

**SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission for
Regulation SCI**

**3235-0703
Revision Due to Proposed Amendment**

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

A. JUSTIFICATION

1. Information Collection Necessity

Section 11A(a)(2) of the Securities Exchange Act of 1934 (“Exchange Act”),¹ enacted as part of the Securities Acts Amendments of 1975 (“1975 Amendments”),² directs the Commission, having due regard for the public interest, the protection of investors, and the maintenance of fair and orderly markets, to use its authority under the Exchange Act to facilitate the establishment of a national market system for securities in accordance with the Congressional findings and objectives set forth in Section 11A(a)(1) of the Exchange Act.³ Among the findings and objectives in Section 11A(a)(1) is that “[n]ew data processing and communications techniques create the opportunity for more efficient and effective market operations”⁴ and “[i]t is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure...the economically efficient execution of securities transactions.”⁵ In addition, Sections 6(b), 15A, 11A(b)(3), and 17A(b)(3) of the Exchange Act impose obligations on national securities exchanges, national securities associations, securities information processors, and clearing agencies, respectively, to be “so organized” and “[have] the capacity to...carry out the purposes of [the Exchange Act].”⁶

The U.S. securities markets have continue to be transformed by regulatory and related technological developments. in recent years. Given the speed and interconnected nature of the U.S. securities markets, a seemingly minor systems problem at a single entity could quickly

¹ 15 U.S.C. 78k-1(a)(2).

² Pub. L. 94-29, 89 Stat. 97 (1975).

³ 15 U.S.C. 78k-1(a)(1).

⁴ 15 U.S.C. 78k-1(a)(1)(B).

⁵ 15 U.S.C. 78k-1(a)(1)(C)(i).

⁶ See 15 U.S.C. 78f(b)(1), 78o-3(b)(2), 78k-1(b)(3)(1)(C)(i), 78q-1(b)(3), respectively. See also 15 U.S.C. 78b, and 15 U.S.C. 78s. See also, 15 U.S.C. 78m(n)(6)) (authorizing the application of Regulation SCI to registered security-based swap data repositories); and 15 U.S.C. 78o) (requiring the registration of brokers and dealers) and section 15(b)(7) (15 U.S.C. 78o(b)(7)) (authorizing the establishment of standards for their operational capability).

create losses and liability for market participants, and spread rapidly across the national market system, potentially creating widespread damage and harm to market participants, including investors.

In November 2014, the Commission adopted Regulation Systems Compliance and Integrity (“Regulation SCI”)⁷ to require certain key market participants to, among other things: (1) have comprehensive policies and procedures in place to help ensure the robustness and resiliency of their technological systems, and also that their technological systems operate in compliance with the federal securities laws and with their own rules; and (2) provide certain notices and reports to the Commission to improve Commission oversight of securities market infrastructure. Prior to the adoption of Regulation SCI, Commission oversight of the technology of the U.S. securities markets was conducted primarily pursuant to a voluntary set of principles articulated in the Commission’s ARP Policy Statements, applied through the Commission’s Automation Review Policy inspection program (“ARP Inspection Program”). Regulation SCI was adopted to update, formalize, and expand the Commission’s ARP Inspection Program, and, with respect to SCI entities, to supersede and replace the Commission’s ARP Policy Statements, as well as certain rules regarding systems capacity, integrity, and security in Rule 301(b)(6) of Regulation ATS that relate to ATSs that trade NMS and non-NMS stocks.⁸

Regulation SCI comprises 17 CFR 242.1000 through 242.1007 under the Exchange Act. Rule 1001(a) requires each SCI entity to establish, maintain, and enforce written policies and procedures for systems capacity, integrity, resiliency, availability, and security. Rule 1001(b) requires each SCI entity to establish, maintain, and enforce written policies and procedures to ensure that its SCI systems operate in a manner that complies with the Exchange Act, the rules and regulations thereunder, and the SCI entity’s rules and governing documents, as applicable. Rule 1001(c) requires each SCI entity to establish, maintain, and enforce written policies and procedures for the identification, designation, and documentation of responsible SCI personnel and escalation procedures. Rule 1002(a) requires each SCI entity to begin to take appropriate corrective action upon any responsible SCI personnel having a reasonable basis to conclude that an SCI event has occurred. Rule 1002(b) requires each SCI entity to notify the Commission of certain SCI events. Rule 1002(c) requires each SCI entity, with certain exceptions, to disseminate information about SCI events to affected members or participants, and disseminate information about major SCI events to all members or participants. Rule 1003(a) requires each SCI entity to notify the Commission of material systems changes quarterly. Rule 1003(b) requires each SCI entity to conduct annual SCI reviews. Rule 1004 requires each SCI entity to designate certain members or participants for participation in functional and performance testing of the SCI entity’s business continuity and disaster recovery (“BC/DR”) plans, and to coordinate such testing with other SCI entities. Rules 1005 and 1007 set forth recordkeeping requirements for SCI entities. Rule 1006 requires, with certain exceptions, that each SCI entity electronically

⁷ Securities and Exchange Act Release No. 34-73639 (November 19, 2014), 79 FR 72251 (December 5, 2014).

⁸ See 17 CFR 242.301(b)(6)(i)(A) and 17 CFR 242.301(b)(6)(i)(B).

file required notifications, reviews, descriptions, analysis, or reports to the Commission on Form SCI.

The Commission estimates that there are currently 47 entities that meet the definition of SCI entity and are subject to the collection of information requirements of Regulation SCI (“Current SCI Entities”). Of these 47 respondents, 35 would meet the definition of SCI SRO, 7 would meet the definition of SCI ATS, 2 would meet the definition of plan processor, and 3 would meet the definition of exempt clearing agency subject to ARP.

Revision to the Information Collection

In December 2020, the Commission adopted rule amendments to update the national market system for the collection, consolidation, and dissemination of information with respect to quotations for and transactions in national market system (“NMS”) stocks (“Infrastructure Amendments”).⁹ The Infrastructure Amendments expand the content of the information with respect to quotations for and transactions in NMS stocks that must be made available under Regulation NMS and introduce a decentralized consolidation model whereby “competing consolidators” would assume responsibility for the collection, consolidation, and dissemination functions currently performed by the exclusive Securities Information Processors (“SIPs”). Among other things, the Commission proposed to expand the definition of “SCI entity” to include certain competing consolidators in the definition of SCI entity. Specifically, the Commission adopted a definition of “SCI competing consolidator” that will subject competing consolidators to Regulation SCI, after a transition period, if they are above a specified consolidated market data gross revenue threshold.¹⁰

In the Infrastructure Amendments, the Commission estimated that seven competing consolidators would meet this definition and be subject to the requirements of Regulation SCI (among them, two may be the existing exclusive SIPs, which are currently subject to Regulation SCI as plan processors; one may be an existing SCI SRO or entity affiliated with an SCI SRO that is subject to Regulation SCI; and four may be entities not currently subject to Regulation SCI, such as market data aggregation firms, broker-dealers that currently aggregate market data for internal uses, and entities that would be entering the market data aggregation business for the first time).

⁹ See Securities Exchange Act Release No. 34-88216 (February 14, 2020), 85 FR 16726 (March 24, 2020) (File No. S7-03-20) (“Proposing Release”).

¹⁰ See Securities Exchange Act Release No. 34-90610 (December 9, 2020), 86 FR 18596 (April 9, 2021) (File No. S7-03-20) (“Infrastructure Adopting Release”). An “SCI competing consolidator” is defined in Rule 1000 of Regulation SCI to mean “any competing consolidator, as defined in §242.600 which during at least four of the preceding six calendar months, accounted for five percent (5%) or more of consolidated market data gross revenue paid to the effective national market system plan or plans required under §242.603(b) for NMS stocks (1) listed on the New York Stock Exchange LLC, (2) listed on The Nasdaq Stock Market LLC, or (3) listed on national securities exchanges other than the New York Stock Exchange LLC or The Nasdaq Stock Market LLC, as reported by such plan or plans pursuant to the terms thereof.”

The Commission is not revising the burden hour estimates per entity that it set forth in the Infrastructure Amendments. There are no competing consolidators registered with the Commission, and, accordingly, no SCI competing consolidators.

Revisions in the 2023 SCI Proposed Rulemaking

In March 2023, the Commission proposed amendments to Regulation SCI (“2023 SCI Proposed Rulemaking”).¹¹ First, the Commission proposes to expand the application of Regulation SCI to several additional key entities, namely registered security-based swap depositories, registered broker-dealers exceeding an asset or transaction activity threshold; and additional clearing agencies exempted from registration.

Second, the Commission proposes to update certain existing information collections to account for the evolution of technology and trading since the Regulation SCI’s adoption in 2014:

- Rule 1001(a): the Commission proposes to require SCI entities to include several additional elements in their policies and procedures required by Rule 1001(a), including: (1) the maintenance of a written inventory of all SCI systems, critical SCI systems, and indirect SCI systems, including a lifecycle management program with respect to such systems; (2) a program to manage and oversee third-party providers that includes an initial and periodic review of contracts with third-party providers and a risk-based assessment of each third-party provider’s criticality to the SCI entity;¹² (3) a program to prevent unauthorized SCI system access; and (4) identification of the SCI industry standard with which such policies and procedures are consistent, if any.
- Rule 1002: the Commission also proposes to require SCI entities to report additional types of systems intrusions as SCI events, which would result in additional notification and dissemination requirements pursuant to Rule 1002. Specifically, additional notification and dissemination requirements would result from the proposed expanded definition of systems intrusion that would include any cybersecurity event that disrupts, or significantly degrades, the normal operation of an SCI system; and also any significant attempted unauthorized entry into the SCI systems or indirect SCI systems of an SCI entity, as determined by the SCI entity pursuant to established reasonable written criteria. The Commission also proposes to limit the types of SCI events that can be reported as de

¹¹ See Securities Exchange Act Release No. 34-97143 (March 15, 2023), 88 FR 23146 (April 14, 2023) (File No. S7-07-23).

¹² Rule 1001(a) currently requires SCI entities to set forth business continuity and disaster recovery plans that include maintaining backup and recovery capabilities sufficiently resilient and geographically diverse and that are reasonably designed to achieve next business day resumption of trading and two-hour resumption of critical SCI systems following a wide-scale disruption. The Commission is proposing to also require that such plans are reasonably designed to address the unavailability of any third-party provider that provides functionality, support, or service to the SCI entity, without which there would be a material impact on any of its critical SCI systems.

minimis SCI events pursuant to Rule 1002(b)(5). The Commission’s proposal requires SCI broker-dealers to disseminate information about SCI events to all or some customers depending on the nature of the SCI event. The Commission proposes to require that interim and final written notifications to the Commission of SCI events include a copy of information disseminated by SCI broker-dealers to their customers.

- Rule 1003: The Commission proposes additional requirements for the SCI review required by Rule 1003(b), including increasing the minimum frequency of penetration testing to not less than once per year (from not less than once every three years) for certain types of systems and requiring the SCI review to assess for SCI systems and indirect SCI systems (i) risks related to capacity, integrity, resiliency, availability, and security; (ii) internal control design and operating effectiveness, and (iii) third-party provider management risks and controls. The Commission also proposes that additional elements be included in the report of the SCI review, including the findings of the SCI review with respect to each SCI system and indirect SCI system and a description of each deficiency and weakness identified by the SCI review. The Commission also proposes to require senior management to provide a response to the report of the SCI review.
- Rule 1004: The Commission proposes that SCI entities be required to establish standards that require designated third-party providers to participate in the testing of their BC/DR plans and designate third-party providers for testing, as SCI entities are currently required to do with their members and participants.
- Rule 1005: Current Rule 1005(c) specifies that the requirement that records required to be made, kept, and preserved by Rule 1005 be accessible to the Commission and its representatives for the period required by Rule 1005, in cases where an SCI entity ceases to do business or ceases to be registered under the Exchange Act. The Commission proposes to require that records required to be made, kept, and preserved by Rule 1005 be accessible to the Commission and its representatives for the period required by Rule 1005 in cases where the SCI entity otherwise ceases to be an SCI entity.

The Commission estimates that if the proposed amendments to Regulation SCI are adopted, there are 21 entities that would meet the definition of SCI entity and become subject to Regulation SCI. Of these, two entities would meet the proposed definition of registered security-based swap data repository, two entities would meet the definition of exempt clearing agency not subject to ARP, and 17 entities would meet the definition of SCI broker-dealer. The Commission estimates that an additional two entities will become SCI entities in the next three years: one would meet the definition of registered security-based swap data repository and one would meet the definition of exempt clearing agency. Accordingly, over the next three years, the Commission estimates there will be an average of 23 SCI entities added as a result of the expansion of Regulation SCI to several key entities (“New SCI Entities”). The existing collections of information, including the expanded requirements discussed above, would be extended to New SCI Entities.

As noted earlier, the Commission estimates that there are 47 Current SCI Entities. These Current SCI Entities have already incurred burdens for complying with Regulation SCI prior to the proposed amendments. They would incur additional burdens for complying with the amended collection of information requirements.

As noted earlier, the Commission has previously estimated that there would be seven competing consolidators that would be subject to Regulation SCI. Two of these competing consolidators are the exclusive SIPs, which are Current SCI Entities. The Commission had estimated five additional competing consolidators. Because no competing consolidators have registered with the Commission to date, the Commission has not counted the five potential competing consolidators as Current SCI Entities and thus has not estimated additional burdens for the five competing consolidators as a result of the updated provisions in the 2023 SCI Proposed Rulemaking. To the extent that any competing consolidators register with the Commission and meet the definition of SCI competing consolidator, their additional burdens and average costs of compliance would be the same as the additional burdens and average internal costs of compliance for Current SCI Entities, as described in Sections 12 and 13 of this document.

Note on 2022 Proposed Rulemaking Affecting this OMB Control Number

In January 2022, the Commission proposed to expand the definition of “SCI alternative trading system” to include Government Securities ATs that meet a specified volume threshold, which would, in turn, fall within the definition of “SCI entity” and, as a result, be subject to the requirements of Regulation SCI.¹³ These proposed amendments would potentially increase the number of respondents for the collections of information in this rule. Since these amendments have not yet been adopted, we have not included additional respondent related to this rulemaking as part of the revised collections of information set forth below. The burdens under Regulation SCI for these additional respondents are described in a separate submission under this OMB Control Number.

2. Information Collection Purpose and Use

a. Policies and Procedures Required by Rule 1001

Rule 1001(a) helps to advance the goal of improving Commission review and oversight of U.S. securities market infrastructure by requiring an SCI entity’s policies and procedures to be reasonably designed to ensure its own operational capability, including the ability to maintain effective operations, minimize or eliminate the effect of performance degradations, and have sufficient backup and recovery capabilities. Because an SCI entity’s own operational capability can have the potential to impact investors, the overall market, or the trading of individual securities, the Commission believes that these policies and procedures will help promote the

¹³ See Securities Exchange Act Release No. 94062 (Jan. 26, 2022), 87 FR 15496, 15535-30 (Mar. 18, 2022) (“2022 Reg ATS Proposing Release”).

maintenance of fair and orderly markets. The proposed additional collections of information in the 2023 SCI Proposed Rulemaking would advance the same goal of ensuring the operational capability of SCI entities by ensuring that third-party providers working with SCI entities to provide SCI systems can support the SCI entity's compliance with Regulation SCI, that SCI entities have policies and procedures to prevent unauthorized access to SCI systems and indirect SCI systems and the information residing therein and that SCI entities can determine which of their systems are SCI systems and indirect SCI systems.

Rule 1001(b) helps to prevent the occurrence of systems compliance issues, and helps SCI entities to achieve operational compliance with the Exchange Act, the rules and regulations thereunder, and their governing documents. Rule 1001(c) helps make it clear to all employees of the SCI entity who the designated responsible SCI personnel are for purposes of the escalation procedures and so that Commission staff can easily identify such responsible SCI personnel in the course of its inspections and examinations and other interactions with SCI entities. The Commission also believes that escalation procedures to quickly inform responsible SCI personnel of potential SCI events helps ensure that the appropriate person(s) are provided notice of potential SCI events so that any appropriate actions can be taken in accordance with the requirements of Regulation SCI without unnecessary delay.

b. Mandate Participation in Certain Testing Required by Rule 1004

Rule 1004 helps reduce the risks associated with an SCI entity's decision to activate its BC/DR plans and helps to ensure that such plans operate as intended, if activated. It also helps an SCI entity to ensure that its efforts to develop effective BC/DR plans are not undermined by a lack of participation by members or participants that the SCI entity believes are necessary to the successful activation of such plans. Including key third-party providers in this requirement as part of the 2023 SCI Proposed Rulemaking would achieve the same purpose. Rule 1004 also assists the Commission in maintaining fair and orderly markets in a BC/DR scenario following a wide-scale disruption.

c. SCI Event Notice Required by Rule 1002(b)

Rule 1002(b) fosters a system for comprehensive reporting of SCI events, which enhances the Commission's review and oversight of U.S. securities market infrastructure and fosters cooperation between the Commission and SCI entities in responding to SCI events. The Commission also believes that the aggregated data from the reporting of SCI events enhances its ability to comprehensively analyze the nature and types of various SCI events and identify more effectively areas of persistent or recurring problems across the systems of all SCI entities. The information in the final report required under Rule 1002(b)(4) provides the Commission with a comprehensive analysis to more fully understand and assess the impact caused by an SCI event. The quarterly report required by Rule 1002(b)(5) achieves the goal of keeping Commission staff informed regarding the nature and frequency of systems disruptions and systems intrusions that arise but are reasonably estimated by the SCI entity to have a de minimis impact on the entity's operations or on market participants. Further, submission and review of regular reports facilitates Commission staff comparisons among SCI entities and thereby permits the

Commission and its staff to have a more holistic view of the types of systems operations challenges that were posed to SCI entities in the aggregate.

In the 2023 SCI Proposed Rulemaking, the Commission proposes to require that interim and final written notifications to the Commission of SCI events include a copy of information disseminated by SCI broker-dealers to their customers, and that systems intrusions be reported to the Commission pursuant to Rule 1002(b)(1)-(4) (i.e., eliminate systems intrusions from the scope of Rule 1002(b)(5) which currently provides for quarterly reporting of systems intrusions and systems disruptions that have no or a de minimis impact). The Commission would use the additional information SCI entities submit as part of these amendments to be aware of potential and actual security threats to SCI entities, including threats that may extend to other market participants in the securities markets, including other SCI entities.

d. Dissemination of Information Required by Rule 1002(c)

Rule 1002(c) advances the Commission's goal of promoting fair and orderly markets by disseminating information about an SCI event to some or all of the SCI entity's members or participants, who can use such information to evaluate the event's impact on their trading and other activities and develop an appropriate response. The Commission's proposal in the 2023 SCI Proposed Rulemaking to require SCI broker-dealers to disseminate information about SCI events to all or some customers depending on the nature of the SCI event would achieve the same purpose.

e. Material Systems Change Notice Required by Rule 1003(a)

Rule 1003(a) permits the Commission and its staff to have up-to-date information regarding an SCI entity's systems development progress and plans, and helps the Commission with its oversight of U.S. securities market infrastructure.

f. SCI Review Required by Rule 1003(b)

The SCI reviews under Rule 1003(b) not only assist the Commission in improving its oversight of the technology infrastructure of SCI entities, but also assist each SCI entity in assessing the effectiveness of its information technology practices, helping to ensure compliance with the safeguards provided by the requirements of Regulation SCI, identifying potential areas of weakness that require additional or modified controls, and determining where to best devote resources.

The 2023 SCI Proposed Rulemaking proposed more frequent penetration testing, which would enable the Commission to have more up-to-date information regarding an SCI entity's systems vulnerabilities and improve Commission oversight of U.S. securities market technology infrastructure. The Commission also proposed additional requirements for the SCI review and that additional elements be included in the report of the SCI review. The additional requirements and details are designed to ensure SCI reviews contain certain baseline information and are based on the appropriate risk management methodology. The enhanced SCI review and corresponding

report would provide the Commission and its staff greater insight into the SCI entity's compliance with Regulation SCI and would more thoroughly assist the staff in determining how to follow up with the SCI entity in reviewing and addressing any identified weaknesses and vulnerabilities. The Commission would use this additional reporting and information to further improve the Commission's oversight of the technology infrastructure of SCI entities.

g. Access to EFFS

Rule 1006 provides a uniform manner in which the Commission receives—and SCI entities provide—written notifications, reviews, descriptions, analyses, or reports made pursuant to Regulation SCI. Rule 1006 therefore allows SCI entities to efficiently draft and file the required reports on Form SCI, and the Commission to efficiently review, analyze, and respond to the information provided. SCI entities submit Form SCI through the electronic form filing system (“EFFS”), which is also used by SCI SROs to file Form 19b-4 filings. In order to access EFFS, an SCI entity submits to the Commission an External Application User Authentication Form (“EAUF”) to register each individual at the SCI entity who access the EFFS system on behalf of the SCI entity. The information provided via EAUF is used by the Commission to verify the identity of the individual submitting Form SCI on behalf of the SCI entity and provide such individual access to the EFFS.

h. Corrective Action Required by Rule 1002(a)

Rule 1002(a) helps facilitate SCI entities' responses to SCI events, including taking appropriate steps necessary to remedy the problem or problems causing such SCI event and mitigate the negative effects of the SCI event, if any, on market participants and the securities markets more broadly.

i. Identification of Critical SCI Systems, Major SCI Events, De Minimis SCI events, and Material Systems Changes

The requirement in Rule 1003(a) that each SCI entity establish written criteria for identifying material systems changes helps the Commission ensure that it is kept apprised of the systems changes that SCI entities believe to be material and aids the Commission and its staff in understanding the operations and functionality of the systems of an SCI entity and any changes to such systems.

The application of different requirements (e.g., Commission notification requirements and information dissemination requirements) to critical SCI systems, major SCI events, and de minimis SCI events, and the policies and procedures required by SCI entities to make these determinations, helps to ensure that the Commission is kept apprised of SCI events, and that relevant market participants have basic information about SCI events so that those notified can better develop an appropriate response. These policies and procedures also assist SCI entities in complying with the notification, dissemination and reporting requirements of Regulation SCI.

The requirement in the 2023 SCI Proposed Rulemaking that each SCI entity establish

policies and procedures for identifying significant attempted systems intrusions would assist SCI entities in complying with the notification, dissemination, and reporting requirements of Regulation SCI, which would ensure that the Commission is informed of systems intrusions.

j. Recordkeeping Required by Rules 1005 and 1007

Rule 1005 assists the Commission in understanding whether an SCI entity is meeting its obligations under Regulation SCI, assessing whether an SCI entity has appropriate policies and procedures with respect to its technology systems, helping to identify the causes and consequences of an SCI event, and understanding the types of material systems changes occurring at an SCI entity. Rule 1005 also facilitates the Commission's inspections and examinations of SCI entities and assists it in evaluating an SCI entity's compliance with Regulation SCI. Moreover, having an SCI entity's records available even after it has ceased to do business or to be registered under the Exchange Act provides an additional tool to help the Commission to reconstruct important market events and better understand the impact of such events.

The Commission's proposal to require that records required to be made, kept, and preserved by Rule 1005 be accessible to the Commission and its representatives for the period required by Rule 1005 in cases where the SCI entity otherwise ceases to be an SCI entity (i.e., other than cases where an SCI entity ceases to do business or ceases to be registered under the Exchange Act) would provide the Commission an additional tool in furthering the same objectives.

Rule 1007 helps ensure the Commission's ability to obtain required records that are held by a third party who may not otherwise have an obligation to make such records available to the Commission.

3. Consideration Given to Information Technology

With a few exceptions, Regulation SCI requires SCI entities to submit any notification, review, description, analysis, or report to the Commission electronically on Form SCI. Regulation SCI is designed to streamline the reporting processes and make the processes efficient by specifying the information required to be provided and requiring SCI entities to electronically file Form SCI. SCI entities submit Form SCI through the EFFS, which is also used by SCI SROs to file Form 19b-4 filings.

4. Duplication

Regulation SCI replaced the two ARP policy statements and related staff guidance. However, although Regulation SCI codifies in a Commission rule many of the principles of the ARP policy statements, the rule has a broader scope than those statements.

Regulation SCI also superseded and replaced aspects of the ARP policy statements codified in Rule 301(b)(6) of Regulation ATS, applicable to significant-volume ATSS that trade

NMS stocks and non-NMS stocks. Because Regulation SCI replaced the ARP policy statements, related staff guidance, and aspects of Rule 301(b)(6) applicable to significant-volume ATSS that trade NMS stocks and non-NMS stocks, Regulation SCI does not duplicate any existing information collection.

In the 2023 SCI Proposed Rulemaking, the Commission proposes to expand the application of Regulation SCI to New SCI Entities. (i.e., registered security-based swap depositories, registered broker-dealers exceeding an asset or transaction activity threshold; and additional clearing agencies exempted from registration). With regard to any FINRA or Commission rules applicable to the proposed New SCI Entities, the Commission does not believe that these rules provide a comprehensive regulatory scheme relating to the capacity, integrity, resiliency, availability, and security of SCI systems comparable to Regulation SCI.

5. Effect on Small Entities

Not applicable. None of the respondents subject to the information collection will be a small entity.

6. Consequences of Not Conducting Collection

The collection of information is designed to ensure that SCI entities operate with adequate capacity, integrity, resiliency, availability, and security, and in compliance with the Exchange Act and relevant rules. Any less frequent collection would deprive the Commission of timely information regarding systems issues and systems changes at SCI entities and SCI entities' compliance with Regulation SCI. Any less frequent collection also would deprive the Commission and members or participants of SCI entities of timely information regarding the occurrence and resolution of systems issues.

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

Several provisions of Regulation SCI require respondents to report information to the agency more often than quarterly. These provisions include Rules 1002(b), 1002(c), and Rule 1003(a), which generally involve the provision of certain types of notifications involving an SCI event (e.g., a systems disruption, a systems intrusion, or a systems compliance issue), either to the Commission or to a third party, and notification to the Commission of material systems changes. Depending on the frequency of SCI events (with exceptions for certain SCI events), SCI entities may be required to provide information to the Commission or disseminate information to their members or participants more than once per quarter. However, the Commission believes that timely and comprehensive reporting of SCI events to the Commission enhance its oversight of U.S. securities market infrastructure and foster cooperation between the Commission and SCI entities in responding to SCI events. For example, timely receipt of information regarding an SCI event helps the Commission and its staff to quickly assess the nature and scope of that SCI event, and potentially assist the SCI entity in identifying the appropriate response. Further, the Commission believes the timely dissemination of information about certain SCI events to member, participants, or in the case of broker-dealers, customers, of SCI entities helps members,

participants, or customers to quickly assess the nature and scope of those SCI events and whether and how they were affected by the events, and make appropriate decisions based on those assessments.

In addition, SCI entities may be required to provide information to the Commission regarding material systems changes more often than quarterly. In particular, although Rule 1003(a) requires quarterly reports of material systems changes, it also requires prompt supplemental reports notifying the Commission of a material error in or material omission from a previously submitted report. The Commission believes that it should, on an ongoing basis, have complete and correct information regarding material systems changes at an SCI entity, rather than waiting until the next quarterly report to receive corrected information.

Rule 1005(b) requires each SCI entity (other than an SCI SRO) to make, keep, and preserve at least one copy of all documents relating to its compliance with Regulation SCI for a period of not less than five years, the first two years in a place that is readily accessible to the Commission or its representatives for inspection and examination. The Commission notes that these recordkeeping time periods are consistent with those currently applicable to self-regulatory organizations (including SCI SROs) under Rule 17a-1 under the Exchange Act.

Finally, information submitted to the Commission under Regulation SCI could include proprietary trade secret or other confidential information. However, if a confidential treatment request is properly made, the Commission will keep the information collected pursuant to Form SCI confidential to the extent permitted by law.¹⁴

8. Consultations Outside the Agency

For current Regulation SCI, the required Federal Register notice with a 60-day comment period soliciting comments on this collection of information was published in 2021.¹⁵ No public comments were received.

On March 15, 2023, the Commission published a proposing release with respect to the 2023 SCI Proposed Rulemaking soliciting comments on the proposed amendments' requirements and associated paperwork burdens.¹⁶ Comments on Commission releases are generally received from industry groups, investors, and other market participants. Any comments received on this proposed rulemaking will be posted on the Commission's public website and made available through www.sec.gov/rules/proposed.shtml. The Commission will consider all comments received prior to publishing the final rule.

¹⁴ See, e.g., 15 U.S.C. 78x (governing the public availability of information obtained by the Commission); 5 U.S.C. 552 *et seq.* (Freedom of Information Act); 17 CFR 240.24b-2.

¹⁵ Proposed Collection; Comment Request; Extension: Regulation SCI, Form SCI; SEC File No. 270-653, OMB Control No. 3235-0703, 87 FR 3132.

¹⁶ See Proposing Release, *supra* note 11.

9. Payment or Gift

Not applicable.

10. Confidentiality

The Commission expects that the written policies and procedures, processes, criteria, standards, or other written documents developed or revised by SCI entities pursuant to Regulation SCI will be retained by SCI entities in accordance with, and for the periods specified in Exchange Act Rule 17a-1 and Rule 1005, as proposed to be amended in the 2023 SCI Proposed Rulemaking, as applicable. Should such documents be made available for examination or inspection by the Commission and its representatives, they would be kept confidential subject to the provisions of applicable law.¹⁷ In addition, the information submitted to the Commission pursuant to Regulation SCI that is filed on Form SCI is treated as confidential, subject to applicable law, including amended Rule 24b-2.¹⁸ The information disseminated by SCI entities pursuant to Rule 1002(c) under Regulation SCI to their members or participants is not confidential.

11. Sensitive Questions

No information of a sensitive nature, including social security numbers, will be required under this collection of information. The information collection collects basic Personally Identifiable Information (PII) that may include name, telephone and fax number, email address, user ID and job title. However, the agency has determined that the information collection does not constitute a system of record for purposes of the Privacy Act, since the information is not retrieved by a personal identifier. In accordance with Section 208 of the E-Government Act of 2002, the agency has conducted a Privacy Impact Assessment (PIA) of the SRO Rule Tracking/Electronic Form Filing System (SRTS/EFFS), in connection with this collection of information. The SRTS/EFFS PIA, published on September 30, 2013, is also available at <https://www.sec.gov/privacy>.

12. Information Collection Burden

As a result of the 2023 SCI Proposed Rulemaking, New SCI Entities would become subject to Regulation SCI and both Current SCI Entities and New SCI Entities would become subject to several amendments to the existing information collections in Regulation SCI. Therefore, New SCI Entities would incur PRA burdens to comply with both the current requirements of Regulation SCI and the proposed amendments, and Current SCI Entities that are subject to current Regulation SCI would face additional PRA burdens for compliance. The

¹⁷ Id.

¹⁸ Id.

burdens for complying with the current requirements of Regulation SCI¹⁹ and the additional burdens estimated by the Commission to comply with the expanded information collections proposed in the 2023 SCI Proposed Rulemaking are set forth in the sections below.²⁰

- Policies and Procedures Required by Rule 1001(a)

Rule 1001(a) establishes recordkeeping burdens for SCI entities. However, certain burdens will be different for Current SCI Entities and New SCI Entities.

Rule 1001(a) requires each SCI entity to establish, maintain, and enforce written policies and procedures reasonably designed to ensure that its SCI systems and, for purposes of security standards, indirect SCI systems, have levels of capacity, integrity, resiliency, availability, and security, adequate to maintain the SCI entity's operational capability and promote the maintenance of fair and orderly markets. The 2023 SCI Proposed Rulemaking proposes to require SCI entities to include several additional elements in their policies and procedures.

The Commission estimates that, as a result of the 2023 SCI Proposed Rulemaking, New SCI Entities will become subject to this requirement. Each New SCI Entity will require an average of 890 burden hours²¹ initially to develop and draft the policies and procedures required by Rule 1001(a), as proposed to be amended in the 2023 SCI Proposed Rulemaking (except for the policies and procedures required by paragraph (a)(2)(vi) for standards that result in systems

¹⁹ Hereafter, Regulation SCI provisions, excluding those proposed in the 2023 Proposed SCI Rulemaking will be referred to with "current" preceding the rule provision (e.g., current Rule 1001(a)).

²⁰ Currently, because no competing consolidators have registered with the Commission, none have been included as Current SCI Entities for the purposes of the expanded information collection requirements in the 2023 SCI Proposed Rulemaking. To the extent that a competing consolidator registers with the Commission and satisfies the definition of SCI competing consolidator, it would be subject to the same additional burden hours as Current SCI Entities. Therefore, the estimated hourly burden and the estimated average internal cost of compliance for SCI competing consolidators continue to reflect the burdens for complying with the current requirements of Regulation SCI (*i.e.*, prior to the 2023 SCI Proposed Rulemaking), based on the baseline burdens set forth in the 2022 PRA Supporting Statement. See *infra* note 21.

²¹ The Commission's currently approved baseline is 534 hours to develop the six policy and procedure elements required by current Rule 1001(a) (except for current paragraph (a)(2)(vi)). See *Extension Without Change of a Currently Approved Collection: Regulation SCI and Form SCI*; ICR Reference No. 202111-3235-005; OMB Control No. 3235-0703 (Mar. 3, 2022), available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202111-3235-005 ("2022 PRA Supporting Statement").

534 baseline hours/6 policy elements = 89 hours per policy element. 89 hours x (6 currently required policy elements + 4 policy elements required by the amendments) = 890 hours. This consists of 320 Compliance Manager hours, 320 Attorney hours, 100 Senior System Analyst hours, 100 Operations Specialist hours, 33 Chief Compliance Officer hours, and 17 Director of Compliance hours.

being designed, developed, tested, maintained, operated, and surveilled in a manner that facilitates the successful collection, processing, and dissemination of market data, which is discussed below),²² for a total of 20,470²³ hours annually for all such SCI entities.

Current SCI Entities would also incur an additional burden to update its policies and procedures to comply with the amendments to Rule 1001(a) (i.e., the additional policy elements) as proposed in the 2023 SCI Proposed Rulemaking. The Commission estimates that each Current SCI Entity would incur the additional burden of 356 hours²⁴ to comply with the proposed amendments, as well as an additional 30 hours,²⁵ for a total of 386 hours. Current SCI Entities would incur a total of 18,142 hours annually.²⁶

In addition, with respect to the Infrastructure Rules, the Commission estimated an additional 2,403 hours annually for all SCI competing consolidators, based on an estimate of five SCI competing consolidators (assuming that one would be an SRO or affiliated with an SCI entity and having 50% of the estimated initial burdens to comply with current Rule 1001(a) and four would have the same burden as any other new SCI entity to comply with current Rule 1001(a) (534 hours)).²⁷

The total average initial burden, including the Infrastructure Rules, for all such SCI entities would be 41,015 hours.²⁸

²² The initial burdens in Section 12 (Information Collection Burden) are the total burdens that will be spread out over the requested three year approval period when submitted to OMB.

²³ $890 \text{ hours} \times 23 \text{ New SCI Entities} = 20,470 \text{ hours.}$

²⁴ $534 \text{ baseline hours} / 6 \text{ currently-required policy elements} = 89 \text{ hours.}$ The proposed amendments would add four additional policy elements. $89 \times 4 \text{ policy elements} = 356 \text{ hours.}$

²⁵ The Commission estimates that Current SCI Entities would incur an additional 30 hours to update their BC/DR plans to include the Commission's proposed addition to Rule 1001(a)(2)(v) to maintain backup and recovery capabilities that are reasonably designed to address the unavailability of any third-party provider without which there would be a material impact on any of its critical SCI systems. The Commission does not anticipate a similar additional burden for New SCI Entities as they do not have a current set of policies pursuant to Regulation SCI that need to be updated.

²⁶ $(356 \text{ hours} + 30 \text{ hours}) \times 47 \text{ Current SCI Entities} = 18,142 \text{ hours.}$

²⁷ See 2022 PRA Supporting Statement. See *supra* note 20 for explanation of the treatment of competing consolidators.

²⁸ $20,470 \text{ (New SCI Entities)} + 18,142 \text{ (Current SCI Entities)} + 2,126 \text{ (Competing Consolidators)} = 41,015 \text{ hours.}$

The Commission estimates that the average annual internal cost of compliance associated with this initial recordkeeping burden, as proposed to be amended, would be \$333,387 for each New SCI Entity,²⁹ or \$7,667,533 for all such New SCI Entities.³⁰

For Current SCI Entities, the Commission estimates an average additional annual internal cost of compliance of \$144,787 per entity,³¹ or \$6,804,989 for all such Current SCI Entities,³² as a result of the proposed amendments.

In addition, with respect to the Infrastructure Rules, the Commission estimates an additional \$900,144³³ annually for all SCI competing consolidators. This estimate is based on the burden hours that were estimated in the 2022 PRA Supporting Statement for five SCI competing consolidators (assuming that one would be an SRO or affiliated with an SRO and having 50% of the estimated average internal annual cost to comply with current Rule 1001(a) and four would have the same cost as any other new SCI entity) with per hours costs adjusted for inflation.

The total annual internal cost of compliance associated with this initial recordkeeping burden, including the Infrastructure Rules, for all such SCI entities would be \$15,372,650.³⁴

²⁹ (320 Compliance Manager hours x \$344) + (320 Attorney hours x \$462) + (100 Senior Systems Analyst hours x \$316) + (100 Operations Specialist hours x \$152) + (33 Chief Compliance Officer hours x \$589) + (17 Director of Compliance hours x \$542) = \$333,387.

³⁰ \$333,387 x 23 = \$7,667,533.

³¹ (139 Compliance Manager hours x \$344) + (139 Attorney hours x \$462) + (43 Senior Systems Analyst hours x \$316) + (43 Operations Specialist hours x \$152) + (15 Chief Compliance Officer hours x \$589) + (7 Director of Compliance hours x \$542) = \$144,787.

³² \$144,787 x 47 entities = \$6,804,989.

³³ See supra note 20 for explanation of the treatment of competing consolidators.

(192 Compliance Manager hours x \$344) + (192 Attorney hours x \$462) + (60 Senior Systems Analyst hours x \$316) + (60 Operations Specialist hours x \$152) + (20 Chief Compliance Officer hours x \$589) + (10 Director of Compliance hours x \$542) = \$200,032. \$200,032 x 50% = \$100,016. 200,032 x 4 = \$800,128. \$800,124 + \$100,016 = \$900,144.

³⁴ \$7,667,533 (New SCI Entities) + \$6,804,989 (Current SCI Entities) + \$900,144 (competing consolidators) = \$15,372,650.

The Commission estimates that a New SCI Entity will require an average of 145 hours³⁵ annually to review and update such policies and procedures, or 3,335 hours annually for all such New SCI Entities.³⁶

The Commission estimates that Current SCI Entities would incur 87 hours to comply with current Rule 1001(a), or 4,098 hours.³⁷ The Commission estimates an additional 58 hours per entity to review and update the policies and procedures required by the proposed amendments, for a total of 2,726 hours.³⁸

In addition, the Commission estimated that five SCI competing consolidators would have the same average ongoing burden as other SCI entities (87 hours each annually),³⁹ or 435 hours annually for all such SCI competing consolidators. The total average annual ongoing burden, including the Infrastructure Rules, for all SCI entities would be 10,585 hours.⁴⁰

The Commission estimates that the average annual internal cost of compliance associated with this ongoing recordkeeping burden would be \$58,315 for each New SCI Entity,⁴¹ or \$1,341,245 for all such New SCI Entities.⁴²

The Commission estimates that each Current SCI Entity would incur \$34,912⁴³ to comply with current Rule 1001(a), or \$1,640,864 across all Current SCI Entities.⁴⁴ For Current SCI Entities, who already incur an average internal cost of compliance associated with current Rule

³⁵ The Commission has previously estimated that each a SCI entity would incur 87 hours to review the 6 currently-required policy elements. See 2022 PRA Supporting Statement. $87 \text{ hours}/6 = 14.5$ hours per policy element. $14.5 \text{ hours} \times 4 \text{ proposed policy elements} = 58 \text{ hours}$. $87 \text{ hours} + 58 \text{ hours} = 145$ burden hours in total.

³⁶ $145 \text{ hours} \times 23 \text{ SCI entities} = 3,335 \text{ hours}$.

³⁷ $87 \text{ hours} \times 47 \text{ entities} = 4,089 \text{ hours}$.

³⁸ $58 \text{ hours} \times 47 \text{ entities} = 2,726 \text{ hours}$.

³⁹ The estimated hourly burden for competing consolidators continue to be based on the 87 hour estimate in the 2022 PRA Supporting Statement. See supra note 20 for explanation.

⁴⁰ $3,335 \text{ hours (New SCI Entities)} + 4,098 \text{ hours (Current SCI Entities' burden to comply with current Rule 1001(a)} + 2,726 \text{ hours (Additional Burden for Current SCI Entities to comply with proposed amendments)} + 435 \text{ hours (competing consolidators)} = 10,585 \text{ hours}$.

⁴¹ $(47 \text{ Compliance Manager hours} \times \$344) + (47 \text{ Attorney hours} \times \$462) + (13 \text{ Senior Systems Analyst hours} \times \$316) + (13 \text{ Operations Specialist hours} \times \$152) + (17 \text{ Chief Compliance Officer hours} \times \$589) + (8 \text{ Director of Compliance hours} \times \$542) = \$58,315$.

⁴² $\$58,315 \times 23 = \$1,341,245$.

⁴³ $(28 \text{ Compliance Manager hours} \times \$344) + (28 \text{ Attorney hours} \times \$462) + (8 \text{ Senior Systems Analyst hours} \times \$316) + (8 \text{ Operations Specialist hours} \times \$152) + (10 \text{ Chief Compliance Officer hours} \times \$589) + (5 \text{ Director of Compliance hours} \times \$542) = \$34,912$.

⁴⁴ $87 \text{ hours} \times 47 \text{ entities} = 4,089 \text{ hours}$.

1001(a), the Commission estimates an additional \$23,403⁴⁵ to review and update the policies and procedures required by the proposed amendments, for a total of \$1,093,925.⁴⁶

In addition, the Commission estimates that five SCI competing consolidators would have the same average annual internal cost of compliance as other SCI entities (\$34,912 each),⁴⁷ or \$174,560 for all such SCI competing consolidators. This estimate is based on the burden hours that were estimated in the 2022 PRA Supporting Statement with per hours costs adjusted for inflation.

The total average internal cost of compliance, including the Infrastructure Rules, for all such SCI entities would be \$4,256,610.⁴⁸

a.1. Policies and Procedures Required by Rule 1001(a)(2)(vi)

Rule 1001(a)(2)(vi) requires policies and procedures that provide for standards that result in systems being designed, developed, tested, maintained, operated, and surveilled in a manner that facilitates the successful collection, processing, and dissemination of market data. As a result of the 2023 SCI Proposed Rulemaking, New SCI Entities will become subject to this requirement. The Commission estimates that each New SCI Entity will spend, on average, 160 hours initially, or 3,680 hours annually for all New SCI Entities.⁴⁹

In addition, with respect to the Infrastructure Rules, the Commission estimated an additional 720 hours annually for all SCI competing consolidators, based on an estimate of based on an estimate of five SCI competing consolidators (assuming that one would be an SRO or affiliated with an SCI entity and having 50% of the estimated initial burdens for to comply with current Rule 1001(a) and four would have the same burden as any other new SCI entity to comply with current Rule 1001(a)(2)(vi)(160 hours)).⁵⁰

⁴⁵ (19 Compliance Manager hours x \$344) + (19 Attorney hours x \$462) + (5 Senior Systems Analyst hours x \$316) + (5 Operations Specialist hours x \$152) + (7 Chief Compliance Officer hours x \$589) + (3 Director of Compliance hours x \$542) = \$23,403.

⁴⁶ 23,403 x 47 entities = \$1,093,925.

⁴⁷ The estimated average cost of compliance for competing consolidators continue to be based on the estimate in the 2022 PRA Supporting Statement. See supra note 20 for explanation.

(28 Compliance Manager hours x \$344) + (28 Attorney hours x \$462) + (8 Senior Systems Analyst hours x \$316) + (8 Operations Specialist hours x \$152) + (10 Chief Compliance Officer hours x \$589) + (5 Director of Compliance hours x \$542) = \$34,912.

⁴⁸ \$1,341,245 (New SCI Entities) + \$1,640,864 (Current SCI Entities' burden to comply with current Rule 1001(a)) + \$1,093,925 (Current SCI Entities' burden to comply with proposed amendments to Rule 1001(a)) + \$174,560 (competing consolidators) = \$4,256,610.

⁴⁹ 160 hours x 23 New SCI Entities = 3,680 hours.

⁵⁰ See 2022 PRA Supporting Statement. See supra note 20 for explanation of burden on competing consolidators.

The total average initial burden, including the Infrastructure Rules, for all such SCI entities would be 4,400 hours.⁵¹

The Commission estimates that the average internal cost of compliance associated with this initial recordkeeping burden would be \$60,980 for each New SCI Entity,⁵² or \$1,402,540 annually for all such New SCI Entities.⁵³

In addition, with respect to the Infrastructure Rules, the Commission estimates an additional \$274,410 for all SCI competing consolidators. This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators (assuming that one would be an SRO or affiliated with an SRO and having 50% of the estimated average internal annual cost to comply with current Rule 1001(a)(2)(vi) and four would have the same cost as any other new SCI entity) with per hours costs adjusted for inflation.⁵⁴ The total annual internal cost of compliance associated with this initial recordkeeping burden, including the Infrastructure Rules, for all such SCI entities would be \$1,676,950.⁵⁵

The Commission estimates that each New SCI Entity will spend, on average, 145 hours annually to review and update such policies and procedures, or 3,335 hours, on average, for all New SCI Entities.⁵⁶ The Commission estimates that each Current SCI Entity will also continue to spend 145 hours annually to review and update such policies and procedures, or 6,815 hours, on average, for all Current SCI Entities.⁵⁷

In addition, with respect to the Infrastructure Rules, the Commission estimated that five SCI competing consolidators would have the same average ongoing burden as other SCI entities (145 hours each annually), or 725 hours annually for all such SCI competing consolidators.⁵⁸

⁵¹ 3,680 hours (New SCI Entities) + 720 hours (competing consolidators) = 4,400 hours.

⁵² (30 Compliance Attorney hours x \$406) + (100 Senior Systems Analyst hours x \$316) + (20 Chief Compliance Officer hours x \$589) + (10 Director of Compliance hours x \$542) = \$60,980.

⁵³ \$60,980 x 23 = \$1,402,540.

⁵⁴ See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

⁵⁵ \$1,402,540 (New SCI Entities) + \$274,410 (competing consolidators) = \$1,676,950.

⁵⁶ 145 hours x 23 New SCI Entities = 3,335 hours.

⁵⁷ 145 hours x 47 Current SCI Entities = 6,815 hours.

⁵⁸ See supra note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking..

The total average ongoing burden, including the Infrastructure Rules, for all SCI entities would be 10,875 hours.⁵⁹

The Commission estimates that the average annual internal cost of compliance associated with this ongoing recordkeeping burden would be \$52,380 for each SCI entity.⁶⁰ This would result in a total cost of \$1,204,740 for all New SCI Entities.⁶¹ For Current SCI Entities, this would in a total cost of \$2,461,860.⁶²

In addition, with respect to the Infrastructure Rules, the Commission estimates that five SCI competing consolidators would have the same average annual internal cost of compliance as other SCI entities (\$52,380 each), or \$261,900 for all such SCI competing consolidators.⁶³ This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators with per hours costs adjusted for inflation. The total average internal cost of compliance, including the Infrastructure Rules, would be \$3,928,500.

In summary, the Commission estimates the following hourly burdens:

- New SCI Entities: The total average annual initial recordkeeping burden for complying with **Rule 1001(a) for New SCI Entities is 24,150 hours (IC1)**, or 1,050 hours per New SCI Entity,⁶⁴ and the total average annual ongoing recordkeeping burden for **New SCI Entities is 6,670 hours (IC2)**,⁶⁵ or approximately 290 hours per New SCI Entity.
- Current SCI Entities: The Commission estimates that the total average annual initial recordkeeping burden for Current SCI Entities to comply with the proposed amendments to Rule 1001(a), as set forth in the **2023 SCI Proposed Rulemaking, is 18,142 hours (IC1.1)**, or approximately 386 hours per Current SCI Entity. The total average annual ongoing recordkeeping burden for Current SCI Entities to comply with Rule 1001(a) prior to the 2023 SCI Proposed Rulemaking is 10,904 hours,⁶⁶ or 232 hours per Current

⁵⁹ 3,335 hours (New SCI Entities) + 6,815 hours (Current SCI Entities) + 725 hours (competing consolidators) = 10,875 hours.

⁶⁰ (100 Senior Systems Analyst hours x \$316) + (10 Chief Compliance Officer hours x \$589) + (5 Director of Compliance hours x \$542) + (30 Compliance Attorney hours x \$362) = \$52,380.

⁶¹ \$52,380 x 23 New SCI Entities = \$1,204,740.

⁶² \$52,380 x 47 Current SCI Entities = \$2,461,860.

⁶³ See *supra* note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

⁶⁴ 20,470 hours (Rule 1001(a) except for Rule 1001(a)(2)(vi)) + 3,680 hours (Rule 1001(a)(2)(vi)) = 24,150 hours.

⁶⁵ 3,335 hours (Rule 1001(a) except for Rule 1001(a)(2)(vi)) + 3,335 hours (Rule 1001(a)(2)(vi)) = 6,670 hours.

⁶⁶ 4,089 hours (Rule 1001(a) except for Rule 1001(a)(2)(vi)) + 6,815 hours (Rule 1001(a)(2)(vi)) = 10,904 hours.

SCI Entity. The total average annual ongoing recordkeeping burden for Current SCI Entities to comply with the proposed amendments to Rule 1001(a) is 2,726 hours, or 58 hours per Current SCI Entity. The total average annual ongoing recordkeeping burden for Current SCI Entities to comply with Rule 1001(a) is 13,360 hours (**IC2.1**), or 290 hours per Current SCI Entity.

- The Commission estimates that the total average annual initial recordkeeping burden for complying with **Rule 1001(a) for SCI competing consolidators is 3,123 hours (IC1.2)**,⁶⁷ or approximately 625 hours per competing consolidator (that is not currently a SIP),⁶⁸ and the total average annual ongoing recordkeeping **burden for SCI competing consolidators is 1,160 hours (IC2.2)**,⁶⁹ or approximately 232 hours per competing consolidator.

In total, the Commission estimates that:

- The total average annual initial recordkeeping burden for complying with Rule 1001(a), including the Infrastructure Rules, is 45,415 hours, and
- The total average annual ongoing recordkeeping burden for complying with Rule 1001(a), including the Infrastructure Rules, is 21,460 hours.
- Policies and Procedures Required by Rule 1001(b)

Rule 1001(b) establishes recordkeeping burdens for all SCI entities. However, certain burdens will be different for SCI entities that are SCI SROs and SCI entities that are not SCI SROs.

Rule 1001(b) requires each SCI entity to establish, maintain, and enforce written policies and procedures reasonably designed to ensure that its SCI systems operate in a manner that complies with the Exchange Act and the rules and regulations thereunder and the entity's rules and governing documents, as applicable.

The 2023 SCI Proposed Rulemaking would extend this requirement to New SCI Entities. The Commission estimates that a New SCI Entity will spend 270 hours initially to design the systems compliance policies and procedures, or for a total of **6,210 hours annually for all New SCI Entities (IC3)**.⁷⁰

⁶⁷ 2,403 hours (Rule 1001(a) except for Rule 1001(a)(2)(vi)) + 720 hours (Rule 1001(a)(2)(vi)) = 3,123 hours.

⁶⁸ This estimate is an average across five SCI competing consolidators, but as discussed above one of the expected SCI competing consolidators that is currently an SRO is estimated to have only a 50% initial burden.

⁶⁹ 435 hours (Rule 1001(a) except for Rule 1001(a)(2)(vi)) + 725 hours (Rule 1001(a)(2)(vi)) = 1,160 hours.

⁷⁰ 270 hours × 23 New SCI Entities = 6,210 hours.

In addition, with respect to the Infrastructure Rules, the Commission estimated an additional **1,215 hours annually for all SCI competing consolidators (IC3.1)**, based on an estimate of five SCI competing consolidators (assuming that one would be an SRO or affiliated with an SCI entity and having 50% of the estimated initial burdens for to comply with current Rule 1001(b) and four would have the same burden as any other new SCI entity to comply with current Rule 1001(b) (270 hours)).⁷¹ The total average initial burden, including the Infrastructure Rules, for all such SCI entities would be 7,425 hours.⁷²

The Commission estimates that the average annual internal cost of compliance associated with this initial recordkeeping burden would be \$96,640 for each New SCI Entity,⁷³ or \$2,222,720 annually for all such New SCI Entities.⁷⁴

With respect to the Infrastructure Rules, the Commission estimates an additional \$434,880 for all SCI competing consolidators. This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators (assuming that one would be an SRO or or affiliated with an SRO and having 50% of the estimated average internal annual cost to comply with current Rule 1001(b) and four would have the same cost as any other new SCI entity) with per hours costs adjusted for inflation.⁷⁵ The total annual internal cost of compliance associated with this initial recordkeeping burden, including the Infrastructure Rules, for all such SCI entities would be \$2,657,600.⁷⁶

The Commission estimates that each SCI SRO will spend, on average, 175 hours annually to review and update such policies and procedures. The Commission estimates that each SCI entity that is not an SRO (hereafter, a “non-SRO SCI entity”) will spend, on average, 95 hours annually to review and update such policies and procedures.

All of the New SCI Entities are non-SROs. The Commission estimates **2,185 hours for all New SCI Entities (IC5.1)** to review and update the policies and procedures.⁷⁷

The Commission estimates that Current SCI Entities that are **non-SRO SCI entities**

⁷¹ See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

⁷² 6,210 hours (New SCI Entities) + 1,215 hours (competing consolidators) = 7,425 hours.

⁷³ (40 Compliance Attorney hours x \$406) + (200 Senior Systems Analyst hours x \$316) + (20 Chief Compliance Officer hours x \$589) + (10 Director of Compliance hours x \$542) = \$96,640.

⁷⁴ \$96,640 x 23 = \$2,222,720.

⁷⁵ See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

⁷⁶ \$2,222,720 (New SCI Entities) + \$434,880 (competing consolidators) = \$2,657,600.

⁷⁷ 95 hours x 23 non-SRO New SCI Entities = 2,185 hours.

would incur 1,140 hours (IC5) to review and update its policies and procedures.⁷⁸ The Commission estimates that **Current SCI Entities that are SCI SROs will spend 6,125 hours (IC4)** to review and update their policies and procedures.⁷⁹

With respect to the Infrastructure Rules, the Commission estimated that the remaining five SCI competing consolidators would have the same burdens as each SCI entity that is not an SRO (95 hours), or **475 burden hours annually for all such SCI competing consolidators (IC4.1)**.⁸⁰ The total average annual ongoing burden, including the Infrastructure Rules, for all SCI entities would be 9,925 hours.⁸¹

The Commission estimates that the average annual internal cost of compliance associated with this ongoing recordkeeping burden would be \$61,500 for each SCI SRO,⁸² or \$2,152,500 for all such Current SCI Entities.⁸³ The Commission estimates that the average annual internal cost of compliance associated with this ongoing recordkeeping burden would be \$35,140 for each SCI entity that is not an SRO.⁸⁴ The Commission estimates that New SCI Entities, all of which would be non-SROs SCI entities, would incur \$808,220.⁸⁵ Current SCI Entities that are non-SRO SCI entities would incur \$421,680.⁸⁶

With respect to the Infrastructure Rules, the Commission estimates that the remaining five SCI competing consolidators would have the same average internal cost of compliance as non-SRO SCI entities, (\$35,140) or \$175,700 burden hours annually for all such SCI competing consolidators.⁸⁷ This estimate is based on the burden hours that were estimated in the 2022 PRA Supporting Statement with per hours costs adjusted for inflation. The total average internal cost of compliance, including the Infrastructure Rules, would be \$3,558,100 for all SCI entities.⁸⁸

⁷⁸ 95 hours × 12 non-SRO Current SCI Entities = 1,140 hours.

⁷⁹ 175 hours × 35 SCI SROs = 6,125 hours.

⁸⁰ See 2022 PRA Supporting Statement. See *supra* note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

⁸¹ 2,185 hours (New SCI Entities) + 1,140 hours (non-SRO Current SCI Entities) + 6,125 hours (SRO Current SCI Entities) + 475 hours (competing consolidators) = 9,925 hours.

⁸² (26 Compliance Attorney hours x \$406) + (134 Senior Systems Analyst hours x \$316) + (10 Chief Compliance Officer hours x \$589) + (5 Director of Compliance hours x \$542) = \$61,500.

⁸³ \$61,500 x 35 = \$2,152,500.

⁸⁴ (14 Compliance Attorney hours x \$406) + (66 Senior Systems Analyst hours x \$316) + (10 Chief Compliance Officer hours x \$589) + (5 Director of Compliance hours x \$542) = \$35,140.

⁸⁵ \$35,140 x 23 New SCI Entities = \$808,220.

⁸⁶ \$35,140 x 12 Current SCI Entities = \$421,680.

⁸⁷ See *supra* note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

⁸⁸ \$2,152,500 (SRO Current SCI Entities) + \$808,220 (New SCI Entities) + \$421,680 (non-SRO

The Commission estimates that:

- the total average annual initial recordkeeping burden for complying with Rule 1001(b), including the Infrastructure Rules, is 7,425 hours;⁸⁹
- the total average annual ongoing recordkeeping burden for complying with Rule 1001(b) for SCI SROs is 6,125 hours; and
- the total average annual ongoing recordkeeping burden for complying with Rule 1001(b) for non-SRO SCI entities is 3,800 hours.⁹⁰
- Policies and Procedures Required by Rule 1001(c)

Rule 1001(c) establishes recordkeeping burdens for all SCI entities.

Rule 1001(c) requires each SCI entity to establish, maintain, and enforce reasonably designed written policies and procedures that include the criteria for identifying responsible SCI personnel, the designation and documentation of responsible SCI personnel, and escalation procedures to quickly inform responsible SCI personnel of potential SCI events.

The 2023 SCI Proposed Rulemaking proposes to extend this requirement to New SCI Entities. The Commission estimates that each New SCI Entity will require 114 hours initially to establish the criteria for identifying responsible SCI personnel and the escalation procedures, or **2,622 hours for all New SCI Entities (IC6)**.⁹¹

With respect to the Infrastructure Rules, the Commission estimates an additional **513 hours for all SCI competing consolidators (IC6.1)**, based on an estimate of five SCI competing consolidators (assuming that one would be an SRO or affiliated with an SCI entity and having 50% of the estimated initial burdens for to comply with current Rule 1001(c) and four would have the same burden as any other new SCI entity to comply with current Rule 1001(c) (114 hours)).⁹² The total average initial burden, including the Infrastructure Rules, for all such SCI entities would be 3,135 hours.

The Commission estimates that the average internal cost of compliance associated with

Current SCI Entities) + 175,700 (competing consolidators) = \$3,558,100.

⁸⁹ 6,210 hours (New SCI Entities) + 1,215 hours (competing consolidators) = 7,425 hours.

⁹⁰ 2,185 hours (New SCI Entities) + 1,140 hours (non-SRO Current SCI Entities) + 475 hours (competing consolidators) = 3,800 hours.

⁹¹ 114 hours × 23 New SCI Entities = 2,622 hours.

⁹² See 2022 PRA Supporting Statement. See *supra* note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

this initial recordkeeping burden would be \$47,672 for each New SCI Entity,⁹³ or \$1,096,456 for all such New SCI Entities.⁹⁴

With respect to the Infrastructure Rules, the Commission estimates an additional \$214,524. This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators (assuming that one would be an SRO or affiliated with an SRO and having 50% of the estimated average internal annual cost to comply with current Rule 1001(c) and four would have the same cost as any other new SCI entity) with per hours costs adjusted for inflation.⁹⁵ The total annual internal cost of compliance with this initial recordkeeping burden, including the Infrastructure Rules, for all such SCI entities would be \$1,310,980.

The Commission also estimates that, on average, each SCI entity will require 39 hours annually to review and update the criteria and the escalation procedures. The Commission estimates the burden across all New SCI Entities to review and update the criteria and escalation procedures would be **897 hours annually (IC7)**.⁹⁶ The Commission estimates the burden across all Current SCI Entities to review and update the criteria and escalation procedures would be **1,833 hours annually (IC7.1)**.⁹⁷

With respect to the Infrastructure Rules, the Commission estimated that five SCI competing consolidators would have the same average ongoing burden as other SCI entities (39 hours each annually), or **195 hours annually for all such SCI competing consolidators (IC7.2)**.⁹⁸ The total average annual ongoing burden, including the Infrastructure Rules, for all SCI entities would be 2,925 hours.

The Commission estimates that the average annual internal cost of compliance associated with this ongoing recordkeeping burden would be \$17,427 for each SCI entity.⁹⁹ The Commission estimates that the average annual internal cost of compliance associated with this

⁹³ (32 Compliance Manager hours x \$344) + (32 Attorney hours x \$462) + (10 Senior Systems Analyst hours x \$316) + (10 Operations Specialist hours x \$152) + (20 Chief Compliance Officer hours x \$589) + (10 Director of Compliance hours x \$542) = \$47,672.

⁹⁴ \$47,672 x 23 = \$1,096,456.

⁹⁵ See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

⁹⁶ 39 hours x 23 New SCI Entities = 897 hours.

⁹⁷ 39 hours x 47 Current SCI Entities = 1,833 hours.

⁹⁸ See 2022 PRA Supporting Statement. See supra note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

⁹⁹ (9.5 Compliance Manager hours x \$344) + (9.5 Attorney hours x \$462) + (2.5 Senior Systems Analyst hours x \$316) + (2.5 Operations Specialist hours x \$152) + (10 Chief Compliance Officer hours x \$589) + (5 Director of Compliance hours x \$542) = \$17,427.

ongoing recordkeeping burden across New SCI Entities is \$400,821.¹⁰⁰ Across Current SCI Entities, the average annual internal cost of compliance associated with this ongoing recordkeeping burden is \$819,069.¹⁰¹

With respect to the Infrastructure Rules, the Commission estimates that five SCI competing consolidators would have the same average annual internal cost of compliance as other SCI entities (\$17,427 each), or \$87,135.¹⁰² This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators with per hours costs adjusted for inflation. The total average internal cost of compliance, including the Infrastructure Rules, for all SCI entities would be \$1,307,025.

The Commission estimates that:

- The total average annual initial recordkeeping burden for complying with Rule 1001(c), including the Infrastructure Proposal, is 3,135 hours, and
- The total average annual ongoing recordkeeping burden for complying with Rule 1001(c), including the Infrastructure Proposal, is 2,925 hours.
- Mandate Participation in Certain Testing Required by Rule 1004

Rule 1004 establishes recordkeeping burdens for SCI entities that are not plan processors.

Rule 1004 requires each SCI entity to establish standards for the designation of certain members or participants for BC/DR plan testing, to designate members or participants in accordance with these standards, to require participation by designated members or participants in such testing at least annually, and to coordinate such testing on an industry- or sector-wide basis with other SCI entities. In the 2023 SCI Proposed Rulemaking, the Commission proposed to require SCI entities to establish standards that require designated third-party providers to participate in the testing of their BC/DR plans and designate third-party providers for testing, as SCI entities are currently required to do with their members and participants.

Also as a result of the 2023 Proposed Rulemaking, New SCI Entities would be subject to this requirement. The Commission estimates that the requirements under Rules 1004(a) (i.e., establishment of standards for the designation of members and participants) and (c) (i.e., coordination of testing on an industry- or sector-wide basis), as proposed to be amended by the 2023 SCI Proposed Rulemaking, will initially require 450 hours¹⁰³ for each New SCI Entity that

¹⁰⁰ \$17,427 x 23 New SCI Entities = \$400,821.

¹⁰¹ \$17,427 x 47 Current SCI Entities = \$819,069.

¹⁰² See *supra* note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

¹⁰³ The Commission's currently approved baseline for average initial compliance burden per respondent with 17 CFR 242.1004(a) ("Rule 1004(a)") (i.e., establishment of standards for the

is not a plan processor,¹⁰⁴ or **10,350 hours annually for all such New SCI Entities (IC8).**¹⁰⁵

The Commission estimates that each Current SCI Entity will initially require an additional 90 hours¹⁰⁶ to meet the additional requirements of Rule 1004(a), as proposed to be amended by the 2023 SCI Proposed Rulemaking, **or 4,230 hours¹⁰⁷ for all such Current SCI Entities (IC8.1).**

In addition, with respect to the Infrastructure Rules, the Commission estimated an additional **1,980 hours for all SCI competing consolidators (IC8.2)**, based on an estimate of seven SCI competing consolidators (assuming that three would be SROs or affiliated with an SCI entity and having 50% of the estimated initial burdens for to comply with current Rule 1004(a) and four would have the same burden as any other new SCI entity to comply with current Rule 1004(a) (360 hours)).¹⁰⁸

The total average initial burden, including the Infrastructure Rules, for all such SCI entities would be 16,200 hours.

The Commission estimates that the average annual internal cost of compliance associated with this initial recordkeeping burden would be \$150,478 for each New SCI Entity that is not a plan processor,¹⁰⁹ or \$3,460,994 annually for all such entities.¹¹⁰

The Commission estimates that each Current SCI Entity will initially incur an additional

designation of members and participants) and (c) (i.e., the coordination of testing on an industry- or sector-wide basis) is 360 hours. See 2022 PRA Supporting Statement, supra note 21. The Commission estimates that the additional burden to comply with the 2023 SCI Proposed Rulemaking (i.e., establish standards for the designation of third-party providers for BC/DR testing and coordinate testing) would be 25% of the 360 hour baseline burden hours. 360 hours x 0.25 = 90 hours. 360 baseline burden hours + 90 additional burden hours = 450 hours.

¹⁰⁴ The estimate of 450 hours includes the burden for designating members or participants for testing, as required by Rule 1004(b).

¹⁰⁵ 450 hours x 23 New SCI Entities (that are not plan processors) = 10,350 hours.

¹⁰⁶ See supra note 103.

¹⁰⁷ 90 hours x 47 Current SCI Entities = 4,230 hours.

¹⁰⁸ See 2022 PRA Supporting Statement. See supra note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

¹⁰⁹ (50 Compliance Manager hours x \$344) + (75 Attorney hours x \$462) + (25 Assistant General Counsel hours x \$518) + (175 Operations Specialist hours x \$152) + (32.5 Chief Compliance Officer hours x \$589) + (17.5 Director of Compliance hours x \$542) + (75 Senior Operations Manager hours x \$406) = \$150,478.

¹¹⁰ \$150,478 x x 23 = \$3,460,994.

\$30,072¹¹¹ to meet the requirements of Rule 1004(a), as proposed to be amended by the 2023 SCI Proposed Rulemaking, or \$1,413,384¹¹² for all such Current SCI Entities.

With respect to the Infrastructure Rules, the Commission estimates an additional \$662,101. This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for seven SCI competing consolidators (assuming that three would be SROs or affiliated with an SRO and having 50% of the estimated average internal annual cost to comply with current Rule 1004(a) and four would have the same cost as any other new SCI entity) with per hours costs adjusted for inflation.

The total annual internal cost of compliance with this initial recordkeeping burden, including the Infrastructure Proposal, for all such SCI entities would be \$5,536,479.

Further, the Commission estimates that the requirements under Rules 1004(a) and (c) will require 169 hours¹¹³ annually for each New SCI Entity, or an average estimate of **3,887 hours annually for all such SCI entities (IC9)**.¹¹⁴

The Commission estimates that each Current SCI Entity will require annually 135 hours to meet the requirements of current Rule 1004(a), or 6,345 hours for all such Current SCI Entities.¹¹⁵ The Commission also estimates that each Current SCI Entity will require an additional 34 hours¹¹⁶ as a result of the 2023 SCI Proposed Rulemaking, or a total of 1,598 hours.¹¹⁷ In total, Current SCI Entities will require 7,943 hours to comply with Rule 1004 (IC9.1).

¹¹¹ (10 Compliance Manager hours x \$344) + (15 Attorney hours x \$462) + (5 Assistant General Counsel hours x \$518) + (35 Operations Specialist hours x \$152) + (6 Chief Compliance Officer hours x \$589) + (4 Director of Compliance hours x \$542) + (15 Senior Operations Manager hours x \$406) = \$30,072.

¹¹² \$30,072 x 47 Current SCI Entities = \$1,413,384.

¹¹³ The average annual compliance burden for each SCI entity to review and update the policies and procedures is 135 hours for each entity that is not a plan processor. See 2022 PRA Supporting Statement, supra note 21. The Commission estimates that the additional annual burden would be 25% of the 135 hour baseline burden hours, or 34 hours (135 hours x 0.25). 135 baseline burden hours + 34 additional burden hours = 169 hours.

¹¹⁴ 169 hours x 23 New SCI Entities = 3,887 hours.

¹¹⁵ 135 hours x 47 Current SCI Entities = 6,345 hours.

As noted in the SCI Adopting Release, the Commission does not believe that there would be significant annual burden under Rule 1004(a), as the Commission believes that designation standards will likely not change substantially on an annual basis. See Regulation SCI Adopting Release, 79 FR 72380, FN. 1495.

¹¹⁶ See supra note 113.

¹¹⁷ 34 hours x 47 Current SCI Entities = 1,598 hours.

With respect to the Infrastructure Rule, the Commission estimated that the five SCI competing consolidators that are not exclusive SIPs would have the same average ongoing burden as other SCI entities (135 hours each annually), or **675 hours annually for all such competing consolidators (IC9.2)**.¹¹⁸

The total average annual ongoing burden, including the Infrastructure Rules, for all SCI entities would be 12,505 hours.

The Commission estimates that the average annual internal cost of compliance associated with this ongoing recordkeeping burden would be \$50,331 for each New SCI Entity,¹¹⁹ or \$1,157,613 annually for all such entities.¹²⁰

The Commission estimates that the average annual internal cost of compliance associated with this current ongoing recordkeeping burden for Current SCI Entities would be \$40,320 per Current SCI Entity,¹²¹ or \$1,895,040 across all Current SCI Entities.¹²² The Commission estimates that the average annual internal cost of compliance for Current SCI Entities associated with proposed additional ongoing recordkeeping burden is \$10,011 per Current SCI Entity,¹²³ or \$470,517 across all Current SCI Entities.¹²⁴

With respect to the Infrastructure Rules, the Commission estimates that the five SCI competing consolidators that are not the exclusive SIPs would have the same average annual internal cost of compliance as other Current SCI Entities (\$40,320), or \$201,600. This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI

¹¹⁸ See 2022 PRA Supporting Statement. See *supra* note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

¹¹⁹ (13 Compliance Manager hours x \$344) + (18 Attorney hours x \$462) + (6 Assistant General Counsel hours x \$518) + (25 Senior Operations Manager hours x \$406) + (88 Operations Specialist hours x \$152) + (13 Chief Compliance Officer hours x \$589) + (6 Director of Compliance hours x \$542) = \$50,331.

¹²⁰ \$50,331 x 23 New SCI Entities = \$1,157,613.

¹²¹ (10 Compliance Manager hours x \$344) + (15 Attorney hours x \$462) + (5 Assistant General Counsel hours x \$518) + (20 Senior Operations Manager hours x \$406) + (70 Operations Specialist hours x \$152) + (10 Chief Compliance Officer hours x \$589) + (5 Director of Compliance hours x \$542) = \$40,320.

¹²² \$40,320 x 47 Current SCI Entities = \$1,895,040.

¹²³ (3 Compliance Manager hours x \$344) + (3 Attorney hours x \$462) + (1 Assistant General Counsel hours x \$518) + (5 Senior Operations Manager hours x \$406) + (18 Operations Specialist hours x \$152) + (3 Chief Compliance Officer hours x \$589) + (1 Director of Compliance hours x \$542) = \$10,011.

¹²⁴ \$10,011 x 47 Current SCI Entities = \$470,517.

competing consolidators with per hours costs adjusted for inflation.¹²⁵ The total average internal cost of compliance, including the Infrastructure Rules, for all SCI entities would be \$3,724,770. Based on its experience with plan processors, the Commission believes that plan processors will outsource the work related to compliance with Rule 1004 (and, accordingly, such outsourced costs have been included in the response to Item 13).

In summary, the Commission estimates that:

- The total average annual initial recordkeeping burden for complying with Rule 1004(a) and (c), including the Infrastructure Proposal, is 11,970 hours, and
- The total average annual ongoing recordkeeping burden is 12,505 hours.

- SCI Event Notice Required by Rule 1002(b)

Rule 1002(b) establishes reporting burdens for all SCI entities.

Rule 1002(b)(1) requires each SCI entity, upon any responsible SCI personnel having a reasonable basis to conclude that an SCI event has occurred, to notify the Commission immediately. These notifications can be made orally or in writing. The written notifications may be submitted on Form SCI. The Commission estimates that each written notification will require 2 hours and each oral notification will require 1.5 hours. As part of the 2023 SCI Proposed Rulemaking, the Commission has proposed to include additional types of systems intrusions as SCI events, which would result in additional notifications pursuant to this rule.

The 2023 SCI Proposed Rulemaking would extend the requirements of Rule 1002(b)(1) to New SCI Entities. The Commission estimates that each New SCI Entity would submit a total of 8 notifications per year. The Commission estimates that approximately one-fourth of these notifications will be submitted in writing (*i.e.*, approximately 2 event per year for each New SCI Entity), and approximately three-fourths will be provided orally (*i.e.*, approximately 6 events per year for each New SCI Entity). The Commission estimates that each New SCI Entity will require an average of 13 hours annually to comply with Rule 1002(b)(1).¹²⁶ New SCI Entities would submit a total of 8 notifications, and would, on average, incur a total of **299 hours annually (IC10)**.¹²⁷

Based on experience from the previous three years, the Commission staff estimates that each Current SCI Entity would submit, on average, 5 notifications per year pursuant to Rule 1002(b)(1) to report SCI events as the term is currently defined (*i.e.*, prior to the 2023 SCI

¹²⁵ See *supra* note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

¹²⁶ 2 written notification each year × 2 hours per notification + 6 oral notifications each year × 1.5 hours per notification = 13 hours.

¹²⁷ 23 New SCI Entities x 13 hours = 299 hours.

Proposed Rulemaking), with one-fourth of the five notifications submitted in writing (i.e., approximately one event per year for each SCI entity), and approximately three-fourths provided orally (i.e., approximately four events per year for each SCI entity). The Commission estimates that each written notification would require 2 hours and each oral notification will require 1.5 hours. Each Current SCI Entity would incur 8 hours to submit notifications for such SCI events.¹²⁸ Current SCI Entities would incur, on average, 376 hours annually¹²⁹ to submit such notifications.

The Commission proposes to require in 2023 SCI Proposed Rulemaking the reporting of additional types of systems intrusions as SCI events. As a result, the Commission staff estimates that a Current SCI Entity would submit, on average, an additional 3 notifications per year, with one-fourth of the three notifications submitted in writing (i.e., approximately 1 event) and approximately three-fourths provided orally (i.e., approximately 2 events). The Commission estimates that the hourly burdens for each written and oral notification would not change (i.e., 2 hours for each written notification and 1.5 hours for each oral notification). The Commission estimates that each Current SCI Entity would require an additional 5 hours annually to report the additional types of systems intrusions,¹³⁰ or an additional 235 hours across all Current SCI Entities.¹³¹ In total, Current SCI Entities would require 611 hours to comply with Rule 1002(b)(1) (**IC10.1**).

With respect to the Infrastructure Rules, the Commission estimated that the five SCI competing consolidators would have the same average ongoing burden as other SCI entities to report SCI events currently required to be reported under Regulation SCI, prior to the 2023 SCI Proposed Rulemaking (8 hours each annually for 5 notifications)¹³² or **40 hours annually for all such competing consolidators (IC10.2)**.

The Commission estimates that the average annual ongoing burden for complying with Rule 1002(b)(1), including the Infrastructure Proposal, would be 950 hours for all SCI entities.

As a result of the 2023 SCI Proposed Rulemaking, the Commission estimates that the average annual internal cost of compliance for each New SCI Entity associated with the ongoing

¹²⁸ 1 written notification each year × 2 hours per notification + 4 oral notifications each year × 1.5 hours per notification = 8 hours.

¹²⁹ 8 hours × 47 Current SCI Entities = 376 hours.

¹³⁰ 1 written notification each year × 2 hours per notification + 2 oral notifications each year × 1.5 hours per notification = 5 hours.

¹³¹ 5 hours x 47 Current SCI Entities = 235 hours.

¹³² See supra note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

reporting burden for written notifications would be \$1,427¹³³ and for oral notifications would be \$3,072,¹³⁴ or in total \$103,477, on average, for all New SCI Entities.¹³⁵

As noted earlier, each Current SCI Entity currently submits notifications for events that meet the current definition of SCI event. The Commission estimates that the average annual internal cost of compliance associated with this ongoing reporting burden for written notifications would be approximately \$713.50 for each Current SCI Entity,¹³⁶ and for oral notifications would be \$2,048 for each Current SCI Entity,¹³⁷ or, on average, \$129,790.50 annually for all such Current SCI Entities for all such notifications.¹³⁸

The Commission also estimates that each Current SCI Entity would be required to report additional notifications as a result of the 2023 SCI Proposed Rulemaking, which add additional types of events to the definition of systems intrusions. The Commission estimates that the average annual internal cost of compliance associated with this proposed ongoing reporting burden for written notifications would be approximately \$713.50 for each Current SCI Entity,¹³⁹ and for oral notifications would be \$1,024 for each Current SCI Entity,¹⁴⁰ or, on average, \$81,663 annually for all such Current SCI Entities for all notifications.¹⁴¹

With respect to the Infrastructure Rules, the Commission estimates that five of the seven SCI competing consolidators would have the same average annual internal cost of compliance as other Current SCI Entities to report SCI events required to be reported under current Regulation

¹³³ $(0.5 \text{ Compliance Manager hours} \times \$344) + (0.5 \text{ Attorney hours} \times \$462) + (0.5 \text{ Senior Systems Analyst hours} \times \$316) + (0.5 \text{ Senior Business Analyst hours} \times \$305) = \$713.50$ per written notification. $\$713.50 \times 1$ written notification each year = \$713.50. $\$713.50$ per written notification $\times 2$ written notifications = \$1,427.

¹³⁴ $(0.25 \text{ Compliance Manager hours} \times \$344) + (0.25 \text{ Attorney hours} \times \$462) + (0.5 \text{ Senior Systems Analyst hours} \times \$316) + (0.5 \text{ Senior Business Analyst hours} \times \$305) = \$512$ per oral notification. $\$512$ per oral notification $\times 6$ oral notifications = \$3,072.

¹³⁵ $\$1,427 + \$3,072 = \$4,499$. $\$4,499 \times 23$ New SCI Entities = \$103,477.

¹³⁶ $(0.5 \text{ Compliance Manager hours} \times \$344) + (0.5 \text{ Attorney hours} \times \$462) + (0.5 \text{ Senior Systems Analyst hours} \times \$316) + (0.5 \text{ Senior Business Analyst hours} \times \$305) = \$713.50$. $\$713.50$ per notification $\times 1$ written notification each year = \$713.50.

¹³⁷ $(0.25 \text{ Compliance Manager hours} \times \$344) + (0.25 \text{ Attorney hours} \times \$462) + (0.5 \text{ Senior Systems Analyst hours} \times \$316) + (0.5 \text{ Senior Business Analyst hours} \times \$305) = \$512$. $\$512$ per notification $\times 4$ oral notifications each year = \$2,048.

¹³⁸ $\$713.50 + \$2,048 = \$2,761.5$. $\$2,761.5 \times 47 = \$129,790.50$.

¹³⁹ $\$713.50$ per notification $\times 1$ written notification each year = \$713.50.

¹⁴⁰ $\$512$ per notification $\times 2$ oral notifications each year = \$1,024.

¹⁴¹ $\$713.50 + \$1,024 = \$1,737.50$. $\$1,737.50 \times 47 = \$81,663$.

SCI, prior to the 2023 SCI Proposed Rulemaking,¹⁴² or on average of \$3,567.5 for written notifications¹⁴³ and \$10,240 for oral notifications¹⁴⁴ annually for all such SCI competing consolidators, totaling \$13,807.50 for all such SCI competing consolidators. This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators with per hours costs adjusted for inflation.

The total average internal cost of compliance, including the Infrastructure Rules, for all SCI entities would be \$328,737.50.

Rule 1002(b)(2) requires each SCI entity, within 24 hours of any responsible SCI personnel having a reasonable basis to conclude that the SCI event has occurred, to submit a written notification to the Commission pertaining to the SCI event on a good faith, best efforts basis. These notifications are required to be submitted on Form SCI. The Commission estimates that each notification under Rule 1002(b)(2) will require 24 hours for each SCI entity.

The Commission estimates that each New SCI Entity would require a total of 192 hours to submit the current estimate of 8 written notifications pursuant to Rule 1002(b)(2), or 4,416 hours annually (**IC11**).¹⁴⁵

The Commission estimates that each Current SCI Entity will require an average of 120 hours annually to submit the current estimate of 5 written notifications pursuant to Rule 1002(b)(2),¹⁴⁶ or 5,640 hours annually for all Current SCI Entities.¹⁴⁷ To submit the additional 3 notifications for the additional types of systems intrusions proposed to be included as SCI events in the 2023 SCI Proposed Rulemaking, the Commission estimates that each Current SCI Entity would require an average of 72 hours,¹⁴⁸ or 3,384 hours annually for all Current SCI Entities. **In total, Current SCI Entities will require 9,024 hours to comply with Rule 1002(b)(2) (IC11.1).**

With respect to the Infrastructure Rules, the Commission estimated that five SCI competing consolidators would have the same average ongoing burden as other Current SCI Entities (120 hours each annually) to report SCI events required to be reported under current

¹⁴² See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

¹⁴³ See supra note 136 (estimating \$713.50 per SCI entity per year).

¹⁴⁴ See supra note 137 (estimating \$2,048 per SCI entity per year).

¹⁴⁵ 192 hours x 23 New SCI Entities = 4,416 hours.

¹⁴⁶ 5 written notifications each year x 24 hours per notification = 120 hours.

¹⁴⁷ 120 hours x 47 Current SCI Entities = 5,640 hours.

¹⁴⁸ 3 written notifications each year x 24 hours per notification = 72 hours.

Regulation SCI, prior to the 2023 SCI Proposed Rulemaking,¹⁴⁹ or **600 hours annually for all such competing consolidators (IC11.2). The Commission estimates that the total average annual ongoing burden for complying with Rule 1002(b)(2), including the Infrastructure Rules, for all SCI entities would be 14,040 hours.**

The Commission estimates that the average annual internal cost of compliance associated with this ongoing reporting burden would be \$70,904 for each New SCI Entity,¹⁵⁰ or \$1,630,792 annually for all such entities.¹⁵¹

The Commission estimates that the average annual internal cost of compliance for Current SCI Entities associated with this ongoing reporting burden to submit the estimated 5 notifications for SCI events under current Regulation SCI would be \$44,315 for each SCI entity,¹⁵² or \$2,082,805 annually for all such entities.¹⁵³ To submit the additional 3 notifications for the additional types of systems intrusions proposed to be included as SCI events in the 2023 SCI Proposed Rulemaking, the Commission estimates that the average internal cost of compliance associated with this ongoing reporting burden would be \$26,589,¹⁵⁴ or \$1,249,683 annually for all Current SCI Entities.¹⁵⁵

With respect to the Infrastructure Rules, the Commission estimates that five of the seven SCI competing consolidators would have the same average annual internal cost of compliance (\$44,315 each), or \$221,575 for all such competing consolidators.¹⁵⁶ This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators with per hours costs adjusted for inflation.

The total average internal cost of compliance, including the Infrastructure Proposal, for

¹⁴⁹ See 2022 PRA Supporting Statement. See *supra* note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking

¹⁵⁰ (5 Compliance Manager hours x \$344) + (5 Attorney hours x \$462) + (6 Senior Systems Analyst hours x \$316) + (1 Assistant General Counsel hour x \$518) + (1 Chief Compliance Officer hour x \$589) + (6 Senior Business Analyst hours x \$305) = \$8,863. \$8,863 per notification x 8 notifications each year = \$70,904.

¹⁵¹ \$39,535 x 23 = \$1,630,792.

¹⁵² (5 Compliance Manager hours x \$307) + (5 Attorney hours x \$412) + (6 Senior Systems Analyst hours x \$282) + (1 Assistant General Counsel hour x \$462) + (1 Chief Compliance Officer hour x \$526) + (6 Senior Business Analyst hours x \$272) = \$8,863. \$7,907 per notification x 5 notifications each year = \$44,315.

¹⁵³ \$39,535 x 47 = \$2,082,085.

¹⁵⁴ \$8,863 per notification x 3 notifications each year = \$26,589.

¹⁵⁵ \$26,589 x 47 entities = \$1,249,683.

¹⁵⁶ See *supra* note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

all SCI entities would be \$5,184,855.

Rule 1002(b)(3) requires each SCI entity to provide updates to the Commission pertaining to an SCI event on a regular basis, or at such frequency as reasonably requested by a representative of the Commission, until the SCI event is resolved and the SCI entity's investigation of the SCI event is closed.

These updates can be provided orally or in writing. The written updates may be submitted on Form SCI. The Commission estimates that each written update will require 6 hours and each oral update will require 4.5 hours.

The Commission estimates that each New SCI Entity will submit 2 written updates and 2 oral updates each year, for a total of 4 updates. The Commission estimates that each New SCI Entity will require an average of 21 hours annually to comply with Rule 1002(b)(3),¹⁵⁷ or, on average, **483 hours annually for all New SCI Entities (IC12).**¹⁵⁸

The Commission estimates that, based on past experience, each Current SCI Entity will submit 1 written update and 1 oral update each year, for a total of 2 updates each year, to comply with Rule 1002(b)(3), based on Regulation SCI as it currently exists. The Commission estimates that each SCI entity will require an average of 10.5 hours annually to comply with Rule 1002(b)(3),¹⁵⁹ or, on average, 493.5 hours annually for all SCI entities.¹⁶⁰ To account for the additional types of systems intrusions proposed to be included as SCI events in the 2023 SCI Proposed Rulemaking, the Commission estimates that each Current SCI Entity would be required to submit 1 additional written update and 1 additional oral update each year, for a total of 2 additional updates each year. As a result, the Commission estimates that each SCI entity will require an additional 10.5 hours, on average, annually to comply with Rule 1002(b)(3),¹⁶¹ or, on average, an additional 493.5 hours annually for all SCI entities.¹⁶² **Current SCI Entities, in total, would require 987 hours to comply with Rule 1002(b)(3) (IC12.1).**

With respect to the Infrastructure Rules, the Commission estimated that five SCI competing consolidators would have the same average ongoing burden as other Current SCI Entities to report SCI events currently required to be reported under Regulation SCI, prior to the

¹⁵⁷ 2 written updates each year × 6 hours per notification + 2 oral updates each year × 4.5 hours per notification = 21 hours.

¹⁵⁸ 21 hours x 23 New SCI Entities = 483 hours.

¹⁵⁹ 1 written updates each year × 6 hours per notification + 1 oral updates each year × 4.5 hours per notification = 10.5 hours.

¹⁶⁰ 10.5 hours × 47 SCI entities = 493.5 hours.

¹⁶¹ 1 written updates each year × 6 hours per notification + 1 oral updates each year × 4.5 hours per notification = 10.5 hours.

¹⁶² 10.5 hours × 47 SCI entities = 493.5 hours.

2023 SCI Proposed Rulemaking¹⁶³ (10.5 hours each annually) or **52.5 hours annually for all such competing consolidators (IC12.2). The Commission estimates that the average annual ongoing burden for complying with Rule 1002(b)(3), including the Infrastructure Rules, would be 1,522.50 hours for all SCI entities.**

The Commission estimates that the average annual internal cost of compliance associated with this ongoing reporting burden for the written update would be \$2,141 for each SCI entity,¹⁶⁴ and for the oral update would be \$1,536 for each SCI entity.¹⁶⁵

The Commission estimates that the average internal cost of compliance associated with this ongoing reporting burden for each New SCI Entity would be \$7,354,¹⁶⁶ or \$169,142 for all New SCI Entities for all notifications.¹⁶⁷

The Commission estimates that the average internal cost of compliance associated with the current ongoing reporting burden (i.e., prior to the 2023 SCI Proposed Rulemaking) for each Current SCI Entity would be \$3,677,¹⁶⁸ or \$172,819 annually for all such Current SCI Entities for all notifications.¹⁶⁹ The Commission estimates that the average internal cost of compliance associated with the additional ongoing reporting burden added as a result of the 2023 SCI Proposed Rulemaking would also be \$3,677¹⁷⁰ for each Current SCI Entity, or \$172,819 annually for all such Current SCI Entities for all additional notifications.¹⁷¹

With respect to the Infrastructure Rules, the Commission estimates that five of the seven SCI competing consolidators would have the same average annual internal cost of compliance as other Current SCI Entities to report SCI events required to be reported under current Regulation SCI, prior to the 2023 SCI Proposed Rulemaking,¹⁷² or on average \$2,141 for written

¹⁶³ See 2022 PRA Supporting Statement. See *supra* note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

¹⁶⁴ (1.5 Compliance Manager hours x \$344) + (1.5 Attorney hours x \$462) + (1.5 Senior Systems Analyst hours x \$316) + (1.5 Senior Business Analyst hours x \$305) = \$2,141.

¹⁶⁵ (0.75 Compliance Manager hours x \$344) + (0.75 Attorney hours x \$462) + (1.5 Senior Systems Analyst hours x \$316) + (1.5 Senior Business Analyst hours x \$305) = \$1,536.

¹⁶⁶ \$2,141 per written update x 2 written updates per year + \$1,536 per oral update x 2 oral updates per year = \$7,354.

¹⁶⁷ \$7,354 x 23 New SCI Entities = \$169,142.

¹⁶⁸ \$2,141 + \$1,536 = \$3,677.

¹⁶⁹ \$3,677 x 47 = \$172,819.

¹⁷⁰ \$2,141 + \$1,536 = \$3,677 for each Current SCI Entity to submit the additional notifications.

¹⁷¹ \$3,677 x 47 = \$172,819 for all additional notifications.

¹⁷² See *supra* note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

notifications and \$1,536 for oral notifications for each competing consolidator, or \$18,385 annually for all such competing consolidators. The total average internal cost of compliance, including the Infrastructure Rules, for all SCI entities would be \$533,165.

Rule 1002(b)(4) requires each SCI entity to submit written interim reports, as necessary, and a written final report regarding an SCI event to the Commission. These reports are required to be submitted on Form SCI. The Commission estimates that compliance with Rule 1002(b)(4) for a particular SCI event will require 35 hours.

The Commission estimates that each New SCI Entity will experience an average of 8 SCI events each year that are not de minimis SCI events, which will result in 8 reporting requirements per New SCI Entity per year. The Commission estimates that each New SCI Entity will require an average of 280 hours annually to comply with Rule 1002(b)(4),¹⁷³ or **6,440 hours annually for all SCI entities (IC13)**.¹⁷⁴

Because the Commission estimates that each Current SCI Entity, pursuant to current Regulation SCI, will experience an average of 5 SCI events each year that are not de minimis SCI events, Rule 1002(b)(4) will result in 5 reporting requirements per Current SCI Entity per year. The Commission estimates that each Current SCI Entity will require an average of 175 hours annually to comply with Rule 1002(b)(4),¹⁷⁵ or 8,225 hours annually for all Current SCI Entities.¹⁷⁶ Based on the 2023 SCI Proposed Rulemaking, the Commission estimates that each Current SCI Entity will experience an average of 3 additional SCI events each year that are not de minimis SCI events, resulting in 3 additional reporting requirements per Current SCI Entity per year. Because of the new reporting requirements, the Commission estimates that each Current SCI Entity will require additionally an average of 105 hours annually to comply with

¹⁷³ 8 written notifications each year × 35 hours per notification = 280 hours.

¹⁷⁴ 280 hours × 23 SCI entities = 6,440 hours. The Commission notes that this reporting burden estimate includes the reporting burden for submitting the one interim Commission notification required under Rule 1002(b)(4)(i)(B) (if necessary). In particular, the Commission notes that the interim notification requires SCI entities to include the same information as required to be included in a final notification under Rule 1002(b)(4)(i)(A), except that SCI entities are only required to provide the information to the extent known at the time of the interim notification. If an SCI entity submits an interim notification, it is also required to submit a final notification, which is required to include all of the remaining information that was not provided in the interim notification. Because all SCI entities are required to provide the same amount of information in total for a particular SCI event under Rule 1002(b)(4), regardless of whether they submit an interim notification, the estimated burden for Rule 1002(b)(4) includes the burden for both the interim notification (if necessary) and the final notification related to a particular SCI event.

¹⁷⁵ 5 written notifications each year × 35 hours per notification = 175 hours.

¹⁷⁶ 175 hours × 47 SCI entities = 8,225 hours. See supra note 174.

Rule 1002(b)(4),¹⁷⁷ or 4,935 hours annually for all Current SCI Entities.¹⁷⁸ **Current SCI Entities in total would incur 13,160 hours to comply with Rule 1002(b)(4) (IC13.1).**

With respect to the Infrastructure Rules, the Commission estimated that the five SCI competing consolidators would have the same average ongoing burden as other Current SCI Entities to report SCI events required to be reported under current Regulation SCI prior to the 2023 SCI Proposed Rulemaking¹⁷⁹ (175 hours each annually) or **875 hours annually for all such competing consolidators (IC13.2).** **The Commission estimates that the total average annual ongoing burden for complying with Rule 1002(b)(4), including the Infrastructure Rules, for all SCI entities would be 20,475 hours.**

The Commission estimates that the average annual internal cost of compliance associated with this ongoing reporting burden would be \$13,672 per notification.¹⁸⁰

The Commission estimates that the average annual internal cost of compliance associated with this ongoing reporting burden for New SCI Entities would be \$109,376 for each New SCI Entity,¹⁸¹ or, on average, \$2,515,648 annually for all such New SCI Entities.¹⁸²

The Commission estimates that the average internal cost of compliance associated with the current ongoing reporting burden (i.e., prior to the 2023 SCI Proposed Rulemaking) for each Current SCI Entity would be \$68,360,¹⁸³ or \$3,212,920 annually for all such Current SCI Entities for all notifications.¹⁸⁴ The Commission estimates that the average internal cost of compliance associated with the additional ongoing reporting burden added as a result of the 2023 SCI Proposed Rulemaking would be \$41,016¹⁸⁵ for each Current SCI Entity, or \$1,927,752 annually for all such Current SCI Entities for all additional notifications.¹⁸⁶

¹⁷⁷ 3 written notifications each year × 35 hours per notification = 105 hours.

¹⁷⁸ 105 hours × 47 SCI entities = 4,935 hours.

¹⁷⁹ See 2022 PRA Supporting Statement. See *supra* note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

¹⁸⁰ (8 Compliance Manager hours x \$344) + (8 Attorney hours x \$462) + (7 Senior Systems Analyst hours x \$316) + (2 Assistant General Counsel hours x \$518) + (1 General Counsel hour x \$663) + (2 Chief Compliance Officer hours x \$589) + (7 Senior Business Analyst hours x \$305) = \$13,672.

¹⁸¹ \$13,672 per notification x 8 notifications each year = \$109,376.

¹⁸² \$109,376 x 23 New SCI Entities = \$2,515,648.

¹⁸³ \$13,672 per notification x 5 notifications each year = \$68,360

¹⁸⁴ \$68,360 x 47 Current SCI Entities = \$3,212,920.

¹⁸⁵ \$13,672 per notification x 3 additional notifications each year = \$41,016

¹⁸⁶ \$41,016 x 47 Current SCI Entities = \$1,927,752.

With respect to the Infrastructure Proposal, the Commission estimates that five of the seven SCI competing consolidators would have the same average annual internal cost of compliance as other Current SCI Entities to report SCI events currently required to be reported under Regulation SCI, prior to the 2023 SCI Proposed Rulemaking,¹⁸⁷ (\$68,360 each), or on average, \$341,800 annually for all such competing consolidators. This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators with per hours costs adjusted for inflation.

The total average internal cost of compliance, including the Infrastructure Proposal, for all SCI entities would be \$7,998,120.

Rule 1002(b)(5) requires each SCI entity to submit to the Commission quarterly reports containing a summary description of any systems disruption or systems intrusion that has had, or the SCI entity reasonably estimates would have, no or a de minimis impact on the SCI entity's operations or on market participants. These reports are required to be submitted on Form SCI.

The Commission estimates that the initial and ongoing reporting burden to comply with the quarterly report requirement will be 36 hours per report per New SCI Entity, or 144 hours annually per New SCI Entity,¹⁸⁸ and, on average, **3,312 hours annually for all New SCI Entities (IC14)**.¹⁸⁹

The Commission estimates that the initial and ongoing reporting burden for Current SCI Entities to comply with the quarterly report requirement based on the SCI events that are currently permitted to be reported as de minimis events (i.e., prior to the 2023 SCI Proposed Rulemaking) will be 40 hours per report per Current SCI Entity, or 160 hours annually per SCI entity,¹⁹⁰ and, on average, 7,520 hours annually for all SCI entities.¹⁹¹ The Commission proposed in the 2023 SCI Proposed Rulemaking that systems intrusions can no longer be reported as de minimis events. The Commission estimates that this would reduce the initial and ongoing reporting burden to comply with the quarterly reporting requirement by 4 hours per report per Current SCI Entity, or 16 hours per Current SCI Entity,¹⁹² and on average 752 hours annually for all Current SCI Entities.¹⁹³ Current SCI Entities would incur, in total, 6,768 hours to comply with the Rule 1002(b)(5) (IC14.1).

¹⁸⁷ See *supra* note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

¹⁸⁸ 36 hours × 4 reports each year = 144 hours.

¹⁸⁹ 144 hours × 23 New SCI Entities = 3,312 hours.

¹⁹⁰ 40 hours × 4 reports each year = 160 hours.

¹⁹¹ 160 hours × 47 SCI entities = 7,520 hours.

¹⁹² 4 hours per report × 4 quarterly reports per year = 16 hours reduction per Current SCI Entity.

¹⁹³ 16 hours reduction per Current SCI Entity × 47 Current SCI Entities = 752 hours reduction.

With respect to the Infrastructure Rules, the Commission five SCI competing consolidators would have the same average ongoing burden as other Current SCI Entities to report SCI events required to be reported under current Regulation SCI, prior to the 2023 SCI Proposed Rulemaking¹⁹⁴ (160 hours each annually) or **800 hours annually for all such competing consolidators (IC14.2)**. This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators with per hours costs adjusted for inflation.

The Commission estimates that the total average annual ongoing burden for complying with Rule 1002(b)(5), including the Infrastructure Rules, for all SCI entities would be 10,880 hours.

The Commission estimates that the average annual internal cost of compliance associated with this ongoing reporting burden would be \$54,476 for each New SCI Entity,¹⁹⁵ or \$1,252,948 annually for all such New SCI Entities.¹⁹⁶

The Commission estimates that the average annual internal cost of compliance for Current SCI Entities associated with this ongoing reporting burden, based on the SCI events that are currently permitted to be reported as de minimis events (i.e., prior to the 2023 SCI Proposed Rulemaking), would be \$60,528 for each Current SCI Entity,¹⁹⁷ or \$2,844,816 annually for all such Current SCI Entities.¹⁹⁸ As proposed in the 2023 SCI Proposed Rulemaking, SCI entities would no longer be permitted to report systems intrusions as de minimis. The Commission estimates that the average annual internal cost of compliance would decrease by \$1,513 per report per Current SCI Entity, or \$6,052 per Current SCI Entity, or \$284,444 across all Current SCI Entities.

With respect to the Infrastructure Rules, the Commission estimates that five of the seven SCI competing consolidators would have the same average annual internal cost of compliance as other Current SCI Entities to report SCI events currently required to be reported under

¹⁹⁴ See 2022 PRA Supporting Statement. See *supra* note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

¹⁹⁵ (6.75 Compliance Manager hours x \$344) + (6.75 Attorney hours x \$462) + (9 Senior Systems Analyst hours x \$316) + (1.8 Assistant General Counsel hours x \$518) + (0.9 General Counsel hour x \$663) + (1.8 Chief Compliance Officer hours x \$589) + (9 Senior Business Analyst hours x \$305) = \$13,619. \$13,619 per report x 4 reports each year = \$54,476.

¹⁹⁶ \$54,476 x 23 New SCI Entities = \$1,252,948.

¹⁹⁷ (7.5 Compliance Manager hours x \$344) + (7.5 Attorney hours x \$462) + (10 Senior Systems Analyst hours x \$316) + (2 Assistant General Counsel hours x \$518) + (1 General Counsel hour x \$663) + (2 Chief Compliance Officer hours x \$589) + (10 Senior Business Analyst hours x \$305) = \$15,132. \$15,132 per report x 4 reports each year = \$60,528.

¹⁹⁸ \$60,528 x 47 Current SCI Entities = \$2,844,816.

Regulation SCI, prior to the 2023 SCI Proposed Rulemaking,¹⁹⁹ (\$60,528 each), or on average, \$302,640 annually for all such competing consolidators. This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators with per hours costs adjusted for inflation.

The total average internal cost of compliance, including the Infrastructure Rules, for all SCI entities would be \$4,115,960.

In summary, the Commission estimates that the following total reporting burden for complying with Rule 1002(b):

- For New SCI Entities, the Commission estimates the total reporting burden to be 14,950 hours per year,²⁰⁰ or 650 hours per New SCI Entity.²⁰¹
- For Current SCI Entities, the Commission estimates that the total reporting burden for complying with Rule 1002(b) for Current SCI Entities pursuant to current Regulation SCI (i.e., before the 2023 SCI Proposed Rulemaking) is 22,254.50 hours per year,²⁰² or 473.50 hours per SCI entity.²⁰³ The Commission also estimates that the burden for Current SCI Entities to comply with Rule 1002(b) will increase by 8,295.50 hours,²⁰⁴ or 176.50 hours per Current SCI Entity as a result of the 2023 SCI Proposed Rulemaking.
- With respect to the Infrastructure Rules, the total reporting burden for the five competing consolidators will be 2,367.5 hours.²⁰⁵

The total reporting burden for all SCI entities will be 23,201.5 hours.

- Dissemination of Information Required by Rule 1002(c)

Rule 1002(c) establishes third party disclosure burdens for all SCI entities.

¹⁹⁹ See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

²⁰⁰ 299 hours (Rule 1002(b)(1)) + 4,416 hours (Rule 1002(b)(2)) + 483 hours (Rule 1002(b)(3)) + 6,440 hours (Rule 1002(b)(4)) + 3,312 hours (Rule 1002(b)(5)) = 14,950 hours per year.

²⁰¹ 14,950/23 New SCI Entities = 650 hours per New SCI Entity.

²⁰² 376 hours (Rule 1002(b)(1)) + 5,640 hours (Rule 1002(b)(2)) + 493.50 hours (Rule 1002(b)(3)) + 8,225 hours (Rule 1002(b)(4)) + 7,250 hours (Rule 1002(b)(5)) = 22,254.50 hours per year.

²⁰³ 22,254.50 hours ÷ 47 Current SCI Entities = 473.5 hours per Current SCI Entity.

²⁰⁴ 235 hours (Rule 1002(b)(1)) + 3,384 hours (Rule 1002(b)(2)) + 493.50 hours (Rule 1002(b)(3)) + 4,935 hours (Rule 1002(b)(4)) - 752 hours (Rule 1002(b)(5)) = 8,295.50 hours per year.

²⁰⁵ 40 hours (Rule 1002(b)(1)) + 600 hours (Rule 1002(b)(2)) + 52.50 hours (Rule 1002(b)(3)) + 875 hours (Rule 1002(b)(4)) + 800 hours (Rule 1002(b)(5)) = 2,367.50 hours per year.

See supra note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

Rule 1002(c)(1)(i) requires each SCI entity, promptly after any responsible SCI personnel has a reasonable basis to conclude that an SCI event (other than a systems intrusion) has occurred, to disseminate certain information to its members or participants. The Commission estimates that each SCI entity will disseminate information regarding 3 SCI events each year under Rule 1002(c)(1)(i). The Commission estimates that each information dissemination under Rule 1002(c)(1)(i) will require 7 hours. Thus, the total annual third party disclosure burden to comply with Rule 1002(c)(1)(i) will be 21 hours per SCI entity.²⁰⁶

New SCI Entities will incur 483 hours (IC15), on average, annually,²⁰⁷ to comply with this disclosure requirement.

Current SCI Entities, will incur, on average, 987 hours (IC15.1) annually to comply with this disclosure requirement.²⁰⁸

With respect to the Infrastructure Rules, the Commission has estimated that five SCI competing consolidators would have the same burden as other SCI entities (21 hours each annually), or **105 hours annually for all such competing consolidators (IC15.2)**.²⁰⁹ **The Commission estimates that the total average annual burden for complying with Rule 1002(c)(1)(i), including the Infrastructure Rules, for all SCI entities would be 1,575 hours.**²¹⁰

The Commission estimates that the average annual internal cost of compliance associated with this ongoing reporting burden would be approximately \$9,212 for each SCI entity.²¹¹

New SCI Entities would incur, on average, \$211,876 annually.²¹²

Current SCI Entities would incur, on average, \$433,011 annually.²¹³

²⁰⁶ 3 information disseminations each year × 7 hours per dissemination = 21 hours.

²⁰⁷ 21 hours x 23 New SCI Entities = 483 hours.

²⁰⁸ 21 hours × 47 Current SCI Entities = 987 hours.

²⁰⁹ See 2022 PRA Supporting Statement. See *supra* note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

²¹⁰ 483 hours (New SCI Entities) + 987 hours (Current SCI Entities) + 105 hours (competing consolidators) = 1,575 hours total.

²¹¹ (1 Compliance Manager hours x \$344) + (2.67 Attorney hours x \$462) + (1 Senior Systems Analyst hours x \$316) + (0.5 General Counsel hour x \$663) + (0.5 Director of Compliance hours x \$542) + (0.5 Chief Compliance Officer hours x \$589) + (.5 Corporate Communications Manager hours x \$378) + (.33 Webmasters hours x \$276) = \$3,071. \$3,071 per notification x 3 notifications each year = \$9,212.

²¹² 9,212 per SCI entity x 23 New SCI Entities = \$211,876.

²¹³ 9,213 per SCI entity x 47 Current SCI Entities = \$433,011.

With respect to the Infrastructure Proposal, the Commission estimates that five of the seven SCI competing consolidators would have the same average annual internal cost of compliance as other SCI entities (\$9,213 each), or on average, \$433,011 annually for all such competing consolidators.²¹⁴ This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators with per hours costs adjusted for inflation.

The total average internal cost of compliance, including the Infrastructure Rules, for all SCI entities would be \$690,975.

Rule 1002(c)(1)(ii) requires each SCI entity, when known, to promptly disseminate additional information about an SCI event (other than a systems intrusion) to its members or participants. Rule 1002(c)(1)(iii) requires each SCI entity to provide to its members or participants regular updates of any information required to be disseminated under Rules 1002(c)(1)(i) and (ii) until the SCI event is resolved. The Commission estimates that each SCI entity will disseminate 3 updates for each SCI event under Rules 1002(c)(1)(ii) and (iii), or 9 updates each year.²¹⁵ The Commission estimates that each update under Rules 1002(c)(1)(ii) and (iii) will require 13 hours. Thus, the total annual third party disclosure burden to comply with Rules 1002(c)(1)(ii) and (iii) will be 117 hours per SCI entity.²¹⁶

New SCI Entities would incur, on average, **2,691 hours annually (IC16)**.²¹⁷

Current SCI Entities would incur, on average, **5,499 hours annually (IC16.1)**.²¹⁸

With respect to the Infrastructure Rules, the Commission estimates that five SCI competing consolidators would have the same burden as other SCI entities (117 hours each annually), or **585 hours annually for all such competing consolidators (IC16.2)**.²¹⁹ **The Commission estimates that the total average annual burden for complying with Rule 1002(c)(1)(ii), including the Infrastructure Rules, for all SCI entities would be 8,775 hours.**

The Commission estimates that the average annual internal cost of compliance associated

²¹⁴ See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

²¹⁵ 3 SCI events × 3 updates per SCI event = 9 updates.

²¹⁶ 9 updates each year × 13 hours per update = 117 hours.

²¹⁷ 117 hours x 23 New SCI Entities = 2,691 hours.

²¹⁸ 117 hours × 47 Current SCI Entities = 5,499 hours.

²¹⁹ See 2022 PRA Supporting Statement. See supra note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

with this ongoing reporting burden would be \$51,666 for each SCI entity.²²⁰

New SCI Entities would incur, on average, \$1,188,318 annually.²²¹ Current SCI Entities would incur, on average, \$2,428,302, on average, annually.²²²

With respect to the Infrastructure Rules, the Commission estimates that five of the seven SCI competing consolidators would have the same average annual internal cost of compliance as other SCI entities (\$51,666 each), or on average, \$258,330 annually for all such competing consolidators.²²³ This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators with per hours costs adjusted for inflation.

The total average internal cost of compliance, including the Infrastructure Proposal, for all SCI entities would be \$3,874,950.

Rule 1002(c)(2) requires each SCI entity to disseminate certain information regarding a systems intrusion to its members or participants, and provides an exception when the SCI entity determines that dissemination of such information would likely compromise the security of its SCI systems or indirect SCI systems, or an investigation of the systems intrusion, and documents the reasons for such determination. The Commission estimates that each dissemination under Rule 1002(c)(2) will require 10 hours. Thus, the total annual third party disclosure burden to comply with Rule 1002(c)(2) will be 10 hours per SCI entity.

The Commission estimates that each New SCI Entity will disseminate information regarding 4 systems intrusions each year, for a total of **920 burden hours (IC17)**.²²⁴

The Commission estimates that each Current SCI Entity will disseminate information regarding 1 systems intrusion each year under Rule 1002(c)(2) prior to the 2023 SCI Proposed Rulemaking, or, on average, 470 hours annually. As a result of the 2023 SCI Proposed Rulemaking, the Commission estimates that each Current SCI Entity will disseminate notifications related to an additional 3 systems intrusions, or, on average, 1,410 hours for all SCI

²²⁰ (2 Compliance Manager hours x \$344) + (4.67 Attorney hours x \$462) + (2 Senior Systems Analyst hours x \$316) + (1 General Counsel hour x \$663) + (1 Director of Compliance hours x \$542) + (1 Chief Compliance Officer hours x \$589) + (1 Corporate Communications Manager hours x \$378) + (.33 Webmasters hours x \$276) = \$5,741. \$5,741 per update x 9 notifications each year = \$51,666.

²²¹ \$51,666 x 23 New SCI Entities = \$1,188,318.

²²² \$51,666 x 47 Current SCI Entities = \$2,428,302.

²²³ See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

²²⁴ 4 disseminations x 10 hours per dissemination x 23 New SCI Entities = 920 burden hours.

entities.²²⁵ The Commission estimates that Current SCI Entities would incur, in total, 1,880 hours to comply with the dissemination requirements of Rule 1002(c)(2) (IC17.1).

With respect to the Infrastructure Rules, the Commission estimated that five SCI competing consolidators would have the same burden as other SCI entities (10 hours each), or **50 hours annually for all such competing consolidators (IC17.2).**²²⁶ **The Commission estimates that the total average annual burden for complying with Rule 1002(c)(2), including the Infrastructure Rules, for all SCI entities would be 1,930 hours.**

The Commission estimates that the average annual internal cost of compliance associated with this ongoing reporting burden would be approximately \$4,406 per notification for each SCI entity.²²⁷

For New SCI Entities, the average annual internal cost of compliance would be \$17,624 for each New SCI Entity,²²⁸ or \$405,352 annually for all such New SCI Entities.²²⁹

For Current SCI Entities, the Commission estimates that the average annual internal cost of compliance to comply with Rule 1002(c)(2) prior to the 2023 SCI Proposed Rulemaking (i.e., 1 estimated systems intrusion) would be \$207,082, on average, across all Current SCI Entities.²³⁰ The Commission estimates that the average annual internal cost of compliance for the additional 3 disseminations required by the 2023 SCI Proposed Rulemaking would be \$13,218 for each Current SCI Entity,²³¹ or \$621,246 annually for all such Current SCI Entities.²³²

With respect to the Infrastructure Rules, the Commission estimates that five of the seven SCI competing consolidators would have the same average annual internal cost of compliance as other SCI entities (\$4,406 each), or on average, \$22,030 annually for all such competing consolidators.²³³ The total average internal cost of compliance, including the Infrastructure

²²⁵ 3 additional disseminations x 10 hours per dissemination x 47 Current SCI Entities = 1,410 hours.

²²⁶ See supra note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

²²⁷ (1.5 Compliance Manager hours x \$344) + (3.67 Attorney hours x \$462) + (1.5 Senior Systems Analyst hours x \$316) + (0.75 General Counsel hour x \$633) + (0.75 Director of Compliance hours x \$542) + (0.75 Chief Compliance Officer hours x \$589) + (0.75 Corporate Communications Manager hours x \$378) + (.33 Webmasters hours x \$276) = \$4,406.

²²⁸ \$4,406 x 4 information disseminations per year = \$17,624 per New SCI Entity.

²²⁹ \$17,624 x 23 New SCI Entities = \$405,352.

²³⁰ \$4,406 x 1 information dissemination per year x 47 Current SCI Entities = \$207,082.

²³¹ \$4,406 x 3 information disseminations per year = \$13,218 per Current SCI Entity.

²³² \$13,218 x 47 Current SCI Entities = \$621,246.

²³³ See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

Rules, for all SCI entities would be \$1,255,710.

In summary, the total annual third party disclosure burden to comply with Rule 1002(c) will be, on average, as follows:

- 4,094 hours for all New SCI Entities,²³⁴ or 178 hours annually per New SCI Entity.²³⁵
- For Current SCI Entities, the Commission estimates that the total reporting burden for complying with Rule 1002(c) for Current SCI Entities pursuant to current Regulation SCI (i.e., before the 2023 SCI Proposed Rulemaking) is 6,956 hours per year,²³⁶ or 148 hours per Current SCI Entity.²³⁷ The Commission also estimates that the burden for Current SCI Entities to comply with Rule 1002(c) will increase by 1,410 hours,²³⁸ or 30 hours per Current SCI Entity as a result of the 2023 SCI Proposed Rulemaking.²³⁹
- With respect to the Infrastructure Rules, the total burden will be, on average, 740 hours for the five SCI competing consolidators (not including the current SIPs which are included in the prior estimate).²⁴⁰ The total average annual burden would be 7,252 hours for all SCI entities.
- Material Systems Change Notice Required by Rule 1003(a)

Rule 1003(a) establishes reporting burdens for all SCI entities.

Rule 1003(a)(1) requires each SCI entity to submit to the Commission quarterly reports describing completed, ongoing, and planned material changes to its SCI systems and security of indirect SCI systems during the prior, current, and subsequent calendar quarters. These reports are required to be submitted on Form SCI. The Commission estimates that the reporting burden to comply with the quarterly reporting requirement will be 125 hours per report per SCI entity, or 500 hours annually per SCI entity.²⁴¹

As a result of the 2023 SCI Proposed Rulemaking, 23 New SCI Entities would become subject to Rule 1003(a)(1). The Commission estimates that these **New SCI Entities would incur**

²³⁴ 483 hours (Rule 1002(c)(1)(i)) + 2,691 hours (Rules 1002(c)(1)(ii) and (iii)) + 920 hours (Rule 1002(c)(2)) = 4,094 hours.

²³⁵ 4,094 hours ÷ 23 New SCI Entities = 178 hours per SCI entity.

²³⁶ 987 hours (Rule 1002(c)(1)(i)) + 5,499 hours (Rules 1002(c)(1)(ii) and (iii)) + 470 hours (Rule 1002(c)(2)) = 6,956 hours.

²³⁷ 6,956 hours ÷ 47 Current SCI Entities = 148 hours per Current SCI Entity.

²³⁸ See *supra* note 225.

²³⁹ 1,410 hours / 47 Current SCI Entities = 30 hours per Current SCI Entity.

²⁴⁰ 105 hours (Rule 1002(c)(1)(i)) + 585 hours (Rules 1002(c)(1)(ii) and (iii)) + 50 hours (Rule 1002(c)(2)) = 740 hours.

²⁴¹ 125 hours × 4 reports each year = 500 hours.

an average of 11,500 hours (IC18).²⁴²

The burden for Current SCI Entities would remain as is after the 2023 SCI Proposed Rulemaking. The Commission estimates that Current SCI Entities would incur an average of **23,500 hours annually for all SCI entities (IC18.1).**²⁴³ With respect to the Infrastructure Rules, the Commission estimated that five SCI competing consolidators would have the same burden as other SCI entities (500 hours each annually), or **2,500 hours annually for all such competing consolidators (IC18.2).**²⁴⁴ **The Commission estimates that the total average annual burden for complying with Rule 1003(a)(1), including the Infrastructure Rules, for all SCI entities would be 37,500 hours.**

The Commission estimates that the average annual internal cost of compliance associated with this ongoing reporting burden for quarterly reports would be \$167,630 for each SCI entity.²⁴⁵ The Commission estimates that the average internal cost of compliance associated with this reporting burden for New SCI Entities added by the 2023 SCI Proposed Rulemaking would be \$3,849,280.²⁴⁶ For Current SCI Entities, the Commission estimates that the average internal cost of compliance would be \$7,865,920.²⁴⁷ With respect to the Infrastructure Rules, the Commission estimates that five of the seven SCI competing consolidators would have the same average annual internal cost of compliance as other SCI entities (\$167,360 each), or on average, \$836,800 annually for all such competing consolidators.²⁴⁸ This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators with per hours costs adjusted for inflation.

The total average internal cost of compliance, including the Infrastructure Proposal, for all SCI entities would be \$12,552,000.

Rule 1003(a)(2) requires each SCI entity to promptly submit a supplemental report notifying the Commission of a material error in or material omission from a report previously submitted under Rule 1003(a)(1). These reports are required to be submitted on Form SCI. The Commission estimates that each SCI entity will submit 1 supplemental report each year. The

²⁴² 500 hours x 23 New SCI Entities = 11,500 hours.

²⁴³ 500 hours x 47 SCI entities = 23,500 hours.

²⁴⁴ See 2022 PRA Supporting Statement. See *supra* note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

²⁴⁵ (7.5 Compliance Manager hours x \$344) + (7.5 Attorney hours x \$462) + (5 Chief Compliance Officer hours x \$589) + (75 Senior Systems Analyst hours x \$316) + (30 Senior Business Analyst hours x \$305) = \$41,480. \$41,480 per report x 4 reports each year = \$167,360.

²⁴⁶ \$167,360 x 23 New SCI Entities = \$3,849,280.

²⁴⁷ \$167,360 x 47 Current SCI Entities = \$7,865,920.

²⁴⁸ See *supra* note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

Commission estimates that the reporting burden to comply with the supplemental report requirement will be 15 hours per report per SCI entity.

As a result of the 2023 SCI Proposed Rulemaking, New SCI Entities would become subject to Rule 1003(a)(2). The Commission estimates that these **New SCI Entities would incur an average of 345 hours (IC19).**²⁴⁹

The burden for Current SCI Entities would remain as is after the 2023 SCI Proposed Rulemaking. The Commission estimates that Current SCI Entities would incur an average of **705 hours annually for all SCI entities (IC19.1).**²⁵⁰ With respect to the Infrastructure Rules, the Commission estimates that five SCI competing consolidators would have the same burden as other SCI entities (15 hours each annually), or **75 hours annually for all such competing consolidators (IC19.2).**²⁵¹ **The Commission estimates that the total average annual burden for complying with Rule 1003(a)(2), including the Infrastructure Rules, for all SCI entities would be 1,125 hours.**

The Commission estimates that the average annual internal cost of compliance associated with this ongoing reporting burden for supplemental reports would be \$5,328 for each SCI entity.²⁵² The Commission estimates that the average internal cost of compliance associated with this reporting burden for New SCI Entities added by the 2023 SCI Proposed Rulemaking would be \$122,544.²⁵³ For Current SCI Entities, the Commission estimates that the average internal cost of compliance would be, on average, \$250,416 annually for all such Current SCI Entities.²⁵⁴ With respect to the Infrastructure Proposal, the Commission estimates that five of the seven SCI competing consolidators would have the same average annual internal cost of compliance as other SCI entities (\$5,328 each), or on average, \$26,640 annually for all such competing consolidators.²⁵⁵ This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators with per hours costs adjusted for inflation.

The total average internal cost of compliance, including the Infrastructure Rules, for all

²⁴⁹ 1 notification x 15 hours x 23 New SCI Entities = 345 hours.

²⁵⁰ 15 hours x 47 SCI entities = 705 hours.

²⁵¹ See 2022 PRA Supporting Statement. See *supra* note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

²⁵² (2 Compliance Manager hours x \$344) + (2 Attorney hours x \$462) + (1 Chief Compliance Officer hours x \$589) + (7 Senior Systems Analyst hours x \$316) + (3 Senior Business Analyst hours x \$305) = \$5,328.

²⁵³ \$5,328 x 23 New SCI Entities = \$122,544.

²⁵⁴ \$5,328 x 47 Current SCI Entities = \$250,416.

²⁵⁵ See *supra* note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

SCI entities would be \$399,600.

In summary, the Commission estimates that the total reporting burden for New SCI Entities for complying with Rule 1003(a) is, on average, 11,845 hours per year,²⁵⁶ or 515 hours annually per New SCI Entity.²⁵⁷ The total reporting burden for Current SCI Entities for complying with Rule 1003(a) is, on average, 24,205 hours per year. With respect to the Infrastructure Rules, the total reporting burden will be, on average, 2,575 hours for the five SCI competing consolidators (not including the current SIPs which are included in the prior estimate). The total average annual burden would be 38,625 hours for all SCI entities.

- SCI Review Required by Rule 1003(b)

Rule 1003(b) establishes recordkeeping and reporting burdens for all SCI entities.

Rule 1003(b)(1) currently requires each SCI entity to conduct an SCI review of its compliance with Regulation SCI not less than once each calendar year, with an exception for penetration test reviews, which are required to be conducted not less than once every three years. Rule 1003(b)(1) also provides an exception for assessments of SCI systems directly supporting market regulation or market surveillance, which are required to be conducted at a frequency based on the risk assessment conducted as part of the SCI review, but in no case less than once every three years. Rule 1003(b)(2) requires each SCI entity to submit a report of the SCI review to senior management no more than 30 calendar days after completion of the review.

As noted earlier, the 2023 SCI Proposed Rulemaking propose to amend the definition of SCI review (in Rule 1000) and the required elements of the SCI review report (as set forth in Rule 1003(b)(2) to increase the frequency of required penetration test reviews, requiring them once a year. The proposed amendments would also require the SCI review to include third-part provider management risks and controls, and require that additional elements be included in the report of the SCI review, including the findings of the SCI review with respect to each SCI system and indirect SCI system and a description of each deficiency and weakness identified by the SCI review.

As proposed, New SCI Entities would be newly subject to this requirement (both the current requirement and the amendments proposed in the 2023 SCI Proposed Rulemaking). The Commission estimates that the annual recordkeeping burden of conducting an SCI review and submitting the SCI review to senior management of the SCI entity for review, as those requirements are proposed to be amended, would be 1,035 hours for each New SCI Entity, and on average, **23,805 hours for all New SCI Entities (IC20)**.²⁵⁸

²⁵⁶ 11,500 hours for Rule 1003(a)(1) + 345 hours for Rule 1003(a)(2) = 11,845 hours.

²⁵⁷ 11,845 hours ÷ 23 New SCI Entities = 515 hours per New SCI Entity.

²⁵⁸ 1,035 hours x 23 New SCI Entities = 23,805 hours.

For Current SCI Entities to comply with Rule 1003(b)(1)-(2), as it currently exists (i.e., before the 2023 SCI Proposed Rulemaking), the Commission estimates that the annual recordkeeping burden of conducting an SCI review and submitting the SCI review to senior management of the Current SCI Entity for review will be approximately 690 hours for each SCI entity, and, on average, 32,430 hours annually for all SCI entities.²⁵⁹ The Commission estimates that each Current SCI Entity will incur an additional burden that is 40% of the baseline burden of 690 hours (345 hours)²⁶⁰ to comply with the 2023 SCI Proposed Rulemaking to the SCI review, for a total of 16,215 hours, on average, annually, across all Current SCI Entities.²⁶¹ In total, the Commission estimates that Current SCI Entities would incur 48,645 hours to conduct the SCI review pursuant to Rule 1003(b)(1)-(2), as proposed to be amended.

With respect to the Infrastructure Rules, the Commission estimates that five SCI competing consolidators would have the same burden as other SCI entities (690 hours each annually), or **3,450 hours annually for all such competing consolidators (IC20.2).**²⁶² **The Commission estimates that the total average annual burden for complying with Rules 1003(b)(1) and 1003(b)(2), including the Infrastructure Rules, for all SCI entities would be 75,900 hours.**

For New SCI Entities, the Commission estimates that the average annual internal cost of compliance associated with this ongoing recordkeeping burden would be \$371,543 per New SCI Entity,²⁶³ or \$8,545,489 for all New SCI Entities.²⁶⁴

For Current SCI Entities to comply with current Rule 1003(b)(1)-(2), the Commission estimates that the average annual internal cost of compliance associated with this ongoing recordkeeping burden would be \$247,695 for each Current SCI Entity,²⁶⁵ or \$11,641,665 annually for all such Current SCI Entities.²⁶⁶ The Commission estimates that the average

²⁵⁹ 690 hours × 47 Current SCI Entities = 32,430 hours.

²⁶⁰ 690 hours x 40% = 345 hours.

²⁶¹ 345 hours x 47 Current SCI Entities = 16,215 hours.

²⁶² See 2022 PRA Supporting Statement. See *supra* note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

²⁶³ (52.5 Compliance Manager hours x \$344) + (120 Attorney hours x \$462) + (562.5 Senior Systems Analyst hours x \$316) + (7.5 General Counsel hours x \$663) + (7.5 Director of Compliance hours x \$542) + (30 Chief Compliance Officer hours x \$589) + (255 Internal Audit Manager hours x \$367) = \$371,543.

²⁶⁴ \$371,543 x 23 New SCI Entities = \$8,545,489.

²⁶⁵ (35 Compliance Manager hours x \$344) + (80 Attorney hours x \$462) + (375 Senior Systems Analyst hours x \$316) + (5 General Counsel hours x \$663) + (5 Director of Compliance hours x \$542) + (20 Chief Compliance Officer hours x \$589) + (170 Internal Audit Manager hours x \$367) = \$247,695.

²⁶⁶ \$247,695 x 47 Current SCI Entities = \$11,641,665.

additional annual internal cost of compliance associated with complying with the 2023 SCI Proposed Rulemaking would be \$123,848 for each Current SCI Entity,²⁶⁷ or \$5,820,856 for all Current SCI Entities.²⁶⁸

With respect to the Infrastructure Rules, the Commission estimates that five SCI competing consolidators would have the same average annual internal cost of compliance as other SCI entities (\$247,695 each), or on average, \$1,238,475 annually for all such competing consolidators.²⁶⁹ The total average internal cost of compliance, including the Infrastructure Rules, for all SCI entities would be \$27,246,485.

Rule 1003(b)(3) requires each SCI entity to submit the report of the SCI review to the Commission and to its board of directors or the equivalent of such board, together with any response by senior management, within 60 calendar days after its submission to senior management. These reports are required to be submitted on Form SCI. The 2023 SCI Proposed Rulemaking would make clear that senior management is required to provide a response to the report of the SCI review.

As proposed, New SCI Entities would be newly subject to this requirement (both the current requirement and the requirements proposed in the 2023 SCI Proposed Rulemaking). The Commission estimates that the annual recordkeeping burden of submitting the report of the SCI review and the required response by senior management to the Commission and the Board of Directors would be 25 hours for each New SCI Entity, and on average, **575 hours for all New SCI Entities (IC21)**.²⁷⁰

The Commission estimates that each Current SCI Entity will require approximately 1 hour per year to comply with the current Rule 1003(b)(3), i.e., submitting the report of the SCI review and any response by senior management, if provided, to the Commission and to its board of directors or the equivalent of such board, for a reporting burden of approximately 47 hours annually for all SCI entities.²⁷¹ The Commission estimates that each Current SCI Entity will incur an additional 24 hours to comply with the 2023 SCI Proposed Rulemaking that require that senior management provide a response to the SCI review, for a total of 1,128 hours, on average, annually, across all Current SCI Entities.²⁷² In total, Current SCI Entities would incur a total of

²⁶⁷ (17.5 Compliance Manager hours x \$344) + (40 Attorney hours x \$462) + (187.5 Senior Systems Analyst hours x \$316) + (2.5 General Counsel hours x \$663) + (2.5 Director of Compliance hours x \$542) + (10 Chief Compliance Officer hours x \$589) + (85 Internal Audit Manager hours x \$367) = \$123,848.

²⁶⁸ \$123,848 x 47 Current SCI Entities = \$5,820,856.

²⁶⁹ See *supra* note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

²⁷⁰ 25 hours x 23 New SCI Entities = 575 hours.

²⁷¹ 1 hour x 47 Current SCI Entities = 47 hours.

²⁷² 24 hours x 47 Current SCI Entities = 1,128 hours.

1,175 hours to comply with Rule 1003(b)(3)(IC21.1).

With respect to the Infrastructure Rules, the Commission estimates that five SCI competing consolidators would have the same burden as other SCI entities (1 hour each annually), or **5 hours annually for all such competing consolidators (IC21.2).**²⁷³ **The Commission estimates that the total average annual burden for complying with Rule 1003(b)(3), including the Infrastructure Rules, for all SCI entities would be 1,755 hours.**

For New SCI Entities, the Commission estimates that the average annual internal cost of compliance associated with this ongoing recordkeeping burden would be \$8,945 per SCI Entity,²⁷⁴ or \$205,735 for all New SCI Entities.²⁷⁵

For Current SCI Entities to comply with current Rule 1003(b)(3), the Commission estimates that the average annual internal cost of compliance associated with this ongoing recordkeeping burden, the Commission estimates that the average annual internal cost of compliance associated with this ongoing reporting burden would be \$412 for each Current SCI Entity,²⁷⁶ or \$19,364 annually for all such Current SCI Entities.²⁷⁷ The Commission estimates that the average additional annual internal cost of compliance associated with complying with the 2023 SCI Proposed Rulemaking would be \$8,629 for each Current SCI Entity,²⁷⁸ or \$405,563 for all Current SCI Entities.²⁷⁹

With respect to the Infrastructure Rules, the Commission estimates that five SCI competing consolidators would have the same average annual internal cost of compliance as other SCI entities (\$412 each), or on average, \$2,060 annually for all such competing consolidators.²⁸⁰ The total average internal cost of compliance, including the Infrastructure Rules, for all SCI entities would be \$632,722.

²⁷³ See *supra* note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

²⁷⁴ (1 Compliance Manager hours x \$344) + (3 Attorney hours x \$462) + (14 Senior Systems Analyst hours x \$316) + (1 Chief Compliance Officer hours x \$589) + (6 Internal Audit Manager hours x \$367) = \$8,945.

²⁷⁵ \$8,945 x 23 New SCI Entities = \$205,735.

²⁷⁶ 1 Attorney hour x \$412 = \$412.

²⁷⁷ \$412 x 47 Current SCI Entities = \$19,364.

²⁷⁸ (1 Compliance Manager hours x \$344) + (3 Attorney hours x \$462) + (13 Senior Systems Analyst hours x \$316) + (1 Chief Compliance Officer hours x \$589) + (6 Internal Audit Manager hours x \$367) = \$8,629.

²⁷⁹ \$8,629 x 47 Current SCI Entities = \$405,563.

²⁸⁰ See *supra* note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

- Access to EFFF

Rule 1006 requires each SCI entity, with a few exceptions, to file any notification, review, description, analysis, or report to the Commission required under Regulation SCI electronically on Form SCI. SCI entities submit Form SCI through the EFFF, which is also used by SCI SROs to file Form 19b-4 filings. Access to EFFF establishes reporting burdens for all SCI entities.

An SCI entity will submit to the Commission an EAUF to register each individual at the SCI entity who will access the EFFF system on behalf of the SCI entity. The Commission is including in its burden estimates the reporting burden for completing the EAUF for each individual at an SCI entity that will request access to EFFF. The Commission estimates that initially, on average, two individuals at each SCI entity will request access to EFFF through the EAUF, and each EAUF will require 0.15 hours to complete and submit. Therefore, each new SCI entity will initially require 0.3 hours to complete the requisite EAUFs.²⁸¹ As a result of the 2023 SCI Proposed Rulemaking, New SCI Entities would require access to EFFF. The Commission estimates that **New SCI Entities would incur 6.9 hours annually (IC22)**.²⁸² In addition, with respect to the Infrastructure Rules, the Commission estimated an additional **1.35 hours annually for all SCI competing consolidators (IC22.1)**, based on an estimate of five SCI competing consolidators (assuming that one would be an SRO or affiliated with an SCI entity and having 50% of the estimated initial burdens for to comply with current Rule 1006 and four would have the same burden as any other new SCI entity to comply with current Rule 1006 (0.3 hours)).²⁸³ This averages out to .147 hours per response, with 28 respondents and 2 responses per respondent. **The Commission estimates that the total average initial burden for access to EFFF, including the Infrastructure Rules, for all such SCI entities would be 8.25 hours.**

The Commission estimates that the average cost associated with this initial burden would be \$139 for each New SCI Entity,²⁸⁴ or \$3,197 annually for all New SCI Entities.²⁸⁵ In addition, with respect to the Infrastructure Rules, the Commission estimates an additional \$625.50 annually for all SCI competing consolidators. This estimate is based on the burden hours that were estimated in the 2022 PRA Supporting Statement for five SCI competing consolidators (assuming that one would be an SRO or or affiliated with an SRO and having 50% of the

²⁸¹ 0.15 hours per EAUF × 2 individuals = 0.3 hours per SCI entity.

²⁸² 0.30 hours × 23 New SCI Entities = 6.9 hours.

²⁸³ See 2022 PRA Supporting Statement. See *supra* note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

²⁸⁴ 0.3 Attorney hour x \$462 = \$139.

²⁸⁵ \$139 x 23 New SCI Entities = \$3,197.

estimated average internal annual cost to comply with current Rule 1006 and four would have the same cost as any other new SCI entity) with per hours costs adjusted for inflation.²⁸⁶

The total annual internal cost of compliance associated with this initial recordkeeping burden, including the Infrastructure Rules, for all such SCI entities would be \$3,823.

The Commission also estimates that annually, on average, one individual at each SCI entity will request access to EDFS through EAUF. Therefore, the ongoing burden to complete the EAUF will be 0.15 hours annually per SCI entity.²⁸⁷ As a result of the 2023 SCI Proposed Rulemaking, New SCI Entities would newly incur this burden. The Commission estimates a burden, on average, of **3.45 hours annually for all New SCI Entities (IC23)**.²⁸⁸ The Commission estimates that Current SCI Entities would also incur this ongoing burden, totaling, on average, **7.05 hours annually (IC23.1)**.²⁸⁹ With respect to the Infrastructure Rules, the Commission estimated that five SCI competing consolidators would have the same burden as other SCI entities (.15 hours each annually), or **.75 hours annually for all such SCI competing consolidators (IC23.2)**.²⁹⁰ **The Commission estimates that the total average annual burden for access to EDFS, including the Infrastructure Rules, for all SCI entities would be 11.25 hours.**

The Commission estimates that the average annual internal cost of compliance associated with this ongoing burden would be \$69 for each SCI entity.²⁹¹ The Commission estimates a burden of \$1,587 annually for all New SCI Entities.²⁹² The Commission also estimates a burden of \$3,423 annually for all Current SCI Entities.²⁹³ With respect to the Infrastructure Rules, the Commission estimates that five SCI competing consolidators would have the same average annual internal cost of compliance as other SCI entities (\$69 each), or on average, \$345 annually for all such competing consolidators.²⁹⁴ This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators with per hours costs adjusted for inflation.

²⁸⁶ See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

²⁸⁷ 0.15 hours per EAUF × 1 individual = 0.15 hours per SCI entity.

²⁸⁸ 0.15 hours × 23 New SCI Entities = 3.45 hours.

²⁸⁹ 0.15 hours × 47 Current SCI Entities = 7.05 hours.

²⁹⁰ See 2022 PRA Supporting Statement. See supra note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

²⁹¹ 0.15 Attorney hour x \$462 = \$69.

²⁹² \$69 x 23 = \$1,587.

²⁹³ \$69 x 47 = \$3,243.

²⁹⁴ See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

The total average internal cost of compliance, including the Infrastructure Rules, for all SCI entities would be \$5,175.

- Corrective Action Required by Rule 1002(a)

Rule 1002(a) establishes recordkeeping burdens for all SCI entities.

Rule 1002(a) requires each SCI entity, upon any responsible SCI personnel having a reasonable basis to conclude that an SCI event has occurred, to begin to take appropriate corrective action. The Commission believes that Rule 1002(a) will likely result in SCI entities developing and revising their processes for corrective action. The Commission estimates that as a result of the 2023 SCI Proposed Rulemaking, New SCI Entities will become subject to this rule. The Commission estimates that the initial recordkeeping burden to implement such a process will be 137 hours per New SCI Entity, or **3,151 hours annually for all New SCI Entities (IC24)**.²⁹⁵

The Commission estimates that each Current SCI Entity would incur a one-time burden of 23 hours (20% of the 114 hour initial burden) to update its corrective action process to account for the additional types of systems intrusions proposed in the 2023 SCI Proposed Rulemaking, or **1,081 hours for all Current SCI Entities (IC24.1)**.²⁹⁶

With respect to the Infrastructure Rules, the Commission estimated an additional **513 hours annually for all SCI competing consolidators (IC24.2)**, based on an estimate of five SCI competing consolidators (assuming that one would be an SRO or affiliated with an SCI entity and having 50% of the estimated initial burdens for to comply with current Rule 1002(a) and four would have the same burden as any other new SCI entity to comply with current Rule 1002(a) (114 hours)).²⁹⁷ **The Commission estimates that the total average initial burden for complying with Rule 1002(a), including the Infrastructure Rules, for all such SCI entities would be 4,745 hours.**

For New SCI Entities, the Commission estimates that the average annual internal cost of compliance associated with this ongoing recordkeeping burden would be \$57,228 per New SCI Entity,²⁹⁸ or \$1,316,244 for all New SCI Entities.²⁹⁹

²⁹⁵ 114 hours × 23 New SCI Entities = 3,151 hours.

²⁹⁶ 23 hours x 47 Current SCI Entities = 1,081 hours.

²⁹⁷ See 2022 PRA Supporting Statement. See *supra* note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

²⁹⁸ (39 Compliance Manager hours x 344) + (38 Attorney hours x \$462) + (12 Senior Systems Analyst hours x \$316) + (12 Operations Specialist hours x \$152) + (24 Chief Compliance Officer hours x \$589) + (12 Director of Compliance hours x \$542) = \$57,228.

²⁹⁹ \$57,228 x 23 New SCI Entities = 1,316,244.

The Commission estimates that the average internal cost of compliance associated with this initial recordkeeping burden would be \$9,556 for each Current SCI Entity,³⁰⁰ or \$449,132 annually for all such Current SCI Entities.³⁰¹

In addition, with respect to the Infrastructure Rules, the Commission estimates an additional \$214,524 annually for all SCI competing consolidators. This estimate is based on the burden hours that were estimated in the 2022 PRA Supporting Statement for five SCI competing consolidators (assuming that one would be an SRO or or affiliated with an SRO and having 50% of the estimated average internal annual cost to comply with current Rule 1006 and four would have the same cost as any other new SCI entity) with per hours costs adjusted for inflation.³⁰² The total annual internal cost of compliance associated with this initial recordkeeping burden, including the Infrastructure Rules, for all such SCI entities would be \$1,979,000.

The Commission also estimates that the ongoing recordkeeping burden to review such process will be 39 hours annually per SCI entity. This would result in an hourly burden of **897 hours for all New SCI Entities (IC25)**.³⁰³

The Commission estimates that Current SCI Entities would incur an ongoing recordkeeping burden of **1,833 hours annually (IC25.1)**.³⁰⁴ With respect to the Infrastructure Rules, the Commission estimated that five SCI competing consolidators would have the same average ongoing burden as other SCI entities (39 hours each annually), or **195 hours annually (IC25.2)** for all such competing consolidators.³⁰⁵ **The Commission estimates that the total average annual ongoing burden for complying with Rule 1002(a), including the Infrastructure Rules, for all SCI entities would be 2,925 hours.**

The Commission estimates that the average annual internal cost of compliance associated with this ongoing recordkeeping burden would be \$17,258 for each SCI entity.³⁰⁶ This results in

³⁰⁰ (7 Compliance Manager hours x 344) + (6 Attorney hours x \$462) + (2 Senior Systems Analyst hours x \$316) + (2 Operations Specialist hours x \$152) + (4 Chief Compliance Officer hours x \$589) + (2 Director of Compliance hours x \$542) = \$9,556.

³⁰¹ \$9,556 x 47 Current SCI Entities = \$449,132.

³⁰² See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

³⁰³ 39 hours x 23 New SCI Entities = 897 hours.

³⁰⁴ 39 hours x 47 Current SCI Entities = 1,833 hours.

³⁰⁵ See 2022 PRA Supporting Statement. See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

³⁰⁶ (9 Compliance Manager hours x \$344) + (9 Attorney hours x \$462) + (3 Senior Systems Analyst hours x \$316) + (3 Operations Specialist hours x \$152) + (10 Chief Compliance Officer hours x \$589) + (5 Director of Compliance hours x \$542) = \$17,258.

a total average annual internal cost of compliance of \$396,934 for all New SCI Entities.³⁰⁷ For Current SCI Entities, the Commission estimates a total burden of \$811,126 for all such SCI entities.³⁰⁸ With respect to the Infrastructure Rules, the Commission estimated that five SCI competing consolidators would have the same average annual internal cost of compliance as other SCI entities (\$17,258 each), or on average, \$86,290 annually for all such competing consolidators.³⁰⁹ The total average internal cost of compliance, including the Infrastructure Rules, for all SCI entities would be \$1,294,350.

- Identification of Critical SCI Systems, Major SCI Events, De Minimis SCI Events, and Material Systems Changes

Identification of critical SCI systems, major SCI events, de minimis SCI events, and material systems changes establishes recordkeeping burdens for all SCI entities.

Rule 1003(a)(1) requires each SCI entity to establish reasonable written criteria for identifying a change to its SCI systems and the security of indirect SCI systems as material.

As a result of the 2023 SCI Proposed Rulemaking, New SCI Entities would become subject to this requirement. The Commission estimates that each New SCI Entity will initially require 114 hours to establish the criteria for identifying material systems changes, or 2,622 hours annually for all such New SCI Entities.³¹⁰

With respect to the Infrastructure Rule, the Commission estimated an additional 513 hours for all SCI competing consolidators, based on an estimate of five SCI competing consolidators (assuming that one would be an SRO or affiliated with an SCI entity and having 50% of the estimated initial burdens for to comply with current Rule 1003(a)(1) and four would have the same burden as any other new SCI entity to comply with current Rule 1003(a)(1) (114 hours)).³¹¹ The total average initial burden, including the Infrastructure Rules, for all such SCI entities would be 3,135 hours.

The Commission estimates that the average annual internal cost of compliance associated with this initial recordkeeping burden would be \$47,672 for each New SCI Entity,³¹² or

³⁰⁷ \$17,258 x 23 New SCI Entities = \$396,934.

³⁰⁸ \$17,258 x 47 Current SCI Entities = \$811,126.

³⁰⁹ See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

³¹⁰ 114 hours × 23 New SCI Entities = 2,622 hours.

³¹¹ See 2022 PRA Supporting Statement. See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

³¹² (32 Compliance Manager hours x \$344) + (32 Attorney hours x \$462) + (10 Senior Systems Analyst hours x \$316) + (10 Operations Specialist hours x \$152) + (20 Chief Compliance Officer hours x \$589) + (10 Director of Compliance hours x \$542) = \$47,672.

\$1,096,456 annually for all such New SCI Entities.³¹³ With respect to the Infrastructure Rules, the Commission estimates an additional \$214,524. This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators (assuming that one would be an SRO or affiliated with an SRO and having 50% of the estimated average internal annual cost to comply with current Rule 1003(a)(1) and four would have the same cost as any other new SCI entity) with per hours costs adjusted for inflation.³¹⁴ The total annual internal cost of compliance associated with this initial recordkeeping burden, including the Infrastructure Rules, for all such SCI entities would be \$1,310,980.

The Commission estimates that each SCI entity will require approximately 27 hours annually to review and update the criteria. New SCI Entities will incur, on average, 621 hours annually.³¹⁵

Current SCI Entities will incur, on average, 1,269 hours annually to review and update the criteria.³¹⁶ With respect to the Infrastructure Rules, the Commission estimated that five SCI competing consolidators would have the same average ongoing burden as other SCI entities (27 hours each annually), or 135 hours annually for all such competing consolidators.³¹⁷ The total average annual ongoing burden, including the Infrastructure Rules, for all SCI entities 2,025 hours.

The Commission estimates that the average annual internal cost of compliance associated with this ongoing recordkeeping burden would be \$12,929 for each SCI entity.³¹⁸ The Commission estimates that New SCI Entities would incur \$297,367 annually,³¹⁹ and that Current SCI Entities would incur \$607,663 annually.³²⁰ With respect to the Infrastructure Rules, the Commission estimates that five SCI competing consolidators would have the same average annual internal cost of compliance as other SCI entities (\$12,929 each), or on average, \$64,645 annually for all such competing consolidators.³²¹ This estimate is based on the estimated burden

³¹³ \$47,672 x 23 New SCI Entities = \$1,096,456.

³¹⁴ See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

³¹⁵ 27 hours x 23 New SCI Entities = 621 hours.

³¹⁶ 27 hours x 47 Current SCI Entities = 1,269 hours.

³¹⁷ See 2022 PRA Supporting Statement. See supra note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

³¹⁸ (4.5 Compliance Manager hours x \$344) + (4.5 Attorney hours x \$462) + (1.5 Senior Systems Analyst hours x \$316) + (1.5 Operations Specialist hours x \$152) + (10 Chief Compliance Officer hours x \$589) + (5 Director of Compliance hours x \$542) = \$12,929.

³¹⁹ \$12,929 x 23 New SCI Entities = \$297,367.

³²⁰ \$12,929 x 47 Current SCI Entities = \$607,663.

³²¹ See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

hours in the 2022 PRA Supporting Statement for five SCI competing consolidators with per hours costs adjusted for inflation. The total average internal cost of compliance, including the Infrastructure Rules, for all SCI entities would be \$969,675.

Regulation SCI also requires SCI entities to identify certain types of events and systems. The Commission believes that the identification of critical SCI systems, major SCI events, and de minimis SCI events will impose an initial one-time implementation burden on New SCI Entities in developing processes to quickly and correctly identify the nature of a system or event. The identification of these systems and events may also impose periodic burdens on SCI entities in reviewing and updating the processes.

As a result of the 2023 SCI Proposed Rulemaking, New SCI Entities would become subject to this requirement. The Commission estimates that each New SCI Entity will require 198 hours initially to establish the criteria for identifying certain systems and events, or 4,554 hours annually for all such New SCI Entities.³²² In addition, with respect to the Infrastructure Rules, the Commission estimated an additional 891 hours annually for all SCI competing consolidators, based on an estimate of five SCI competing consolidators (assuming that one would be an SRO or affiliated with an SCI entity and having 50% of the estimated initial burdens for to comply with this requirement and four would have the same burden as any other new SCI entity to comply with this requirement (198 hours)).³²³ The total average initial burden, including the Infrastructure Proposal, for all such SCI entities would be 5,445 hours.

The Commission estimates that the average annual internal cost of compliance associated with this initial recordkeeping burden would be \$78,144 for each New SCI Entity,³²⁴ or \$1,797,312 annually for all such New SCI Entities.³²⁵ In addition, with respect to the Infrastructure Rules, the Commission estimates an additional \$351,648 annually for all SCI competing consolidators. This estimate is based on the burden hours that were estimated in the 2022 PRA Supporting Statement for five SCI competing consolidators (assuming that one would be an SRO or or affiliated with an SRO and having 50% of the estimated average internal annual cost to comply with the current requirement and four would have the same cost as any other new SCI entity) with per hours costs adjusted for inflation.³²⁶ The total annual internal cost of compliance associated with this initial recordkeeping burden, including the Infrastructure Rules, for all such SCI entities would be \$2,148,960.

³²² 198 hours × 23 New SCI Entities = 4,554 hours.

³²³ See 2022 PRA Supporting Statement. See *supra* note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

³²⁴ (64 Compliance Manager hours x \$344) + (64 Attorney hours x \$462) + (20 Senior Systems Analyst hours x \$316) + (20 Operations Specialist hours x \$152) + (20 Chief Compliance Officer hours x \$589) + (10 Director of Compliance hours x \$542) = \$78,144.

³²⁵ \$78,144 x 23 New SCI Entities = \$1,797,312.

³²⁶ See *supra* note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

The Commission estimates that each SCI entity will require 39 hours annually to review and update such criteria. New SCI Entities would incur 897 hours, on average, annually.³²⁷ Current SCI Entities would incur on average, 1,833 hours annually.³²⁸ With respect to the Infrastructure Rules, the Commission estimated that five competing consolidators would have the same average ongoing burden as other SCI entities (39 hours each annually), or 195 hours annually for all such competing consolidators.³²⁹ The total average annual ongoing burden, including the Infrastructure Rules, for all SCI entities would be 2,925 hours.

The Commission estimates that the average annual internal cost of compliance associated with this ongoing recordkeeping burden would be \$17,258 for each SCI entity.³³⁰ The Commission estimates that New SCI Entities will incur an average annual internal cost of compliance of \$396,934.³³¹ For Current SCI Entities, this would result in an average annual internal cost of compliance of \$811,126 annually.³³² With respect to the Infrastructure Rules, the Commission estimates that five SCI competing consolidators would have the same average annual internal cost of compliance as other SCI entities (\$17,258 each), or on average, \$86,290 annually for all such competing consolidators.³³³ This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators with per hours costs adjusted for inflation. The total average internal cost of compliance, including the Infrastructure Rules, for all SCI entities would be \$1,294,350.

As part of the 2023 SCI Proposed Rulemaking, the Commission proposes to amend the definition of systems intrusion to include significant attempted unauthorized entry into the SCI systems or indirect SCI systems of an SCI entity. The definition, as proposed to be amended, would require that the SCI entity determine whether there has been a significant attempted unauthorized entry pursuant to established reasonable written criteria. This requirement would newly apply to both New SCI Entities and Current SCI Entities.

The Commission estimates that each SCI entity would incur 89 hours initially to establish the criteria for identifying significant attempted unauthorized entries. This would result in a

³²⁷ 39 hours x 23 New SCI Entities = 897 hours.

³²⁸ 39 hours x 47 Current SCI Entities = 1,833 hours.

³²⁹ See 2022 PRA Supporting Statement. See supra note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

³³⁰ (9 Compliance Manager hours x \$344) + (9 Attorney hours x \$462) + (3 Senior Systems Analyst hours x \$316) + (3 Operations Specialist hours x \$152) + (10 Chief Compliance Officer hours x \$589) + (5 Director of Compliance hours x \$542) = \$17,258.

³³¹ \$17,258 x 23 New SCI Entities = \$396,934.

³³² \$17,258 x 47 Current SCI Entities = \$811,126.

³³³ See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

burden of 2,047 hours, on average, across all New SCI Entities³³⁴ and a burden of 4,183 hours, on average, across all Current SCI Entities,³³⁵ or 6,230 across all SCI entities.

The Commission estimates that the average annual internal cost of compliance associated with this initial recordkeeping burden would be \$37,065 for each SCI entity,³³⁶ or \$852,495 across all New SCI Entities³³⁷ and \$1,742,055, on average, across all Current SCI Entities,³³⁸ or \$2,594,550 across all SCI entities.

The Commission estimates that each SCI entity would incur 14.5 hours annually to review and update the criteria for identifying significant attempted unauthorized entries. This would result in a burden of 333.50 hours, on average, across all New SCI Entities³³⁹ and a burden of 681.50 hours, on average, across all Current SCI Entities,³⁴⁰ or 1,015 hours across all SCI entities.

The Commission estimates that the average annual internal cost of compliance associated with this ongoing recordkeeping burden would be \$6,946 for each SCI entity,³⁴¹ or \$159,758 across all New SCI Entities³⁴² and \$326,462, on average, across all Current SCI Entities,³⁴³ or \$486,220 across all SCI entities.

The Commission estimates that:

³³⁴ 89 hours x 23 New SCI Entities = 2,047 hours.

³³⁵ 89 hours x 47 Current SCI Entities = 4,183 hours.

See supra note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

³³⁶ (25 Compliance Manager hours x \$344) + (25 Attorney hours x \$462) + (8 Senior Systems Analyst hours x \$316) + (8 Operations Specialist hours x \$152) + (15 Chief Compliance Officer hours x \$589) + (8 Director of Compliance hours x \$542) = \$37,065.

³³⁷ \$37,065 x 23 New SCI Entities = \$852,495.

³³⁸ \$37,065 x 47 Current SCI Entities = \$1,742,055.

See supra note 20 for discussion of competing consolidators.

³³⁹ 14.5 hours x 23 New SCI Entities = 333.50 hours.

³⁴⁰ 14.5 hours x 47 Current SCI Entities = 681.50 hours.

See supra note 20 for discussion of competing consolidators.

³⁴¹ (2 Compliance Manager hours x \$344) + (2 Attorney hours x \$462) + (1 Senior Systems Analyst hours x \$316) + (1 Operations Specialist hours x \$152) + (5.5 Chief Compliance Officer hours x \$589) + (3 Director of Compliance hours x \$542) = \$6,946.

³⁴² \$6,946 x 23 New SCI Entities = \$159,758.

³⁴³ \$6,946 x 47 Current SCI Entities = \$326,462.

See supra note 20 for discussion of competing consolidators.

- The total average annual initial recordkeeping burden related to establishing criteria for identifying material systems changes, and certain systems and events, including the Infrastructure Rules, is 14,810 hours (9,223 hours for New SCI Entities (**IC26**),³⁴⁴ 4,183 hours for Current SCI Entities (**IC26.1**),³⁴⁵ and 1,404 hours for Competing Consolidators (**IC26.2**)),³⁴⁶ and
- The total average annual ongoing recordkeeping burden related to establishing criteria for identifying material systems changes, and certain systems and events, including the Infrastructure Rules, is 5,965 hours (1,851 hours for New SCI Entities (**IC27**),³⁴⁷ 3,784 hours for Current SCI Entities (**IC27.1**),³⁴⁸ and 330 hours for Competing Consolidators (**IC27.2**)).³⁴⁹
- Recordkeeping Required by Rules 1005 and 1007

The recordkeeping requirements establish recordkeeping burdens for SCI entities other than SCI SROs.

The Commission estimates that, for each New SCI Entity other than an SCI SRO, setting up or modifying a recordkeeping system to comply with Rule 1005 will create an initial burden of 170 hours. The burden would apply to New SCI Entities as a result of the 2023 SCI Proposed

³⁴⁴ 2,622 hours (establish reasonable written criteria for identifying a change to its SCI systems and the security of indirect SCI systems as material) + 4,544 hours (establish the criteria for identifying certain systems and events) + 2,047 hours (establish reasonable written criteria to determine whether an attempted unauthorized entry into an SCI system is significant).

³⁴⁵ 4,183 hours to establish reasonable written criteria to determine whether an attempted unauthorized entry into an SCI system is significant.

³⁴⁶ 513 hours (establish reasonable written criteria for identifying a change to its SCI systems and the security of indirect SCI systems as material) + 891 hours (establish the criteria for identifying certain systems and events).

³⁴⁷ 621 hours (annual review and update of written criteria for identifying a change to its SCI systems and the security of indirect SCI systems as material) + 897 hours (review and update the criteria for identifying certain systems and events) + 333.50 hours (review and update reasonable written criteria to determine whether an attempted unauthorized entry into an SCI system is significant).

³⁴⁸ 1,269 hours (annual review and update of written criteria for identifying a change to its SCI systems and the security of indirect SCI systems as material) + 1,833 hours (review and update the criteria for identifying certain systems and events) + 681.50 hours (establish reasonable written criteria to determine whether an attempted unauthorized entry into an SCI system is significant).

³⁴⁹ 135 hours (annual review and update of written criteria for identifying a change to its SCI systems and the security of indirect SCI systems as material) + 195 hours (review and update the criteria for identifying certain systems and events).

Rulemaking. The New SCI Entities are non-SROs. The Commission estimates that in total, **New SCI Entities would incur 3,910 hours annually (IC26)**.³⁵⁰ In addition, with respect to the Infrastructure Rules, the Commission estimated an additional **765 hours annually for all SCI competing consolidators (IC26.1)**, based on an estimate of five SCI competing consolidators (assuming that one would be an SRO or affiliated with an SCI entity and having 50% of the estimated initial burdens for to comply with Rule 1005/1007 and four would have the same burden as any other new SCI entity to comply with Rule 1005/1007 (170 hours)).³⁵¹ **The Commission estimates that the total average initial burden for complying with Rules 1005 and 1007, including the Infrastructure Rules, for all such SCI entities would be 4,675 hours.**

The Commission estimates that the annual internal cost of compliance associated with this initial recordkeeping burden would be \$13,260 for each New SCI Entity that is not an SRO.³⁵² The initial recordkeeping burden would be \$304,980, on average, for all New SCI Entities.³⁵³ With respect to the Infrastructure Rules, the Commission estimates an additional \$417,690. This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators (assuming that one would be an SRO or affiliated with an SRO and having 50% of the estimated average internal annual cost to comply with current Rule 1005/1007 and four would have the same cost as any other new SCI entity) with per hours costs adjusted for inflation.³⁵⁴ The total annual internal cost of compliance associated with this initial recordkeeping burden, including the Infrastructure Rules, for all such SCI entities would be \$364,650.

The Commission also estimates that the burden to make, keep, and preserve records relating to compliance with Regulation SCI, as required by Rule 1005(b), will be approximately 25 hours annually per SCI entity that is not an SCI SRO. Therefore, the Commission estimates a total **annual burden of 575 hours for all New SCI Entities (IC29)**.³⁵⁵ The Commission also estimates a total annual burden of **300 hours for all Current SCI Entities that are non-SROs (IC29.1)**.³⁵⁶ With respect to the Infrastructure Rules, the Commission estimated that five SCI competing consolidators would have the same burdens as non-SRO SCI entities (25 hours),³⁵⁷ or

³⁵⁰ 170 hours × 1 new non-SRO SCI entities = 170 hours.

³⁵¹ See 2022 PRA Supporting Statement. See *supra* note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

³⁵² 170 Compliance Clerk hours x \$78 per hour = \$13,260.

³⁵³ \$13,260 x 23 New SCI Entities = \$304,980.

³⁵⁴ See *supra* note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

³⁵⁵ 25 hours x 23 New SCI Entities = 575 hours.

³⁵⁶ 25 hours × 12 non-SRO SCI entities = 300 hours.

³⁵⁷ Although one of the five SCI competing consolidators is an SRO or affiliated with an SRO, the

125 burden hours annually for all such competing consolidators (IC29.2),³⁵⁸ The Commission estimates that the total average annual ongoing burden for complying with Rules 1005 and 1007, including the Infrastructure Rules, for all such SCI entities would be 1,000 hours.

The Commission estimates that the average annual internal cost of compliance associated with this ongoing recordkeeping burden would be \$1,950 for each SCI entity that is not an SRO.³⁵⁹ For New SCI Entities, the Commission estimates a total cost of, on average, \$44,850 annually. For Current SCI Entities, the Commission estimates a total cost of, on average, \$23,400 annually.³⁶⁰ With respect to the Infrastructure Rules, the Commission estimates five SCI competing consolidators would have the same average internal cost of compliance as non-SRO SCI entities, (\$1,950) or \$9,750 annually for all such competing consolidators.³⁶¹ This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators with per hours costs adjusted for inflation. The total annual internal cost of compliance associated with this ongoing recordkeeping burden, including the Infrastructure Rules, for all such SCI entities would be \$78,000.

- Summary of Hourly Burdens

The table below summarizes the Commission’s estimate of the total hourly burden and total internal costs of compliance for SCI entities under Regulation SCI.

Nature of Information Collection Burden	Annualized Aggregate Hourly Burden Estimate	Annualized Internal Cost of Compliance Estimate
Policies and procedures required by Rule 1001(a) – initial burden	New SCI Entities: 24,150 (IC1) Current SCI Entities: 18,142 (IC1.1) Competing Consolidators: 3,123 (IC1.2) (Recordkeeping)	\$17,049,616 (Recordkeeping)

Commission believes that this competing consolidator would have the same burdens as a non-SRO SCI entity for these particular ongoing burdens.

³⁵⁸ See supra note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

³⁵⁹ 25 Compliance Clerk hours x \$78 per hour = \$1,950.

³⁶⁰ \$1,950 x 12 non-SRO Current SCI Entities = \$23,400.

³⁶¹ See supra note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

Nature of Information Collection Burden	Annualized Aggregate Hourly Burden Estimate	Annualized Internal Cost of Compliance Estimate
Policies and procedures required by Rule 1001(a) – ongoing burden	New SCI Entities: 6,670 (IC2) Current SCI Entities: 13,630 (IC2.1) Competing Consolidators: 1,160 (IC2.2) (Recordkeeping)	\$8,185,110 (Recordkeeping)
Policies and procedures required by Rule 1001(b) – initial burden	New SCI Entities: 6,210 (IC3) Competing Consolidators: 1,215 (IC3.1) (Recordkeeping)	\$2,657,600 (Recordkeeping)
Policies and procedures required by Rule 1001(b) – ongoing burden – SCI SRO	6,125 (Recordkeeping) (IC4)	\$2,152,500(Recordkeeping)
Policies and procedures required by Rule 1001(b) – ongoing burden –non-SRO SCI entity	New SCI Entities: 2,185 (IC5.1) Current SCI Entities: 1,140 (IC5) Competing Consolidators: 475 (IC4.1) (Recordkeeping)	\$1,405,600 (Recordkeeping)
Policies and procedures required by Rule 1001(c) – initial burden	New SCI Entities: 2,622 (IC6) Competing Consolidators: 513 (IC6.1) (Recordkeeping)	\$1,310,980 (Recordkeeping)
Policies and procedures required by Rule 1001(c) – ongoing burden	New SCI Entities: 897 (IC7) Current SCI Entities: 1,833 (IC 7.1) Competing Consolidators: 195 (IC7.2) (Recordkeeping)	\$1,307,025 (Recordkeeping)

Nature of Information Collection Burden	Annualized Aggregate Hourly Burden Estimate	Annualized Internal Cost of Compliance Estimate
Mandate participation in certain testing required by Rule 1004 – initial burden	New SCI Entities: 10,350 (IC8) Current SCI Entities: 4,230 (IC8.1) Competing Consolidators: 1,980 (IC8.2) (Recordkeeping)	\$5,536,479 (Recordkeeping)
Mandate participation in certain testing required by Rule 1004– ongoing burden	New SCI Entities: 3,887 (IC9) Current SCI Entities: 7,943 (IC9.1) Competing Consolidators: 675 (IC9.2) (Recordkeeping)	\$3,724,770 (Recordkeeping)
SCI event notice required by Rule 1002(b)(1)	New SCI Entities: 299 (IC10) Current SCI Entities: 611 (IC10.1) Competing Consolidators: 40 (IC10.2) (Reporting)	\$328,737.70 (Reporting)
SCI event notice required by Rule 1002(b)(2)	New SCI Entities: 4,416 (IC11) Current SCI Entities: 9,024 (IC11.1) Competing Consolidators: 600 (IC11.2) (Reporting)	\$5,184,855 (Reporting)
SCI event notice required by Rule 1002(b)(3)	New SCI Entities: 483 (IC12) Current SCI Entities: 987 (IC12.1) Competing Consolidators: 52.5 (IC12.2) (Reporting)	\$533,165 (Reporting)

Nature of Information Collection Burden	Annualized Aggregate Hourly Burden Estimate	Annualized Internal Cost of Compliance Estimate
SCI event notice required by Rule 1002(b)(4)	New SCI Entities: 6,440 (IC13) Current SCI Entities: 13,160 (IC13.1) Competing Consolidators: 875 (IC13.2) (Reporting)	\$7,998,120 (Reporting)
SCI event notice required by Rule 1002(b)(5)	New SCI Entities: 3,312 (IC14) Current SCI Entities: 6,768 (IC14.1) Competing Consolidators: 800 (IC14.2) (Reporting)	\$4,115,960 (Reporting)
Dissemination of information required by Rule 1002(c)(1)(i)	New SCI Entities: 483 (IC15) Current SCI Entities: 987 (IC15.1) Competing Consolidators: 105 (IC15.2) (Third Party Disclosure)	\$690,975 (Third Party Disclosure)
Dissemination of information required by Rule 1002(c)(1)(ii)	New SCI Entities: 2,691 (IC16) Current SCI Entities: 5,499 (IC16.1) Competing Consolidators: 585 (IC16.2) (Third Party Disclosure)	\$3,874,950 (Third Party Disclosure)
Dissemination of information required by Rule 1002(c)(2)	New SCI Entities: 920 (IC17) Current SCI Entities: 1,880 (IC17.1) Competing Consolidators: 50 (IC17.2) (Third Party Disclosure)	\$1,255,710 (Third Party Disclosure)

Nature of Information Collection Burden	Annualized Aggregate Hourly Burden Estimate	Annualized Internal Cost of Compliance Estimate
Material systems change notice required by Rule 1003(a)(1)	New SCI Entities: 11,500 (IC18) Current SCI Entities: 23,500 (IC18.1) Competing Consolidators: 2,500 (IC18.2) (Reporting)	\$12,552,000 (Reporting)
Material systems change notice required by Rule 1003(a)(2)	New SCI Entities: 345 (IC19) Current SCI Entities: 705 (IC19.1) Competing Consolidators: 75 (IC19.2) (Reporting)	\$399,600 (Reporting)
SCI review required by Rules 1003(b)(1) and (b)(2)	New SCI Entities: 23,805 (IC20) Current SCI Entities: 48,645 (IC20.1) Competing Consolidators: 3,450 (IC20.2) (Recordkeeping)	\$27,246,485 (Recordkeeping)
SCI review required by Rule 1003(b)(3)	New SCI Entities: 575 (IC21) Current SCI Entities: 1,175 (IC21.1) Competing Consolidators: 5 (IC21.2) (Reporting)	\$632,722 (Reporting)
Access to EFFS – initial burden	New SCI Entities: 6.9 (IC22) Competing Consolidators: 1.35 (IC22.1) (Reporting)	\$3,823 (Reporting)

Nature of Information Collection Burden	Annualized Aggregate Hourly Burden Estimate	Annualized Internal Cost of Compliance Estimate
Access to EFFF – ongoing burden	New SCI Entities: 3.45 (IC23) Current SCI Entities: 7.05 (IC23.1) Competing Consolidators: 0.75 (IC23.2) (Reporting)	\$5,175 (Reporting)
Corrective action required by Rule 1002(a) – initial burden	New SCI Entities: 3,151 (IC24) Current SCI Entities: 1,081 (IC24.1) Competing Consolidators: 513 (IC24.2) (Recordkeeping)	\$1,979,900 (Reporting)
Corrective action required by Rule 1002(a) – ongoing burden	New SCI Entities: 897 (IC25) Current SCI Entities: 1,833 (IC25.1) Competing Consolidators: 195 (IC25.2) (Recordkeeping)	\$1,294,350 (Reporting)
Identification of critical SCI systems, major SCI events, de minimis SCI events, and material systems changes – initial burden	New SCI Entities: 9,223 (IC26) Current SCI Entities: 4,183 (IC26.1) Competing Consolidators: 1,404 (IC26.2) (Recordkeeping)	\$6,054,490 (Recordkeeping)
Identification of critical SCI systems, major SCI events, de minimis SCI events, and material systems changes – ongoing burden	New SCI Entities: 1,851 (IC27) Current SCI Entities: 3,784 (IC27.1)	\$2,750,245 (Recordkeeping)

Nature of Information Collection Burden	Annualized Aggregate Hourly Burden Estimate	Annualized Internal Cost of Compliance Estimate
	Competing Consolidators: 330 (IC27.2) (Recordkeeping)	
Recordkeeping required by Rules 1005 and 1007 – initial burden	New SCI Entities: 3,910 (IC28) Competing Consolidators: 765 (IC28.1) (Recordkeeping)	\$364,650 (Recordkeeping)
Recordkeeping required by Rules 1005 and 1007 – ongoing burden	New SCI Entities: 575 (IC29) Current SCI Entities: 300 (IC29.1) Competing Consolidators: 125 (IC29.2) (Recordkeeping)	\$78,000 (Recordkeeping)

13. Costs to Respondents

a. Policies and Procedures Required by Rule 1001(a)

Rule 1001(a) imposes recordkeeping costs for SCI entities. In establishing, maintaining, and enforcing the policies and procedures required by Rule 1001(a), the Commission believes that each New SCI Entity will seek outside legal and/or consulting services in the initial preparation of such policies and procedures. New SCI Entities would incur these costs as a result of the 2023 SCI Proposed Rulemaking. The total annualized recordkeeping cost of seeking outside legal and/or consulting services will be **\$1,697,400 for all New SCI Entities (IC1)** (\$73,800 for the first year × 23 New SCI Entities), or \$73,800 per New SCI Entity. Current SCI Entities would be subject to an additional burden as a result of the proposed amendments to Rule 1001(a) requiring additional policy elements. The total annualized recordkeeping cost of seeking outside legal and/or consulting services will be **\$1,365,350 for all Current SCI Entities (IC1.1)** (\$29,050 for the first year × 47 Current SCI Entities), or \$29,050 per Current SCI Entity.³⁶²

³⁶² The Commission's currently approved baseline for annualized recordkeeping cost per SCI entity to consult outside legal and/or consulting services in the initial preparation policies and

With respect to the Infrastructure Rules, the Commission estimates **an additional \$211,500 (IC1.2)**. This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators (assuming that one would be an SRO or affiliated with an SRO and having 50% of the estimated average internal annual cost to comply with current Rule 1001(c) and four would have the same cost as any other new SCI entity) with per hours costs adjusted for inflation.³⁶³ **The total annualized recordkeeping cost, including the Infrastructure Rules, for all such SCI entities would be \$3,274,250.**

b. Policies and Procedures Required by Rule 1001(b)

Rule 1001(b) imposes recordkeeping costs for SCI entities. In establishing, maintaining, and enforcing the policies and procedures required by Rule 1001(b), the Commission believes that each New SCI Entity will seek outside legal and/or consulting services in the initial preparation of such policies and procedures. **The total annualized cost of seeking outside legal and/or consulting services will be \$621,000 (IC3)** (\$27,000 for the first year × 23 New SCI Entities), or \$27,000 per New SCI Entity. With respect to the Infrastructure Rules, the Commission estimates **an additional \$121,500 (IC3.1)**. This estimate is based on the estimated burden hours in the 2022 PRA Supporting Statement for five SCI competing consolidators (assuming that one would be an SRO or affiliated with an SRO and having 50% of the estimated average internal annual cost to comply with current Rule 1001(c) and four would have the same cost as any other new SCI entity) with per hours costs adjusted for inflation.³⁶⁴ **The total annualized recordkeeping cost, including the Infrastructure Rules, for all such SCI entities would be \$742,500.**

c. Policies and Procedures Required by Rule 1001(c)

The Commission does not expect SCI entities to incur any external PRA costs in connection with the policies and procedures required under Rule 1001(c).

d. Mandate Participation in Certain Testing Required by Rule 1004

procedures required by Rule 1001(a) is \$47,000. See 2022 PRA Supporting Statement, *supra* note 471. Rule 1001(a)(2) currently requires seven elements (including Rule 1001(a)(2)(vi)) to be included in the policies and procedures required by Rule 1001(a)(1). The cost per element would be approximately \$6,700 per policy element (\$47,000 hours/7 policy elements = \$6,714). As noted earlier, the Commission proposes to add four additional elements to the policies and procedures. \$6,700 per policy element x 4 additional policy elements = \$26,800. The Commission also estimates a one-time burden of approximately \$2,250 per SCI entity (one-third of \$6,700 per policy element) to address the unavailability of third-party providers in their BC/DR plans. \$26,800 + \$2,250 = \$29,050.

³⁶³ See *supra* note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

³⁶⁴ See *supra* note 20 for explanation of the average internal cost of compliance for competing consolidators in light of the 2023 SCI Proposed Rulemaking.

Rule 1004 imposes recordkeeping costs for SCI entities that are plan processors (2 SCI entities). In complying with Rule 1004, the Commission believes that plan processors will seek outside legal services. **The Commission estimates that the total annual ongoing recordkeeping cost of seeking outside legal services for compliance with Rule 1004 will be \$108,000 (IC9.3)** (\$54,000 × 2 plan processors) or \$54,000 per plan processor. The Commission does not expect that New SCI Entities or Current SCI Entities will incur any additional costs for outside legal services as a result of the 2023 SCI Proposed Rulemaking.

e. SCI Event Notice Required by Rule 1002(b)

Rule 1002(b) imposes reporting costs for SCI entities. The Commission estimates that while SCI entities will handle internally most of the work associated with Rule 1002(b), SCI entities will seek outside legal advice in the preparation of certain Commission notifications. The total annual reporting cost of seeking outside legal advice will be \$133,400 for all New SCI Entities (\$5,800 × 23 New SCI Entities), and \$272,600 for all Current SCI Entities (\$5,800 × 47 Current SCI Entities), for a total of \$406,000. Because, as a result of the 2023 SCI Proposed Rulemaking, Rule 1002(b) will impose approximately 32 reporting requirements per SCI entity per year on New SCI Entities and Current SCI Entities, each requirement will require an average of \$181.25.³⁶⁵ With respect to the Infrastructure Rules, the total annual reporting cost of seeking outside legal advice for five of the seven SCI competing consolidators will be \$29,000 (\$5,800 × 5 competing consolidators).³⁶⁶ Because Rule 1002(b) will impose approximately 21 reporting requirements per competing consolidator per year,³⁶⁷ each requirement will require an average of \$276.19.³⁶⁸ The total annual reporting cost, including the Infrastructure Proposal, for all SCI entities would be \$435,000.

The Commission estimates the following cost burdens for each paragraph of Rule 1002(b):

- SCI event notice required by Rule 1002(b)(1): \$108,405;
- SCI event notice required by Rule 1002(b)(2): \$108,405;
- SCI event notice required by Rule 1002(b)(3): \$53,512;
- SCI event notice required by Rule 1002(b)(4): \$108,405; and
- SCI event notice required by Rule 1002(b)(5): \$56,274.

³⁶⁵ \$5,800 per SCI entity ÷ 32 requirements = \$181.25 per requirement per SCI entity.

³⁶⁶ As discussed above, two of the seven SCI competing consolidators that are the existing SIPs would have no additional burden (i.e., they have been included in the above estimates of other SCI entities).

³⁶⁷ See *supra* note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

³⁶⁸ \$5,800 per SCI entity ÷ 21 requirements = \$276.19 per requirement per SCI entity.

f. Dissemination of Information Required by Rule 1002(c)

Rule 1002(c) imposes third party disclosure costs for SCI entities. The Commission believes SCI entities will seek outside legal advice in the preparation of the information dissemination under Rule 1002(c). The total annual third party disclosure cost of seeking outside legal advice will be \$76,360 for New SCI Entities (\$3,320 per SCI entity x 23 New SCI Entities) and \$156,040 for Current SCI Entities (\$3,320 per SCI entity per year × 47 Current SCI Entities), for a total of \$232,400. Because Rule 1002(c) will impose approximately 16 third party disclosure requirements per SCI entity per year, each requirement will require an average of \$207.50.³⁶⁹ With respect to the Infrastructure Rules, the total annual reporting cost of seeking outside legal advice for five of the seven competing consolidators will be \$16,600 (\$3,320 x 5 SCI competing consolidators).³⁷⁰ Because Rule 1002(c) will impose approximately 13 third party disclosure requirements per competing consolidator per year, each requirement will require an average of \$255.38.³⁷¹ The total annual reporting cost, including the Infrastructure Proposal, for all SCI entities would be approximately \$249,000.

The Commission estimates the following cost burdens for each paragraph of Rule 1002(c):

- Dissemination of information required by Rule 1002(c)(1)(i): \$47,405.70;
- Dissemination of information required by Rule 1002(c)(1)(ii): \$142,217.10; and
- Dissemination of information required by Rule 1002(c)(2)(2): \$59,376.90.

g. Material Systems Change Notice Required by Rule 1003(a)

The Commission does not expect SCI entities to incur any external PRA costs in connection with the reports required under Rule 1003(a).

h. SCI Review Required by Rule 1003(b)

Rule 1003(b) imposes recordkeeping costs for SCI entities. The Commission estimates that while SCI entities will handle internally some or most of the work associated with compliance with Rule 1003(b), SCI entities will outsource some of the work associated with an SCI review. As a result of the 2023 SCI Proposed Rulemaking, New SCI Entities would be required to comply with Rule 1003(b) and thus incur the costs for outsourcing some of the work associated with an SCI review. The Commission, as part of the 2023 SCI Proposed Rulemaking,

³⁶⁹ \$3,320 per SCI entity ÷ 16 requirements = \$207.50 per requirement per SCI entity.

³⁷⁰ As discussed above, two of the seven SCI competing consolidators that are the existing SIPs would have no additional burden (i.e., they have been included in the above estimates of other SCI entities).

³⁷¹ See supra note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking. \$3,320 per SCI entity ÷ 13 requirements = \$255.38 per requirement per SCI entity.

proposed to expand the requirements for the SCI review, which would impose additional burdens on both Current SCI Entities and New SCI Entities above and beyond the current requirements of Rule 1003(b). The Commission estimates that the proposed amendments to the SCI review would increase the annual recordkeeping cost by 50% beyond the current baseline.³⁷² The total annual recordkeeping cost of outsourcing for **New SCI Entities will be \$1,725,000 (IC20)** (\$75,000 × 23 New SCI Entities). The total annual recordkeeping cost of outsourcing to meet the current requirements of Rule 1003(b) will be \$2,350,000 (\$50,000 × 47 Current SCI Entities). The total annual recordkeeping cost of outsourcing to meet the proposed additional requirements of Rule 1003(b) will be \$1,175,000 (\$25,000 × 47 Current SCI Entities). With respect to the Infrastructure Rules, the Commission estimated in the 2022 PRA Supporting Statement that total annual recordkeeping cost of outsourcing for five **competing consolidators will be \$250,000 (IC20.2)** (\$50,000 × 5 SCI competing consolidators).³⁷³ **The total annual recordkeeping cost, including the Infrastructure Rules, for all SCI entities would be \$5,500,000.**

i. Access to EFFS

As noted above, Rule 1006 requires each SCI entity, with a few exceptions, to file any notification, review, description, analysis, or report to the Commission required under Regulation SCI electronically on Form SCI. Obtaining the ability for an individual to electronically sign a Form SCI imposes reporting costs for SCI entities. The Commission estimates that each SCI entity will designate two individuals to sign Form SCI each year, and each such individual must obtain a digital ID at the cost of approximately \$25 each year. Therefore, each SCI entity will require \$50 annually to obtain digital IDs.³⁷⁴ The Commission estimates **that New SCI Entities would incur a cost of \$1,150 (IC23.3)**³⁷⁵ and that **Current SCI Entities would incur a cost of \$2,350 (IC23.4)** to obtain the digital IDs.³⁷⁶ With respect to the Infrastructure Rules, the Commission estimated in the 2022 PRA Supporting Statement that the total cost annually to obtain digital IDs for five **SCI competing consolidators would be \$250 (IC23.5)**.³⁷⁷ **The total annual cost, including the Infrastructure Proposal, for all SCI**

³⁷² The Commission-approved baseline for the annual recordkeeping cost per SCI entity of outsourcing is \$50,000. See 2022 PRA Supporting Statement. The cost per New SCI Entity would be \$75,000 (\$50,000 × 1.50), and the additional cost per Current SCI Entity would be \$25,000 (\$50,000 * 0.5).

³⁷³ As discussed above, two of the seven SCI competing consolidators that are the existing SIPs would have no additional burden (i.e., they have been included in the above estimates of other Current SCI Entities). See *supra* note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

³⁷⁴ \$25 per digital ID × 2 individuals = \$50.

³⁷⁵ \$50 per SCI entity × 23 New SCI Entities = \$1,150.

³⁷⁶ \$50 per SCI entity × 47 Current SCI entities = \$2,350.

³⁷⁷ As discussed above, two of the seven SCI competing consolidators that are the existing SIPs would have no additional burden (i.e., they have been included in the above estimates of other

entities would be \$3,750.

j. Corrective Action Required by Rule 1002(a)

The Commission does not expect SCI entities to incur any external PRA costs in connection with the requirement to take corrective actions under Rule 1002(a).

k. Identification of Critical SCI Systems, Major SCI Events, De Minimis SCI events, and Material Systems Changes

The Commission does not expect SCI entities to incur any external PRA costs in connection with the identification of critical SCI systems, major SCI events, de minimis SCI events, and material systems changes.

l. Recordkeeping Required by Rules 1005 and 1007

The recordkeeping requirements impose recordkeeping costs for SCI entities other than SCI SROs. The Commission estimates that a new SCI entity other than an SCI SRO will incur a one-time recordkeeping cost of \$900 to set up or modify an existing recordkeeping system to comply with the recordkeeping requirements. The New SCI Entities are non-SROs and therefore would incur this one-time recordkeeping cost. The Commission estimates that New SCI Entities would incur \$20,700 to set up or modify existing recordkeeping systems.³⁷⁸ In addition, with respect to the Infrastructure Rules, the Commission estimated in the 2022 PRA Supporting Statement that five of the seven SCI competing consolidators would have the same recordkeeping cost as non-SRO SCI entities, (\$900) or **\$4,500 annually for all such competing consolidators (IC28.1).**³⁷⁹ **The total recordkeeping cost, including the Infrastructure Rules, would be \$25,200 for all SCI entities.**

m. Summary of Cost Burdens

The table below summarizes the Commission’s estimate of the total cost burden for SCI entities under Regulation SCI.

Nature of Information Collection Burden	Burden Estimate in Dollars
Policies and procedures required by Rule 1001(a)	New SCI Entities: \$1,697,400 (IC1) Current SCI Entities: \$1,365,350 (IC1.1) Competing Consolidators: \$211,500 (IC1.2)

SCI entities). See *supra* note 20 for explanation of the burden on competing consolidators in light of the 2023 SCI Proposed Rulemaking.

³⁷⁸ 23 New SCI Entities x \$900 = \$20,700

³⁷⁹ See *supra* note 357.

Nature of Information Collection Burden	Burden Estimate in Dollars
	<ul style="list-style-type: none"> • New SCI Entities: \$19,090 (IC17) • Current SCI Entities: \$39,010 (IC17.1) • Competing Consolidators: \$1,276.90 (IC17.2) • Total: \$59,376.50 (Third Party Disclosure)
SCI review required by Rules 1003(b)(1) and (b)(2)	New SCI Entities: \$1,725,000 (IC20) Current SCI Entities: \$3,525,000 (IC20.1) Competing Consolidators: \$250,000 (IC20.2) (Recordkeeping)
Access to EFFS	New SCI Entities: \$1,150 (IC23.3) Current SCI Entities: \$2,350 (IC23.4) Competing Consolidators: \$250 (IC23.5) (Reporting)
Recordkeeping required by Rules 1005 and 1007 – initial burden	New SCI Entities: \$20,700 (IC28) Competing Consolidators: \$4,500 (IC28.1) (Recordkeeping)

14. Costs to Federal Government

The Commission expects to incur ongoing maintenance costs. Third party contractors will perform most of the work except for some testing and project management, which will be performed by Commission staff. The Commission estimates that the total costs for these third party contractors will be \$180,000 annually.

In addition, the Commission believes that the costs to the federal government associated with Regulation SCI reflect the resources, both human and technological, of the Technology Controls Program.

15. Changes in Burden

The estimated burdens have been adjusted to reflect a new categories of SCI entities and changes to the existing information collections proposed in the 2023 SCI Proposed Rulemaking. The costs in the chart represent the entire reporting costs for complying with the rule (*e.g.*, \$3,274,250 is the entire cost for complying with Rule 1001(a)). Please refer to Section 13 for the costs that make up each total.

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

Name of Information Collection	Annual Industry Burden Hours or Cost (Proposal)	Annual Industry Burden Hours or Cost Previously Approved (2022 Extension)	Change in Burden Hours or Cost (Previously Approved vs. Proposal)	Reason for Change
Policies and procedures required by Rule 1001(a) – initial burden	45,415/ \$3,274,250	4,511/ \$305,500	40,904/ \$2,968,750	Proposed amendment to the rule/New SCI Entities
Policies and procedures required by Rule 1001(a) – ongoing burden	21,460	11,368	10,092	Proposed amendment to the rule/New SCI Entities
Policies and procedures required by Rule 1001(b) – initial burden	7,425/ \$742,500	1,755/ \$175,500	5,670/ \$567,000	New SCI Entities
Policies and procedures required by Rule 1001(b) – ongoing burden – SCI SRO	6,125	5,775	350	New SCI Entities
Policies and procedures required by Rule 1001(b) – ongoing burden – non-SCI SRO entity	3,800	1,520	2,280	New SCI Entities
Policies and procedures required by Rule	3,135	741	2,394	New SCI Entities

1001(c) – initial burden				
Policies and procedures required by Rule 1001(c) – ongoing burden	2,925	1,911	1,014	New SCI Entities
Mandate participation in certain testing required by Rule 1004 – initial burden	16,560	2,700	13,860	Proposed amendment to the rule/New SCI Entities
Mandate participation in certain testing required by Rule 1004– ongoing burden	12,505/ \$108,000	6,615/ \$108,000	5,890/ \$0	Proposed amendment to the rule/New SCI Entities
SCI event notice required by Rule 1002(b)(1)	950/ \$435,000 ³⁸⁰	392/ \$284,200 ³⁸¹	558/ \$150,800	Proposed amendment requiring reporting of additional types of systems intrusions/ New SCI Entities
SCI event notice required by Rule 1002(b)(2)	14,040	5,880	8,160	Proposed amendment requiring reporting of additional types of systems intrusions/ New SCI Entities
SCI event notice required by Rule 1002(b)(3)	1,522.50	514.5	1,008	Proposed amendment requiring reporting of additional types of systems intrusions/ New SCI Entities
SCI event notice required by Rule 1002(b)(4)	20,475	8,575	11,900	Proposed amendment requiring reporting of additional types of systems intrusions/ New SCI Entities
SCI event notice required by Rule 1002(b)(5)	10,880	7,840	3,040	Decrease in reporting burden/New SCI Entities
Dissemination of information	1,575/	1,029	546/\$86,320	New SCI Entities

³⁸⁰ This estimate reflects the total reporting costs for complying with all of Rule 1002(b), including subparagraphs (b)(1) through (b)(5).

³⁸¹ This estimate reflects the total reporting costs for complying with all of Rule 1002(b), including subparagraphs (b)(1) through (b)(5).

required by Rule 1002(c)(1)(i)	\$249,000 ³⁸²	\$162,680 ³⁸³		
Dissemination of information required by Rule 1002(c)(1)(ii)	8,775	5,733	3,042	New SCI Entities
Dissemination of information required by Rule 1002(c)(2)	2,850	490	2,360	Proposed amendment requiring reporting of additional types of systems intrusions/ New SCI Entities
Material systems change notice required by Rule 1003(a)(1)	37,500	24,500	13,000	New SCI Entities
Material systems change notice required by Rule 1003(a)(2)	1,125	735	390	New SCI Entities
SCI review required by Rules 1003(b)(1) and (b)(2)	75,900/ \$5,500,000	33,810/ \$2,450,000	42,090/ \$3,050,000	Proposed amendment to the rule/New SCI Entities
SCI review required by Rule 1003(b)(3)	1,755	49	1,706	Proposed amendment to the rule/New SCI Entities
Access to EDFS – new entities	8.25	1.95	6	New SCI Entities
Access to EDFS – existing entities	11.25/ \$3,750	7.35/ \$2,450	4/\$1,300	New SCI Entities
Corrective action required by Rule 1002(a) – initial burden	4,745	741	4,004	Proposed amendment requiring reporting of additional types of systems intrusions/ New SCI Entities

³⁸² This estimate reflects the total reporting costs for complying with all of Rule 1002(c), including subparagraphs (c)(1) through (c)(2).

³⁸³ This estimate reflects the total reporting costs for complying with all of Rule 1002(c), including subparagraphs (c)(1) through (c)(2).

Corrective action required by Rule 1002(a) – ongoing burden	2,925	1,911	1,014	New SCI Entities
Identification of critical SCI systems, major SCI events, de minimis SCI events, and material systems changes – initial burden	14,810	2,028	12,782	Amendment to the rule/addition of New SCI Entities
Identification of critical SCI systems, major SCI events, de minimis SCI events, and material systems changes – ongoing burden	5,965	3,234	2,731	Amendment to the rule/addition of New SCI Entities
Recordkeeping required by Rules 1005 and 1007 – initial burden	4,675/ \$25,200	935/ \$5,400	3,740/\$19,800	Amendment to the rule/addition of New SCI Entities
Recordkeeping required by Rules 1005 and 1007 – ongoing burden	1,000	400	600	Amendment to the rule/ addition of New SCI Entities

16. Information Collections Planned for Statistical Purposes

Not applicable. The information collections above are not planned for statistical purposes.

17. Approval to Omit OMB Expiration Date

We request authorization to omit the expiration date on the electronic version of the form. Including the expiration date on the electronic version of the form will result in increased costs, because the need to make changes to the form may not follow the application's scheduled version release dates. 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. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.