advisor Registration**

The initial application for municipal advisor registration under Form MA is a one-time reporting burden. The Commission estimates that this collection of information would apply to approximately 15 new municipal advisory firms that will submit new Form MA applications in each

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<sup>20</sup> See supra note 3 and accompanying text.

<sup>21</sup> See SORN SEC-05: Municipal Advisor Records (January 27, 2021), available at [https://www.sec.gov/about/privacy/sorn/sec-05\\_sec\\_municipal\\_advisor\\_records.pdf](https://www.sec.gov/about/privacy/sorn/sec-05_sec_municipal_advisor_records.pdf); see also Notice to Establish Systems of Records, 75 FR 51854 (August 23, 2010); Rescindment of System of Record Notice, 85 FR 84436 (December 28, 2020); Notice of Revised System of Records, 85 FR 85440 (December 28, 2020).

<sup>22</sup> See EDGAR PIA (March 22, 2023), available at <https://www.sec.gov/about/privacy/pia/pia-edgar.pdf>. The PIA has been included in the PRA submission to OMB.

of the next three years.<sup>23</sup> This estimate is based on registration data for calendar years 2020, 2021 and 2022. Over the three years of the information collection, the total estimated number of Form MA applicants would be 45, or 15 per year.<sup>24</sup> The Commission further estimates that the average amount of time for a municipal advisory firm to complete Form MA would be approximately 3.5 hours. This figure is based on the estimated average amount of time for a municipal advisory firm to complete Form MA and the estimated average amount of time for an investment adviser to complete Part 1A of Form ADV. Thus, the Commission estimates that the aggregate annual reporting burden placed on Form MA applicants will be approximately 53 hours.<sup>25</sup>

In addition to filing initial Form MA applications, the rules require municipal advisory firms to amend Form MA once annually (Form MA-A) and after the occurrence of any enumerated material event (Form MA/A). The requirement to amend Form MA is an ongoing annual reporting burden that applies to all registered municipal advisory firms. As of December 31, 2022, there were approximately 446 municipal advisors registered with the Commission and, as noted above, the Commission anticipates receiving 15 new Form MA submissions annually in each of the next three years; however, the Commission also estimates that it will receive an average of 35 withdrawals on Form MA-W annually in each of the next three years,<sup>26</sup> and the Commission further estimates that it will enter orders cancelling or revoking the registration of 9 municipal advisors on average in each of the next three years,<sup>27</sup> for a net decrease of 29 municipal advisors annually in each of the next three years.<sup>28</sup> Therefore, the Commission expects that the rules' requirement to amend Form MA will apply to approximately 417 municipal advisors in year one, approximately 388 municipal advisors in year two, and approximately 359 municipal advisors in year three, or 388 respondents on average.<sup>29</sup> The Commission estimates that the average amount of time for a municipal advisor to prepare an annual amendment to Form MA would be approximately 1.5 hours. The Commission further estimates that the average amount of time necessary to prepare any interim updating amendment to Form MA other than the required annual amendment would be approximately 0.5

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<sup>23</sup> The estimate is derived by averaging the number of Form MA filings over the last three years. There were 21 Form MA submissions in 2020, 16 Form MA submissions in 2021, and 8 Form MA submissions in 2022.

<sup>24</sup>  $15$  (estimated number of Form MA applicants, year one) +  $15$  (estimated number of Form MA applicants, year two) +  $15$  (estimated number of Form MA applicants, year three) =  $45$ .

<sup>25</sup>  $15$  (estimated number of Form MA applicants per year) x  $3.5$  hours (average time required to submit a completed Form MA) =  $52.5$  hours.

<sup>26</sup> See *infra* Section 12.c.

<sup>27</sup> The estimate is derived by averaging the number of CANCELLATION-MA and REVOCATION-MA filings over the last three years. There were 0 CANCELLATION-MA filings in 2020, 18 CANCELLATION-MA filings in 2021, and 9 CANCELLATION-MA filings in 2022. There were 0 REVOCATION-MA filings in 2020, 0 REVOCATION-MA filings in 2021, and 0 REVOCATION-MA filings in 2022.  $((0 + 0) + (18 + 0) + (9 + 0)) \div 3 = 9$ .

<sup>28</sup>  $15 - (35 + 9) = -29$

<sup>29</sup>  $(417$  (year one) +  $388$  (year two) +  $359$  (year three))  $\div 3 = 388$ .

hours. This figure is based on the burden estimates for an interim updating amendment for Form ADV. The Commission estimates that each municipal advisor would likely submit two Form MA amendments annually in each of the next three years – one annual amendment and one interim updating amendment. Thus, the Commission estimates that the total annual reporting burden to amend Form MA would be approximately 834 hours in year one,<sup>30</sup> 776 hours in year two,<sup>31</sup> and 718 hours in year three,<sup>32</sup> or approximately 2,328 hours over a three-year period. The annual reporting burden per respondent to amend Form MA per year is 2.0 hours.

**In summary, the Commission estimates that, over a three-year period, the total reporting burden for the completion, amendment, and submission of Form MA would be 2,486 hours,<sup>33</sup> or 829 hours per year when annualized over three years. The average reporting burden per respondent would be approximately 6.41 hours,<sup>34</sup> or approximately 2.14 hours per year when annualized over three years.**

b. Form MA-I: Information Regarding Natural Persons Who Engage in Municipal Advisory Activities

The initial completion of Form MA-I for each natural person who is a person associated with a municipal advisor is a one-time reporting burden. The Commission estimates that municipal advisors would need to submit a new Form MA-I for approximately 330 individuals annually in

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<sup>30</sup>  $((417 \text{ (number of municipal advisors required to submit an annual amendment to Form MA in year one)} \times 1.5 \text{ hours (average estimated time to prepare an annual amendment to Form MA)}) \times 1.0 \text{ (number of annual amendments per year)}) + ((417 \text{ (number of municipal advisors required to submit an interim updating amendment to Form MA in year one)} \times 0.5 \text{ hours (average estimated time to prepare an interim updating amendment to Form MA)}) \times 1.0 \text{ (number of interim updating amendments per year)}) = 834 \text{ hours.}$

<sup>31</sup>  $((388 \text{ (number of municipal advisors required to submit an annual amendment to Form MA in year two)} \times 1.5 \text{ hours (average estimated time to prepare an annual amendment to Form MA)}) \times 1.0 \text{ (number of annual amendments per year)}) + ((388 \text{ (number of municipal advisors required to submit an interim updating amendment to Form MA in year two)} \times 0.5 \text{ hours (average estimated time to prepare an interim updating amendment to Form MA)}) \times 1.0 \text{ (number of interim updating amendments per year)}) = 776 \text{ hours.}$

<sup>32</sup>  $((359 \text{ (number of municipal advisors required to submit an annual amendment to Form MA in year three)} \times 1.5 \text{ hours (average estimated time to prepare an annual amendment to Form MA)}) \times 1.0 \text{ (number of annual amendments per year)}) + ((359 \text{ (number of municipal advisors required to submit an interim updating amendment to Form MA in year three)} \times 0.5 \text{ hours (average estimated time to prepare an interim updating amendment to Form MA)}) \times 1.0 \text{ (number of interim updating amendments per year)}) = 718 \text{ hours.}$

<sup>33</sup>  $(45 \text{ (municipal advisory firms required to file Form MA, over three years)} \times 3.5 \text{ hours (average estimated time to complete Form MA)}) + 2,328 \text{ (total reporting burden to amend Form MA, over three years)} = 2,485.5 \text{ hours.}$

<sup>34</sup>  $2,486 \text{ (estimated average total burden to complete and amend Form MA, annually)} \div 388 \text{ (estimated average number of respondents annually)} = 6.41 \text{ hours.}$

each of the next three years.<sup>35</sup> This estimate is based on existing MA-I submission data. Over the three years of the information collection, the total estimated number of Form MA-I submissions would be approximately 990.<sup>36</sup> The Commission further estimates that the average amount of time for a municipal advisory firm to complete each Form MA-I would be approximately three hours. Accordingly, the Commission estimates that respondents will spend approximately 2,970 hours completing Form MA-I over the three-year period. The estimated average annual reporting burden per respondent to submit new Form MA-Is is approximately 2.87 hours.<sup>37</sup>

In addition, municipal advisory firms will need to complete updating amendments to Form MA-I (Form MA-I/A) whenever the information previously provided therein becomes inaccurate, or to indicate that the individual is no longer an associated person of the municipal advisor or no longer engages in municipal advisory activities on its behalf. As discussed above, as of December 31, 2022, there were approximately 446 municipal advisors registered with the Commission, and the Commission estimates that approximately 45 firms will submit Form MA applications over the next three years.<sup>38</sup> These firms would need to prepare updating amendments to Form MA-I for approximately 3,584 associated persons in year one,<sup>39</sup> 3,914 associated persons in year two,<sup>40</sup> and 4,244 associated persons in year three.<sup>41</sup> During calendar years 2020, 2021, and 2022, municipal advisors submitted approximately 0.40 Form MA-I amendments for each Form MA-I on file or,

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<sup>35</sup> The estimate is derived by averaging the number of Form MA-I submissions over the last three years and rounding up. There were 293 Form MA-I submissions in 2020, 363 Form MA-I submissions in 2021, and 332 Form MA-I submissions in 2022.  $(293 (2020) + 363 (2021) + 332 (2022)) \div 3 = 329.33$ .

<sup>36</sup>  $330$  (estimated number of Form MA-I submissions, year one) +  $330$  (estimated number of Form MA-I submissions, year two) +  $330$  (estimated number of Form MA-I submissions, year three) =  $990$ .

<sup>37</sup>  $((990$  (estimated total burden to complete Form MA-I, year one)  $\div 330$  (estimated number of respondents, year one)) +  $(990$  (estimated total burden to complete Form MA-I, year two)  $\div 345$  (estimated number of respondents, year two)) +  $(990$  (estimated total burden to complete Form MA-I, year three)  $\div 360$  (estimated number of respondents, year three)))  $\div 3 = 2.87$  hours.

<sup>38</sup> See *supra* Section 12.a.

<sup>39</sup>  $3,254$  (estimated number of active Form MA-I submissions on file with the Commission as of December 31, 2022) +  $330$  (estimated number of Form MA-I submissions, year one) =  $3,584$ . The estimated number of active Form MA-I filings is derived by taking the total number of Form MA-I submissions filed with the Commission from the inception of the rules to December 31, 2022, and subtracting the total number of Form MA-I/A withdrawals filed with the Commission from the inception of the rules to December 31, 2022.  $8,488$  (Form MA-I submissions) –  $5,234$  (Form MA-I/A withdrawals) =  $3,254$  active Form MA-Is on file.

<sup>40</sup>  $3,584$  (estimated number of active MA-I submissions on file with the Commission after year one) +  $330$  (estimated number of MA-I submissions, year two) =  $3,914$ .

<sup>41</sup>  $3,914$  (estimated number of active Form MA-I submissions on file with the Commission after year two) +  $330$  (estimated number of MA-I submissions, year three) =  $4,244$ .

approximately, 1,144 Form MA-I amendments per year.<sup>42</sup> The Commission, however, expects that firms will file an increasing number of Form MA-I amendments as the municipal advisor registration regime continues to mature. As a result, the Commission estimates that a Form MA-I respondent would submit an average of 2.39 updating amendments annually in each of the next three years,<sup>43</sup> and that each such amendment would take approximately 0.5 hours to complete. Thus, the Commission estimates that the total annual burden municipal advisors will incur to prepare updating amendments to Form MA-I would be approximately 4,283 hours in year one,<sup>44</sup> 4,677 hours in year two,<sup>45</sup> and 5,072 hours in year three,<sup>46</sup> or approximately 14,032 hours over a three-year period. This results in an estimated average annual reporting burden of 12.15 hours per respondent.<sup>47</sup>

**In summary, the Commission estimates that, over a three-year period, the total reporting burden for the completion, amendment, and submission of Form MA-I would be**

<sup>42</sup>  $(1,080 \text{ (number of MA-I/As filed in 2020)} + 1,163 \text{ (number of MA-I/As filed in 2021)} + 1,188 \text{ (number of MA-I/As filed in 2022)}) \div 8,488 \text{ (estimated total number of MA-Is on file with the Commission as of December 31, 2022)} = 0.40.$   $(1,080 \text{ (number of MA-I/As filed in 2020)} + 1,163 \text{ (number of MA-I/As filed in 2021)} + 1,188 \text{ (number of MA-I/As filed in 2022)}) \div 3 = 1,143.67.$

<sup>43</sup> The estimate is derived by averaging the number of updating amendments submitted by respondents over the last three years. In 2020, the average number was  $1,080 \text{ Form MA-I/As} \div 525 \text{ municipal advisors} = 2.06$ . In 2021, the average number was  $1,163 \text{ Form MA-I/As} \div 477 \text{ municipal advisors} = 2.44$ . In 2022, the average number was  $1,188 \text{ Form MA-I/As} \div 446 \text{ municipal advisors} = 2.66$ . Averaging the average number of updating amendments for the last three years:  $(2.06 \text{ (2020)} + 2.44 \text{ (2021)} + 2.66 \text{ (2022)}) \div 3 = 2.39$  updating amendments per year.

<sup>44</sup>  $(3,584 \text{ (estimated number of associated persons for whom updating amendments to Form MA-I would need to be filed, year one)} \times 2.39 \text{ (average number of amendments per year)}) \times (0.50 \text{ hours (average estimated time to prepare an updating amendment to Form MA-I)}) = 4,282.88 \text{ hours per year.}$

<sup>45</sup>  $(3,914 \text{ (estimated number of associated persons for whom updating amendments to Form MA-I would need to be filed, year two)} \times 2.39 \text{ (average number of amendments per year)}) \times (0.50 \text{ hours (average estimated time to prepare an updating amendment to Form MA-I)}) = 4,677.23 \text{ hours per year.}$

<sup>46</sup>  $(4,244 \text{ (estimated number of associated persons for whom updating amendments to Form MA-I would need to be filed, year three)} \times 2.39 \text{ (average number of amendments per year)}) \times (0.50 \text{ hours (average estimated time to prepare an updating amendment to Form MA-I)}) = 5,071.58 \text{ hours per year.}$

<sup>47</sup>  $((4,283 \text{ hours (estimated total annual reporting burden for Form MA-I amendments, year one)} \div 417 \text{ (estimated number of respondents required to amend Form MA-I, year one)}) + (4,677 \text{ (estimated total annual reporting burden for Form MA-I amendments, year two)} \div 388 \text{ (estimated number of respondents required to amend Form MA-I, year two)}) + (5,072 \text{ (estimated total annual reporting burden for Form MA-I amendments, year three)} \div 359 \text{ (estimated number of respondents required to amend Form MA-I, year three)))) \div 3 = 12.15 \text{ hours.}$

**17,002 hours,<sup>48</sup> or 5,667.33 hours per year when annualized over three years. The average reporting burden per respondent would be approximately 43.82 hours,<sup>49</sup> or approximately 14.61 hours per year when annualized over three years.**

c. Form MA-W: Notice of Withdrawal from Registration as a Municipal Advisor

Withdrawal from municipal advisor registration is a one-time reporting burden. The Commission estimates that there would be approximately 35 withdrawals from Form MA registration annually in each of the next three years.<sup>50</sup> Over the three years of the information collection, the total estimated number of Form MA-W submissions would be 105.<sup>51</sup>

The Commission further estimates that the average amount of time for a municipal advisor to complete each Form MA-W submission would be approximately 0.5 hours.

**In summary, the Commission estimates that, over a three-year period, the total one-time reporting burden for the completion of Form MA-W would be 52.5 hours,<sup>52</sup> or approximately 17.5 hours per year when annualized over three years. The one-time reporting burden would be 0.5 hours per respondent.<sup>53</sup>**

d. Form MA-NR: Designation of U.S. Agent for Service of Process for Non-Residents

The designation of a U.S. agent for service of process is a one-time reporting burden. The Commission estimates that approximately three municipal advisors will have a non-resident general partner, non-resident managing agent, or non-resident associated person<sup>54</sup> and such advisors will submit a total of approximately five Form MA-NRs annually in each of the next three years.<sup>55</sup>

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<sup>48</sup> 2,970 (estimated total burden to complete and file Form MA-Is during three-year period) + 14,032 (estimated total burden to complete and file Form MA-I amendments during three-year period) = 17,002 hours.

<sup>49</sup> 17,002 hours (average annual total burden to complete and amend Form MA-I, over three years) ÷ 388 (average number of respondents, over three years) = 43.82 hours.

<sup>50</sup> The estimate of 35 Form MA-W submissions is derived by averaging the number of Form MA-W submissions over the last three years and rounding up. There were 28 Form MA-W submissions in 2020, 46 Form MA-W submissions in 2021, and 30 Form MA-W submissions in 2022.

<sup>51</sup> 35 (estimated number of Form MA-W submissions, year one) + 35 (estimated number of Form MA-W submissions, year two) + 35 (estimated number of Form MA-W submissions, year three) = 105.

<sup>52</sup> 105 (estimated number of Form MA-W submissions, over three years) × 0.5 hours (average estimated time to complete Form MA-W) = 52.5 hours.

<sup>53</sup> 52.5 hours (total burden to complete Form MA-W, over three years) ÷ 105 (total number of MA-W submissions, over three years) = 0.5 hours.

These estimates are based on existing municipal advisor registration data. Over three years, the nine non-resident municipal advisor respondents would file approximately 15 Form MA-NRs.<sup>56</sup>

The Commission further estimates that the average amount of time to complete each Form MA-NR would be approximately one hour. This figure is based on the burden estimates for completing Form ADV-NR. Thus, the Commission estimates that the total annual burden to complete Form MA-NR would be approximately 15 hours,<sup>57</sup> or approximately 5 hours per respondent annually.<sup>58</sup>

In addition, each respondent that submits a Form MA-NR must also provide an opinion of counsel on Form MA stating that the municipal advisor can, as a matter of law, provide the Commission with access to its books and records as required by law and submit to inspection and examination by the Commission. The Commission estimates that such an opinion of counsel would take three hours to complete. Thus, the Commission estimates that the total annual burden to provide the opinions of counsel would be approximately nine hours, or 27 hours over the three-year period.<sup>59</sup>

**In summary, the Commission estimates that, over a three-year period, the total reporting burden for the completion of Form MA-NR would be approximately 42 hours,<sup>60</sup> or approximately 14 hours per year when annualized over three years. The reporting burden**

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<sup>54</sup> The estimate is derived by averaging the number of Form MA-NR respondents over the last three years and rounding up. There were two Form MA-NR respondents in 2020, one Form MA-NR respondent in 2021, and four Form MA-NR respondents in 2022.

<sup>55</sup> The estimate is derived by averaging the number of Form MA-NR submissions over the last three years. There were seven Form MA-NR submissions in 2020, two Form MA-NR submissions in 2021, and six Form MA-NR submissions in 2022.

<sup>56</sup>  $5$  (estimated number of Form MA-NR submissions, year one) +  $5$  (estimated number of Form MA-NR submissions, year two) +  $5$  (estimated number of Form MA-NR submissions, year three) =  $15$ .

<sup>57</sup>  $(5$  (estimated Form MA-NR submissions each year)  $\times$   $3$  (estimated number of respondents each year))  $\times$   $1$  hour (average estimated time to complete Form MA-NR) =  $15$  hours.

<sup>58</sup>  $15$  hours (estimated total annual burden to complete and file Form MA-NRs)  $\div$   $3$  (estimated number of respondents, annually) =  $5$  hours.

<sup>59</sup>  $3$  (non-resident municipal advisory firms expected to provide opinion of counsel, annually)  $\times$   $3.0$  hours (average estimated time to provide an opinion of counsel) =  $9$  hours.

<sup>60</sup>  $15$  hours (total burden to complete Form MA-NR) +  $27$  hours (total burden to provide opinions of counsel) =  $42$  hours.



**per respondent would be approximately 4.67 hours,<sup>61</sup> or approximately 1.56 hours per year when annualized over three years.**

e. Consent to Service of Process from Certain Associated Persons

The consent to service of process from certain associated persons is a one-time recordkeeping burden. Over three years, the Commission estimates that all 45 new municipal advisory firms expected to register with the Commission over the next three years will need to complete a written consent to service of process from each natural person engaged in municipal advisory activities on their behalf.<sup>62</sup> The Commission further estimates that each municipal advisory firm would spend approximately one hour to draft a template document to use in obtaining the written consents to service of process, amounting to an initial, one-time burden of approximately 45 hours over three years.<sup>63</sup>

In addition to the one-time burden borne by new municipal advisory firms that register with the Commission during the three-year period, the Commission estimates that municipal advisory firms would need to obtain 330 consents to service of process from associated persons annually in each of the next three years. The Commission further estimates that, after the written consents are drafted, it will take municipal advisory firms approximately 0.10 hours to obtain each consent. Thus, the Commission estimates that municipal advisory firms would spend approximately 99 hours over the three-year period obtaining written consents from their associated persons.<sup>64</sup> Based on existing registration data, the Commission estimates that approximately 33 of the 99 hours municipal advisory firms will spend obtaining written consents will be borne by newly registered firms, while approximately 66 of such hours will be borne by municipal advisory firms currently registered with the Commission.<sup>65</sup>

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<sup>61</sup> 42 hours (estimated total burden to complete Form MA-NR and opinion of counsel, over three years) ÷ 9 (estimated number of non-resident municipal advisory firms) = 4.67 hours.

<sup>62</sup> Rule 15Ba1-8(a)(8) requires each municipal advisory firm to retain written consents to service of process from each natural person who is a person associated with the municipal advisor and engages in municipal advisory activities solely on behalf of such registered municipal advisor.

<sup>63</sup> 45 (estimated number of applicants for municipal advisor registration over the three-year period) × 1.0 hour (estimated time required to draft a template to use in obtaining the written consents to service of process) = 45 hours.

<sup>64</sup> (330 (estimated number of Form MA-I submissions, year one) + 330 (estimated number of Form MA-I submissions, year two) + 330 (estimated number of Form MA-I submissions, year three)) × 0.10 hours (estimated time required to obtain the written consents to service of process) = 99 hours.

<sup>65</sup> Current registration data indicate that the average number of associated persons per municipal advisory firm is approximately 7.30 (3,254 (estimated number of active Form MA-I submissions on file with the Commission as of December 31, 2022) ÷ 446 (estimated number of municipal advisors registered with the Commission as of December 31, 2022) = 7.30). Accordingly, based on the Commission's assumption that it will

**In summary, the Commission estimates that, over a three-year period, the total recordkeeping burden for all municipal advisory firms to obtain written consents to service of process from each natural person engaged in municipal advisory activities on their behalf would be 144 hours,<sup>66</sup> or 48 hours per year when annualized over three years. The reporting burden per respondent would be approximately 0.37 hours,<sup>67</sup> or approximately 0.12 hours per year when annualized over three years.**

f. Rule 15Ba1-8: Books and Records to Be Made and Maintained by Municipal Advisors

The maintenance of books and records is an ongoing annual recordkeeping burden. The Commission estimates that this collection of information currently applies to approximately 446 municipal advisory firms, and further estimates that it will apply to approximately 417, 388, and 359 municipal advisors annually in each of the next three years, respectively.<sup>68</sup>

The Commission further estimates that the average annual burden for a municipal advisory firm to comply with the recordkeeping requirements would be approximately 182 hours. Thus, the Commission estimates that the total ongoing recordkeeping burden for the three-year period would be 211,848 hours.<sup>69</sup> The estimated annual recordkeeping burden over

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receive 15 new Form MA applications per year over the three-year period, those new applicants will also submit approximately 110 new Form MA-Is per year over the three-year period (15 number of new Form MA applications, annually) x 7.30 (average number of associated persons per municipal advisory firm) = 109.5.

(110 (estimated number of Form MA-I submissions by new registrants, year 1) + 110 (estimated number of Form MA-I submission by new registrants, year 2) + 110 (estimated number of Form MA-I submissions by new registrants, year 3)) x 0.10 hours (estimated time required to obtain the written consents to service of process) = 33 hours.

<sup>66</sup> Total estimated annual burden: 15 hours (one-time burden to draft template document) + 33 hours (ongoing burden to obtain consent) = 48 hours. 48 hours (estimated burden for all municipal advisory firms to obtain written consents to service of process from each natural person engaged in municipal advisory activities on their behalf, year one) + 48 hours (estimated burden to obtain written consents to service of process from each natural person engaged in municipal advisory activities on their behalf, year two) + 48 hours (estimated burden to obtain written consents to service of process from each natural person engaged in municipal advisory activities on their behalf, year three) = 144 hours.

<sup>67</sup> 144 hours (total estimated annual burden for all municipal advisory firms to obtain written consents to service of process from each natural person engaged in municipal advisory activities on their behalf, during the three-year period) ÷ 388 (estimated average number of registered municipal advisory firms, during the three-year period) = 0.371 hours.

<sup>68</sup> See *supra* Section 12.a.

<sup>69</sup> (417 (estimated number of municipal advisors after year one) × 182 hours (estimated time spent by municipal advisors to ensure annual compliance with the books and records

the three-year period would be 75,894 hours in year one;<sup>70</sup> 70,616 hours in year two;<sup>71</sup> and 65,338 in year three.<sup>72</sup>

**In summary, the Commission estimates that, over a three-year period, the total recordkeeping burden would be 211,848 hours,<sup>73</sup> or 70,616 hours when annualized over three years. The estimated annual recordkeeping burden per respondent would be 182 hours.**

g. Rule 15Ba1-1(d)(3)(vi): Exemption When a Municipal Entity or Obligated Person Is Represented by an Independent Registered Municipal Advisor

The written representations required pursuant to the exemption when a municipal entity or obligated person is represented by an independent registered municipal advisor is a one-time third-party disclosure burden. The Commission estimates that this collection of information would apply to approximately 188 respondents annually in each of the next three years.<sup>74</sup> The Commission further estimates that each respondent seeking to rely on this exemption would need approximately one hour to draft a template document to use in obtaining the written representation, amounting to an initial, one-time burden of approximately 188 hours.<sup>75</sup>

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requirement)) + 388 (estimated number of municipal advisors after year two) x 182 hours (estimated time spent by municipal advisors to ensure annual compliance with books and records requirement)) + 359 (estimated number of municipal advisors after year three) x 182 hours (estimated time spent by municipal advisors to ensure annual compliance with books and records requirement)) = 211,848 hours.

<sup>70</sup> (417 (estimated number of municipal advisors after year one) x 182 hours (estimated time spent by municipal advisors to ensure annual compliance with the books and records requirement) = 75,894 hours.

<sup>71</sup> (388 (estimated number of municipal advisors after year two) x 182 hours (estimated time spent by municipal advisors to ensure annual compliance with the books and records requirement) = 70,616 hours.

<sup>72</sup> (359 (estimated number of municipal advisors after year three) x 182 hours (estimated time spent by municipal advisors to ensure annual compliance with the books and records requirement) = 65,338 hours.

<sup>73</sup> See supra note 69 and accompanying text.

<sup>74</sup> Estimate based on information obtained from Mergent Municipal Bond Securities Database. The estimate is derived by averaging the number of underwriters that participated in negotiated transactions from 2020 to 2022 and rounding up. There were 193 underwriters that participated in negotiated transactions in 2020, 191 underwriters that participated in negotiated transactions in 2021, and 178 underwriters that participated in negotiated transactions in 2022.

<sup>75</sup> 188 (estimated number of respondents that will seek to rely on the exemption) × 1.0 hours (estimated time required to draft the written representation) = 188 hours. The Commission believes that once these disclosures have been drafted, such language would become part of the standard municipal advice documentation and, accordingly, there

The Commission also recognizes that respondents will be subject to a recurring burden each time they seek to rely on this exemption. The Commission estimates that respondents may seek the exemption on approximately 12,170 transactions annually in each of the next three years.<sup>76</sup> The Commission further estimates that a person seeking to rely on this exemption would need approximately 0.25 hours to obtain a written representation from a municipal entity or obligated person, amounting to an annual ongoing burden of approximately 3,043 hours,<sup>77</sup> or 9,129 hours over the three-year period.

**In summary, the Commission estimates that, over a three-year period, the total one-time third-party disclosure burden related to the exemption when a municipal entity or obligated person is represented by an independent registered municipal advisor would be 9,317 hours,<sup>78</sup> or 3,106 hours per year when annualized over three years. The third party disclosure burden per respondent would be approximately 49.56 hours,<sup>79</sup> or 16.52 hours per year when annualized over three years.**

h. Rule 15Ba1-1(h)(2): Exception to Definition of Municipal Escrow Investments

The written representations required to qualify for the exception for reasonable reliance on representations related to municipal escrow investments is a one-time third-party disclosure burden. The Commission believes that state-registered investment advisers with municipal entity clients are the persons most likely to rely on this exception. The Commission estimates that approximately 432 persons may seek to rely on this exception.<sup>80</sup>

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would be no further ongoing associated burden.

<sup>76</sup> Estimate based on information obtained from Mergent Municipal Bond Securities Database. The estimate is derived by averaging the number of negotiated deals using an underwriter each year from 2020 to 2022 and rounding up. There were 14,278 negotiated deals using an underwriter in 2020, 11,855 negotiated deals using an underwriter in 2021, and 10,376 negotiated deals using an underwriter in 2022.

<sup>77</sup>  $12,170$  (estimated average number of negotiated deals per year)  $\times$   $0.25$  hours (estimated time required to obtain the written representation) =  $3,042.5$  hours.

<sup>78</sup>  $(188$  hours (estimated time to draft a template document to use in obtaining the written representation, year one)  $+ 9,129$  hours (estimated time to obtain a written representation from a municipal entity or obligated person, three-year period) =  $9,317$  hours.

<sup>79</sup>  $9,317$  hours (total burden related to the exemption when a municipal entity or obligated person is represented by an independent registered municipal advisor, over three years)  $\div$   $188$  (estimated number of persons who will seek to rely on the exemption) =  $49.56$  hours.

<sup>80</sup> The Commission estimates in this section are based on information reported directly by state-registered-only investment advisers (i.e., not dual registrants) in Item 5.D.(i)(1) within Form ADV, as of December 31, 2022. The number of state-registered investment advisers that reported state or municipal government entity clients in Item 5.D.(i)(1) within Form ADV = 432.

The Commission further estimates that each person seeking to rely on this exception would need approximately one hour to draft a template document to use in obtaining the written representation, amounting to an initial, one-time burden of approximately 432 hours.<sup>81</sup> In addition, the Commission estimates that, once drafted, a person seeking to rely on this exception would need approximately 0.25 hours to obtain a written representation from its client each time they seek to rely on the exception. Based on responses to Form ADV, the Commission estimates that persons that would seek to rely on this exception have approximately 1,356 clients that are municipal entities.<sup>82</sup> Thus, the Commission estimates that the burden to obtain the written representation would be 339 hours.<sup>83</sup>

**In summary, the Commission estimates that, over a three-year period, the one-time total third-party disclosure burden for all persons to rely on the exception for reasonable reliance on representations related to municipal escrow investments would be 771 hours,<sup>84</sup> or 257 hours per year when annualized over three years. The one-time third-party disclosure burden would be approximately 1.78 hours per respondent,<sup>85</sup> or approximately 0.59 hours per year when annualized over three years.**

i. Rule 15Ba1-1(m)(3): Exception to Definition of Proceeds of Municipal Securities

The written representations required to qualify for the exception for reasonable reliance on representations related to proceeds of municipal securities is a one-time third-party disclosure burden. The Commission believes the persons most likely to rely on this exception are state-registered investment advisers with clients that are: (i) state or municipal government entities, or (ii) certain pooled investment vehicles in which municipal entities invest. Based on responses to Form ADV, the Commission estimates that approximately 479 persons may seek to rely on this exception.<sup>86</sup>

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<sup>81</sup> 432 (estimated number of persons who will seek to rely on the exception) × 1.0 hours (estimated time required to draft the written representation) = 432 hours.

<sup>82</sup> The number of state or municipal government entity clients reported by state-registered investment advisers in Item 5.D.(i)(1) within Form ADV = 1,356.

<sup>83</sup> 1,356 (estimated number of clients from which written representation will be obtained) × 0.25 hours (estimated time required to obtain the written representation) = 339 hours.

<sup>84</sup> 432 hours (estimated time to draft a template document to use in obtaining the written representation, over three years) + 339 hours (estimated time required to obtain the written representations from clients, over three years) = 771 hours.

<sup>85</sup> 771 hours (total burden related to the exception for reasonable reliance on representations related to municipal escrow investments, during the three-year period) ÷ 432 (estimated number of persons who will seek to rely on the exception, during the three-year period) = 1.78 hours.

<sup>86</sup> The Commission estimates in this section are based on information reported directly by state-registered-only investment advisers (*i.e.*, not dual registrants) in Items 5.D.(i)(1) and 5.D.(f)(1) within Form ADV, as of December 31, 2022. The number of state-registered investment advisers that reported pooled investment vehicle clients (other than

The Commission further estimates that each person seeking to rely on this exception would need approximately one hour to draft a template document to use in obtaining the written representation, amounting to an initial, one-time burden of approximately 479 hours.<sup>87</sup> In addition, the Commission estimates that, once drafted, a person seeking to rely on this exception would need approximately 0.25 hours to obtain a written representation from its client each time they seek to rely on the exception. Based on responses to Form ADV, the Commission estimates that persons that would seek to rely on this exception have approximately 2,989 clients that are state or municipal government entities or that are pooled investment vehicles (other than registered investment companies and business development companies) with municipal entity investors.<sup>88</sup> Thus, the Commission estimates that the burden to obtain the written representation would be 747 hours.<sup>89</sup>

**In summary, the Commission estimates that, over a three-year period, the total one-time third-party disclosure burden for all persons to rely on the exception for reasonable reliance on representations related to proceeds of municipal securities would be 1,226 hours,<sup>90</sup> or 408.67 hours per year when annualized over three years. The one-time third-**

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investment company and business development company clients) in Item 5.D.(f)(1) within Form ADV = 592. The percentage of state-registered investment advisers that reported state or municipal government entity clients in Item 5.D.(f)(1) within Form ADV, out of the total number of state-registered investment advisers = 8%.  $(592 \times .08) =$  approximately 47 state-registered investment advisers with clients that are pooled investment vehicles (other than registered investment companies and business development companies) in which municipal entities invest. The number of state-registered investment advisers that reported state or municipal government entity clients in Item 5.D.(i)(1) within Form ADV = 432.  $(47 + 432) = 479$  respondents.

<sup>87</sup>  $479$  (estimated number of respondents that will seek to rely on the exception)  $\times$  1.0 hours (estimated time required to draft the written representation) = 479 hours.

<sup>88</sup> The number of state or municipal government entity clients reported by state-registered investment advisers in Item 5.D.(i)(1) within Form ADV = 1,356 clients. The number of pooled investment vehicle clients (other than investment company and business development company clients) reported by state-registered investment advisers in Item 5.D.(f)(1) within Form ADV = 1,633 clients.  $(1,356 + 1,633) = 2,989$  clients.

<sup>89</sup>  $2,989$  (estimated number of clients from which written representation will be obtained)  $\times$  0.25 hours (estimated time required to obtain the written representation) = approximately 747 hours.

<sup>90</sup>  $479$  hours (estimated time to draft a template document to use in obtaining the written representation, during the three-year period) + 747 hours (estimated time required to obtain the written representations from clients, during the three-year period) = 1,226 hours.

party disclosure burden would be approximately 2.56 hours<sup>91</sup> per respondent, or approximately 0.85 hours per year when annualized over three years.

j. Summary of Hourly Burdens

The table below summarizes the Commission’s estimates of the total hourly reporting burden for all respondents under Rules 15Ba1-1 to 15Ba1-8.

<b><u>Name of Information Collection</u></b>	<b><u>Estimated Avg Number of Entities Impacted Per Year</u></b>	<b><u>Estimated Total Annual Burden Per Entity</u></b> <sup>92</sup>	<b><u>Estimated Avg Total Industry Burden</u></b> <sup>93</sup>
Form MA: Application for Municipal Advisor Registration	388	2.14	829
Form MA-I: Information Regarding Natural Persons Who Engage in Municipal Advisory Activities	388	14.61	5,667.33
Form MA-W: Notice of Withdrawal from Registration as a Municipal Advisor	35	0.50	17.5
Form MA-NR: Designation of U.S. Agent for Service of Process for Non-Residents	3	1.56	14
Consent to Service of Process from Certain Associated Persons	388	0.12	48
Rule 15Ba1-8: Books and Records to Be Made and Maintained by Municipal Advisors	388	182	70,616
Rule 15Ba1-1(d)(3)(vi): Exemption When a Municipal Entity or Obligated Person Is Represented by an Independent Registered Municipal Advisor	188	16.52	3,106
Rule 15Ba1-1(h)(2): Exception to Definition of Municipal Escrow Investments	432	0.59	257

<sup>91</sup> 1,226 hours (total burden related to the exception for reasonable reliance on representations related to proceeds of municipal securities, over three years) ÷ 479 (estimated number of persons who will seek to rely on the exception, over three years) = 2.56 hours.

<sup>92</sup> Numbers may not foot due to rounding.

<sup>93</sup> Numbers may not foot due to rounding.

Rule 15Ba1-1(m)(3): Exception to Definition of Proceeds of Municipal Securities	479	0.85	408.67
		<b>TOTAL</b>	<b>80,963.5</b>

### 13. Costs to Respondents

#### a. Form MA: Application for Municipal Advisor Registration

The Commission believes that some municipal advisory firms would seek outside counsel to help them comply with the requirements of the final rules and to complete Form MA. For PRA purposes, the Commission assumes that all 45 municipal advisory firms registering on Form MA during the three-year period would, on average, consult with outside counsel for one hour, and would cost \$23,310 for all municipal advisory firms.<sup>94</sup>

**In summary, the Commission estimates that, over a three-year period, the total labor cost for all municipal advisory firms to hire outside counsel to complete Form MA would be approximately \$23,310,<sup>95</sup> or \$7,770 per year when annualized over three years. The total labor cost per respondent would be approximately \$518,<sup>96</sup> or approximately \$172.67 when annualized over three years.**

#### b. Form MA-I: Information Regarding Natural Persons Who Engage in Municipal Advisory Activities

Not applicable. The Commission does not believe that respondents will incur a cost in completing the Form MA-I.

#### c. Form MA-W: Notice of Withdrawal from Registration as a Municipal Advisor

Not applicable. The Commission does not believe that respondents will incur a cost in completing the Form MA-W.

<sup>94</sup> 45 (estimated number of municipal advisory firms that would hire outside counsel, over three years) × 1 hour (average estimated time spent by outside counsel to help a municipal advisory firm comply with the rule) × \$518 (estimated average hourly rate for an outside attorney) = \$23,310. The hourly cost estimate of \$518 on average for an attorney is based on Commission staff conversations with law firms that regularly assist regulated financial firms with compliance matters, adjusted for inflation.

<sup>95</sup> See *supra* note 94.

<sup>96</sup> \$23,310 (total labor cost to hire outside counsel, over three years) ÷ 45 (estimated number of municipal advisory firms that would hire outside counsel, over three years) = \$518.



d. Form MA-NR: Designation of U.S. Agent for Service of Process for Non-Residents

The Commission believes that non-resident municipal advisors would seek outside counsel to comply with the opinion of counsel requirements of Form MA-NR. The Commission estimates that this would add \$1,554 in outside legal costs per respondent.<sup>97</sup> Thus, the Commission estimates that the total annual cost for all non-resident municipal advisory firms to hire outside counsel as part of providing an opinion of counsel would be \$4,662,<sup>98</sup> or \$13,986 over the three-year period.

**In summary, the Commission estimates that, over a three-year period, the total cost for all non-resident municipal advisory firms to hire outside counsel as part of providing an opinion of counsel would be approximately \$13,986,<sup>99</sup> or \$4,662 per year when annualized over three years. The total labor cost per respondent would be \$1,554,<sup>100</sup> or \$518 per year when annualized over three years.**

e. Consent to Service of Process from Certain Associated Persons

Not applicable. It is not anticipated that respondents will incur any costs to comply with this requirement.

f. Rule 15Ba1-8: Books and Records to Be Made and Maintained by Municipal Advisors

Not applicable. It is not anticipated that respondents will incur any costs to comply with this requirement.

g. Rule 15Ba1-1(d)(3)(vi): Exemption When a Municipal Entity or Obligated Person Is Represented by an Independent Registered Municipal Advisor

Not applicable. It is not anticipated that respondents will incur any costs to utilize this exemption.

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<sup>97</sup> The \$1,554 figure is based on an hourly cost estimate of \$518 on average for an outside attorney and three hours of work. Based on previous burden estimates, the Commission estimated that outside counsel will take, on average, three hours to assist in preparation of the opinion of counsel, for an average cost of \$1,554 per respondent.

<sup>98</sup> 3 (non-resident municipal advisory firms expected to provide opinion of counsel, annually) × \$1,554 (average estimated cost to hire outside counsel to provide an opinion of counsel) = \$4,662.

<sup>99</sup> \$4,662 (estimated total annual cost for respondents to provide opinions of counsel) × 3 (number of years) = \$13,986.

<sup>100</sup> \$13,986 (total labor cost to hire outside counsel as part of providing an opinion of counsel, during the three-year period) ÷ 9 (total number of non-resident municipal advisory firms providing an opinion of counsel, during the three-year period) = \$1,554.

h. Rule 15Ba1-1(h)(2): Exception to Definition of Municipal Escrow Investments

Not applicable. It is not anticipated that respondents will incur any costs to qualify for this exception.

i. Rule 15Ba1-1(m)(3): Exception to Definition of Proceeds of Municipal Securities

Not applicable. It is not anticipated that respondents will incur any costs to qualify for this exception.

j. Summary of Cost Burdens

The table below summarizes the Commission’s estimate of the annual cost burdens for municipal advisors engaged in municipal advisory activities.

	<b><u>Nature of Information Collection Burden</u></b>	<b><u>Burden Estimate in Dollars Industry-Wide</u></b>	<b><u>Burden Estimate in Dollars Per Respondent</u></b>
a.	Form MA: Application for Municipal Advisor Registration	\$7,770	\$172.67
b.	Form MA-I: Information Regarding Natural Persons Who Engage in Municipal Advisory Activities	N/A	N/A
c.	Form MA-W: Notice of Withdrawal from Registration as a Municipal Advisor	N/A	N/A
d.	Form MA-NR: Designation of U.S. Agent for Service of Process for Non-Residents	\$4,662	\$518 <sup>101</sup>
e.	Consent to Service of Process from Certain Associated Persons	N/A	N/A
f.	Rule 15Ba1-8: Books and Records to Be Made and Maintained by Municipal	N/A	N/A

<sup>101</sup> For purposes of analyzing this entry in Section 15 below, please note that, as part of the prior PRA renewal process in 2020, the Commission had calculated an annual cost burden per respondent of \$400 but inadvertently reported the three-year burden of \$1,200 in this table. See PRA Supporting Statement for Registration of Municipal Advisors (June 3, 2020), at 23-24, available at [https://www.reginfo.gov/public/do/PRAViewDocument?ref\\_nbr=202006-3235-004](https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202006-3235-004). Therefore, this estimate did not in fact decrease from \$1,200 to \$518 but rather increased from \$400 to \$518.

	<b><u>Nature of Information Collection Burden</u></b>	<b><u>Burden Estimate in Dollars Industry-Wide</u></b>	<b><u>Burden Estimate in Dollars Per Respondent</u></b>
	Advisors		
g.	Rule 15Ba1-1(d)(3)(vi): Exemption When a Municipal Entity or Obligated Person Is Represented by an Independent Registered Municipal Advisor	N/A	N/A
h.	Rule 15Ba1-1(h)(2): Exception to Definition of Municipal Escrow Investments	N/A	N/A
i.	Rule 15Ba1-1(m)(3): Exception to Definition of Proceeds of Municipal Securities	N/A	N/A
<b>TOTAL</b>		<b>\$12,432</b>	<b>\$690.67</b>

#### **14. Costs to Federal Government**

There would be no additional costs to the Federal Government.

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

The Commission has revised its estimates of time burdens based upon actual registration and other market data obtained since the prior PRA renewal process in 2020:

- Form MA; Form MA-I; Consent to Service of Process from Certain Associated Persons; and Rule 15Ba1-8: Books and Records to Be Made and Maintained by Municipal Advisors: The decrease in annual time burden for each of these collections is due to the estimated average number of respondents decreasing by 217, from approximately 605 to approximately 388. This change is derived from recently obtained data showing that, on average, the number of new municipal advisor applicants is being outpaced by the number of municipal advisors that are withdrawing their registrations or having their registrations cancelled or revoked by the Commission.<sup>102</sup>
- Form MA-W: The decrease in annual time burden for this collection is due to the estimated average number of respondents decreasing by 11, from approximately 46 to approximately 35. This change is derived from recently obtained data showing that, on average, fewer municipal advisors are withdrawing their registrations on Form MA-W.<sup>103</sup>

<sup>102</sup> See supra notes 26-29 and accompanying text.

<sup>103</sup> See supra Section 12.c.

- Form MA-NR: The decrease in annual time burden for this collection is due to the Commission decreasing the estimated time that it would take an average respondent to complete a Form MA-NR submission by 0.5 hours, from 1.5 hours to 1.0 hour. This change conforms with the Commission’s recent decrease in the time burden estimate to complete Form ADV-NR,<sup>104</sup> on which the burden estimate for Form MA-NR is based.<sup>105</sup>
- Rule 15Ba1-1(d)(3)(vi): Exemption When a Municipal Entity or Obligated Person Is Represented by an Independent Registered Municipal Advisor: The increase in annual time burden for this collection is due to the estimated burden per entity increasing by 7.30 hours, from approximately 9.22 hours to 16.52 hours. This change is derived from recently obtained data showing that, on average: (i) fewer underwriters are participating in negotiated transactions<sup>106</sup>; and (ii) the number of negotiated transactions that use an underwriter is increasing.<sup>107</sup>
- Rule 15Ba1-1(h)(2): Exception to Definition of Municipal Escrow Investments: The decrease in annual time burden for this collection is due to the estimated average number of respondents decreasing by 262, from approximately 694 to approximately 432. This change is derived from recently obtained data showing that, on average, there are fewer state-registered investment advisers with municipal entity clients.<sup>108</sup>
- Rule 15Ba1-1(m)(3): Exception to Definition of Proceeds of Municipal Securities: The decrease in annual time burden for this collection is due to the estimated average number of respondents decreasing by 241, from approximately 720 to approximately 479. This change is derived from recently obtained data showing that, on average, there are fewer state-registered investment advisers with clients that are: (i) state or municipal government entities, or (ii) certain pooled investment vehicles in which municipal entities invest.<sup>109</sup>

The Commission has revised its estimates of cost burdens based upon actual registration and other market data obtained since the prior PRA renewal process in 2020:

- Form MA: The decrease in annual cost for this collection is due to the estimated average number of respondents decreasing by 217, from approximately 605 to approximately 388. As noted above, this change is derived from recently obtained data showing that, on average, the number of new municipal advisor applicants is being outpaced by the number of municipal advisors that are withdrawing their registrations or having their

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<sup>104</sup> See PRA Supporting Statement for Rule 0-2 and Form ADV-NR (July 1, 2022), at 7, available at [https://www.reginfo.gov/public/do/PRAViewDocument?ref\\_nbr=202207-3235-002](https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202207-3235-002).

<sup>105</sup> See supra Section 12.d.

<sup>106</sup> See supra note 74 and accompanying text.

<sup>107</sup> See supra note 76 and accompanying text.

<sup>108</sup> See supra note 80 and accompanying text.

<sup>109</sup> See supra note 86 and accompanying text.

registrations cancelled or revoked by the Commission.<sup>110</sup> At the same time, the increase in annual cost burden per respondent is due to the Commission increasing the estimated average hourly rate for an outside attorney by \$118/hour, from \$400/hour to \$518/hour. This change is derived from adjusting the original \$400/hour figure for inflation.<sup>111</sup>

- **Form MA-NR:** The increase in annual cost for this collection is due to the Commission increasing the estimated average hourly rate for an outside attorney by \$118/hour, from \$400/hour to \$518/hour. As noted above, this change is derived from adjusting the original \$400/hour figure for inflation.<sup>112</sup> The increase in annual cost burden per respondent from \$400 to \$518 is due to the same reason.

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

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

#### **17. Approval to Omit the OMB Expiration Date**

We request authorization to omit the expiration date on the electronic version of each form. Including the expiration date on the electronic version of each form will result in increased costs, because the need to make changes to the forms may not follow the application's scheduled version release dates. The OMB control number will be displayed.

#### **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.

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<sup>110</sup> See supra notes 26-29 and accompanying text.

<sup>111</sup> See supra note 94.

<sup>112</sup> Id.

