

SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission for
Security-Based Swap Data Repository Registration, Duties,
and Core Principles and Form SDR
OMB Number 3235-0719

A. JUSTIFICATION

1. Information Collection Necessity

On July 21, 2010, the President signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”).¹ The Dodd-Frank Act amended the Securities Exchange Act of 1934 (“Exchange Act”) to require the Commission to adopt rules providing for, among other things, the regulation of security-based swap (“SBS”) data repositories (“SDRs”).² On February 11, 2015, the Commission adopted Rules 13n-1 to 13n-12 under the Exchange Act (collectively, the “Rules”),³ which govern SDR registration, duties, and core principles.⁴ On the same day, the Commission adopted Rules 900 to 909 under the Exchange Act (collectively, “Regulation SBSR”),⁵ which govern the reporting to registered SDRs of SBS data and public dissemination by registered SDRs of a subset of that data.⁶ In addition, on July 14, 2016, the Commission adopted certain additional rules relating to regulatory reporting and public dissemination of SBS transactions not addressed in Regulation SBSR and certain rules to address the application of Title VII requirements to SBS activity engaged in by non-U.S. persons within the United States, including how Regulation SBSR would apply to such activity, and certain related issues.⁷

Under the Rules, SDRs are required to register with the Commission by filing a completed Form SDR. The Form SDR constitutes an application for registration not only as an SDR but also as a securities information processor (“SIP”) under Section 11A(b) of the Exchange Act.⁸ SDRs are also required to abide by certain minimum standards set out in the Rules, including a requirement to update Form SDR, abide by certain duties and core principles, maintain data in accordance with the Rules, keep systems in accordance with the Rules, keep records, provide reports to the Commission, maintain the privacy of SBS data, make certain disclosures, and designate a Chief Compliance Officer (“CCO”). There are a number of

¹ The Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. No. 11-203, H.R. 4173).

² See 15 U.S.C. 78m(n)(9).

³ 17 CFR 240.13n-1 to 240.13n-11.

⁴ See Securities Exchange Act Release No. 74246 (February 11, 2015), 80 FR 14437 (March 19, 2015) (“SDR Adopting Release”).

⁵ 17 CFR 240.900 to 240.909.

⁶ See Securities Exchange Act Release No. 74244 (February 11, 2015), 80 FR 14563 (March 19, 2015) (“Regulation SBSR Adopting Release”).

⁷ See Securities Exchange Act Release No. 78321 (July 14, 2016), 81 FR 53545 (August 12, 2016) (“Regulation SBSR-Reporting and Dissemination of SBS Information” or “Regulation SBSR”).

⁸ 15 U.S.C. 78k-1(b); see also, Form SDR, Instruction 2.

collections of information contained in the Rules. The information collected pursuant to the Rules is necessary to carry out the mandates of the Dodd-Frank Act and help ensure an orderly and transparent market for SBSs.

2. Information Collection Purpose and Use

The Rules are part of the Commission's overall program of administering the SDR requirements of the Exchange Act. The Commission will use the information collected to (1) help identify SDRs, as well as understand their operations and organizational structure; (2) create tools to help oversee the SBS market; (3) conduct its inspection and examination of SDRs; and (4) help ensure compliance by SDRs with the provisions of the Exchange Act and the rules and regulations thereunder as well as assist the Commission in ensuring such compliance. The Commission will be unable to accomplish these goals without the Rules.

3. Consideration Given to Information Technology

The Rules are drafted to utilize as much information technology as possible in collecting the information. SDRs are required under the Rules to file Form SDR, compliance reports, and financial reports electronically with the Commission. SDRs are required to data tag information in Form SDR as well as in the compliance and financial reports filed with the Commission to help ensure that the Commission, and to the extent the information is made public, the public, can effectively capture, review, and analyze data from these collections of information. SDRs are also required to provide direct electronic access to the Commission, a requirement that should minimize the need for the Commission to make ad hoc requests. The Commission expects that the burden of the rules, over time, will be reduced due to future technology enhancements. The Commission is not aware of any technical or legal obstacles to reducing the burden through the use of improved information technology.

4. Duplication

Section 712(a)(2) of the Dodd-Frank Act provides that, before commencing any rulemaking regarding, among other things, SBSs or SDRs, the Commission must consult and coordinate with the Commodity Futures Trading Commission ("CFTC") and prudential regulators for the purposes of assuring regulatory consistency and comparability, to the extent possible. Any person that is required to be registered as an SDR under Exchange Act Section 13(n) must register with the Commission (absent an exemption), regardless of whether that person is also registered with the CFTC under the Commodities Exchange Act as a swap data repository. The Commission believes that a person that registers with the Commission as an SDR is likely to also register with the CFTC as a swap data repository. As a result, the Commission staff and the CFTC staff have consulted and coordinated with one another regarding their respective Commission's rules regarding SDRs and swap data repositories. The Commission staff has also consulted and coordinated with other prudential regulators.

5. Effect on Small Entities

Not applicable. The Rules will not have a significant economic impact on a substantial number of small entities.

6. Consequences of Not Conducting Collection

The collection of information is designed to establish a registration regime, recordkeeping requirements, and duties for SDRs, as provided in Section 763(i) of the Dodd-Frank Act. Absent the collection of information, SDRs do not have a permanent mechanism through which to satisfy the requirement in Section 13(n)(1) of the Exchange Act that they register with the Commission. In addition, a less frequent collection of information would inhibit access by the Commission, other regulators, and participants in the SBS market, to current information about SDRs. Without access to current information about SDRs, the Commission may be unable to carry out its mission to oversee and regulate SDRs.

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

Because Rule 13n-1(d) requires registered SDRs to file amendments to Form SDR if certain information contained in Form SDR or any amendment to Form SDR becomes inaccurate, it is possible that, under the collection of information, a registered SDR will report information to the Commission more often than quarterly. This collection of information is necessary, however, to ensure that the Commission, SDRs, other regulators, and the public have access to current information regarding SDRs registered with the Commission.

Rule 13n-5(b)(4) requires each SDR to maintain transaction data and related identifying information for not less than five years after the applicable SBS expires and historical positions for not less than five years. This collection of information will help to ensure that the records exist of the transactions reported to the SDR, and that the transaction data could potentially be requested by the Commission and other regulators, for example, during an examination to evaluate the SDR's compliance with the Exchange Act and the rules thereunder, as well as for other regulatory purposes.

Rule 13n-7(b) requires each SDR to keep and preserve at least one copy of all documents as shall be made or received by it in the course of its business as such, other than the data collected and maintained pursuant to Rule 13n-5, for a period of not less than five years, the first two years in a place immediately available to representatives of the Commission for inspection and examination. Rule 13n-7(b) is modeled on Exchange Act Rule 17a-1 and OMB has previously approved that collection with the same five-year retention period. This collection of information would help ensure that records exist of the SDR's business activities, and that the records could potentially be requested by the Commission and other regulators, for example, during an examination to evaluate the SDR's compliance with the Exchange Act and the rules thereunder, as well as for other regulatory purposes.

8. Consultations Outside the Agency

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

9. Payment or Gift

Not applicable.

10. Confidentiality

Some information collected by SDRs pursuant to Regulation SBSR will be widely available to the extent it is information that is required to be publicly disseminated by a registered SDR. However, registered SDRs are generally under an obligation to maintain the confidentiality of the other reported information collected pursuant to Regulation SBSR. To the extent that the Commission receives direct electronic access to confidential information pursuant to Regulation SBSR, such information will be kept confidential, subject to the provisions of the Freedom of Information Act.

11. Sensitive Questions

The information collection collects basic personally identifiable information that may include name, job title, work address, telephone number, and work history. However, the agency has determined that the information collection does not constitute a system of record for purposes of the Privacy Act. Information is not retrieved by a personal identifier. The EDGAR PIA will cover this information collection.

12. Information Collection Burden

The total burden for all of the Rules and Form SDR for all respondents annually is 127,505 totaling approximately 382,515 hours over three years for all respondents. This burden is broken down by collection of information below.

a. Registration Requirements and Form SDR

Rules 13n-1(b) and 13n-3(a), relating to successor SDRs, require SDRs to apply for registration using Form SDR and file such form electronically in tagged data format with the Commission in accordance with the instructions contained therein. Further, Rule 13n-1(e) requires SDRs to designate an agent for service of process on Form SDR, and Rule 13n-11(a) requires an SDR to identify its CCO on Form SDR. **The Commission estimates a total of three respondents for these provisions. The Commission estimates that it will take each respondent SDR approximately 481 hours to complete the initial Form SDR⁹ (or 160.33**

⁹ The Commission bases its burden estimate on the following: (400 hours for the burden of Form SDR, as proposed and as derived from the burden estimate for Form SIP) + (80 hours for the burden of responding to additional provisions incorporated from Form SIP) + (1 hour for the burden of responding to the revised disclosure of business affiliations) = 481 hours. The Commission estimates that an SDR will assign the responsibilities of completing Form SDR as follows: (Compliance Attorney for 180 hours) + (Compliance Clerk for 301 hours) = 481 hours.

hours per respondent per year when annualized over three years)¹⁰, for a total one-time initial registration burden of 1,443 hours for three respondents.¹¹ The Commission continues to estimate no ongoing burdens associated with the registration requirement. This collection is a reporting type of collection.

Rule 13n-1(f) requires a non-resident SDR to (i) certify on Form SDR that the SDR can, as a matter of law, and will provide the Commission with prompt access to the SDR's books and records and can, as a matter of law, and will submit to onsite inspection and examination by the Commission and (ii) provide an opinion of counsel that the SDR can, as a matter of law, provide the Commission with prompt access to the SDR's books and records and can, as a matter of law, submit to onsite inspection and examination by the Commission. **The Commission continues to estimate that there will be three respondent SDRs who will be required to comply with this initial requirement. The Commission continues to estimate each respondent SDR will spend 1 hour complying with this initial requirement, for a total burden of 3 hours for the three respondents (or 0.33 burden hour per respondent per year when annualized over three years).**¹² The Commission continues to estimate no ongoing burdens associated with this requirement.

SDRs are required to amend Form SDR pursuant to Rule 13n-1(d) annually as well as when information in certain enumerated items is or becomes inaccurate. Amendments are also required in certain situations involving successor SDRs pursuant to Rule 13n-3(b). **The Commission estimates a total of three respondents for these provisions. The Commission estimates that each response (or amendment) will require 12 hours per respondent per year, and that each respondent will file approximately 3 responses (amendments) per year, for an annual burden of 36 hours per year per respondent¹³ and a total burden of 324 hours for all respondents over three years.**¹⁴ This equates to 108 total burden hours per year for all respondents. This collection is a reporting type of collection.

SDRs may withdraw from registration under Rule 13n-2 by filing a withdrawal from registration on Form SDR electronically in a tagged data format. An SDR withdrawing from

¹⁰ This figure was calculated as follows: 481 hours / 3 years = 160.33 hours per year per respondent.

¹¹ This figure was calculated as follows: 481 initial burden hours x 3 respondents = 1,443 hours.

¹² This figure was calculated as follows: 1 initial burden hour x 3 respondents = 3 hours. Then, 1 burden hour per respondent / 3 years = 0.33 burden hours per respondent per year.

¹³ The Commission bases its burden estimate on a similar burden estimate for Form ADV. The Commission estimates that an SDR will assign the responsibilities of complying with Rule 13n-1(d) as follows: (Compliance Attorney for 12 hours) + (Compliance Clerk for 24 hours) = 36 hours.

¹⁴ This figure was calculated as follows: 36 burden hours x 3 respondents = 108 total annual burden hours for all respondents. Then, 108 total annual burden hours x 3 years = 324 total burden hours per three years period for all respondents.

registration must designate on Form SDR a person to serve as the custodian of the SDR's books and records. An SDR must also update any inaccurate information. The Commission continues to estimate that an SDR's withdrawal from registration on Form SDR will be substantially similar to its most recently filed Form SDR. The Form SDR being filed in this circumstance will therefore already be substantially complete and as a result, the burden will not be as great as the burden of filing an application for registration on Form SDR. Rather, the Commission estimates that the burden of filing a withdrawal from registration on Form SDR will be akin to filing an amendment to Form SDR. **The Commission estimates a total of three respondents for this provision per year. The Commission estimates that this provision will require a one-time burden of 12 hours per respondent to file a response (Form SDR) to withdraw from registration¹⁵, for a total burden of 36 hours for all respondents .**¹⁶ The Commission continues to estimate no ongoing burdens associated with this provision. This collection is a reporting type of collection.

b. SDR Duties, Data Collection and Maintenance, and Direct Electronic Access

Rules 13n-4(b)(2) and (4), and 13n-5 require SDRs to accept and maintain data, including transaction data, received from third parties and to calculate and maintain positions. Rule 13n-4(b)(5) requires SDRs to provide direct electronic access to the Commission or its designees. SDRs also have an obligation under Rules 13n-4(b)(3) and 13n-5(b)(1)(iii) to confirm the accuracy of data submitted and to establish, maintain, and enforce written policies and procedures reasonably designed to satisfy themselves that the transaction data that has been submitted to them is complete and accurate. Rule 13n-5(b)(4) requires that SDRs maintain the transaction data and related identifying information for not less than five years after the applicable SBS expires and historical positions for not less than five years. Under Rule 13n-5(b)(7), this obligation continues even if an SDR withdraws from registration or ceases doing business. SDRs are required to make and keep current a plan to ensure compliance with this requirement. **The Commission estimates a total of three respondents for these provisions. The Commission estimates that these provisions will require 42,000 burden hours initially**¹⁷

¹⁵ The Commission bases its burden estimate on its burden estimate for amendments to Form SDR. The Commission believes that an SDR's withdrawal from registration on Form SDR will be substantially similar to its most recently filed Form SDR. The Form SDR being filed in this circumstance will therefore already be substantially complete and as a result, the burden will not be as great as the burden of filing an application for registration on Form SDR. Rather, the Commission believes that the burden of filing a withdrawal from registration on Form SDR will be akin to filing an amendment on Form SDR. The Commission estimates that an SDR will assign the responsibilities of complying with Rule 13n-2 as follows: (Compliance Attorney for 12 hours) = 12 hours per year per respondent.

¹⁶ This figure was calculated as follows: 12 burden hours x 3 respondents = 36 total annual burden hours for all respondents. Then, 36 total annual burden hours x 3 years = 108 total burden hours all respondents over 3 years.

¹⁷ The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Attorney for 7,000 hours) + (Compliance Manager for 8,000

for each respondent to establish systems compliant with all of the various requirements and 25,200 burden hours ongoing to administer per year per respondent¹⁸ (which equals 39,200 burden hours per respondent when annualized).¹⁹The total burden hours per year for all respondents is 117,600 hours (and totals 352,800 burden hours for all respondents over three years). This collection is a recordkeeping type of collection.

Each SDR is also required to establish, maintain, and enforce written policies and procedures, reasonably designed: (1) under Rule 13n-5(b)(1), for the reporting of complete and accurate transaction data to the SDR and to satisfy itself that such information is complete and accurate; (2) under Rule 13n-5(b)(2), to calculate positions for all persons with open SBSs for which the SDR maintains records; (3) under Rule 13n-5(b)(3), to ensure transaction data and positions that the SDR maintains are complete and accurate; (4) under Rule 13n-5(b)(5), to prevent any provision in a valid SBS from being invalidated or modified through the procedures or operations of the SDR; and (5) under Rule 13n-6, with respect to its systems that support or are integrally related to the performance of the SDR's activities, to ensure that those systems provide adequate levels of capacity, integrity, resiliency, availability, and security. **The Commission estimates a total of three respondents for these provisions. The Commission estimates there are 5 policies per respondent to implement and that each policy and procedure will require 210 hours to implement (an initial, one time cost) which totals 1,050 initial burden hours per respondent.²⁰ The Commission estimates 60 hours to administer each policy and procedure per year per respondent (or a total of 300 burden hours ongoing cost per year per respondent²¹, for a total burden of 3,150 hours initially for three respondents and 900 hours for three respondents to create and administer all five policies**

hours) + (Programmer Analyst for 20,000 hours) + (Senior Business Analyst for 7,000 hours) = 42,000 hours for initial compliance per respondent.

¹⁸ The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Attorney for 4,200 hours) + (Compliance Manager for 4,800 hours) + (Programmer Analyst for 12,000 hours) + (Senior Business Analyst for 4,200 hours) = 25,200 hours.

¹⁹ This figure was calculated as follows: 25,200 burden hours x 1 response per year + 42,000/3 = 39,200 burden hours per respondent annualized.

²⁰ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. This figure was calculated as follows: 210 initial hours x 5 policies and procedures = 1,050 total initial hours per respondent.

²¹ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. This figure was calculated as follows: 60 ongoing hours x 5 policies and procedures = 300 total ongoing hours per respondent.

and procedures for a total burden of 5,850 hours for all respondents.²² This equates to 1,950 hours per year when annualized over three years or 650 per respondent when annualized over three years.²³ This collection is a recordkeeping type of collection.

c. Recordkeeping

Every SDR is required, under Rule 13n-7(a)(1), to make and keep current a record of persons at each office of the SDR that can assist with explaining the SDR's records. Every SDR is also required, under Rule 13n-7(a)(2), to make and keep current a record listing officers, managers, or persons performing similar functions with responsibility for establishing the policies and procedures of the SDR that are reasonably designed to ensure compliance with the Exchange Act and the rules and regulations thereunder. **The Commission estimates a total of three respondents for these provisions. The Commission estimates that these records will require 1 hour to implement (an initial, one time cost) per respondent²⁴ and 0.17 hours (10 minutes) ongoing cost to administer per year per respondent.²⁵ This equates to a total burden of 3 hours initially (or 1 hour per year) and 0.51 hours annually for a total of 3.51 hours.²⁶ This equates to approximately 0.50 hours per respondent when annualized over three years.²⁷ These estimates are based on the Commission's estimates for similar requirements for broker-dealers. This collection is a recordkeeping type of collection.**

²² This figure was calculated as follows: 1,050 initial hours x 3 respondents = 3,150 total initial hours. Then, 300 ongoing hours x 3 respondents = 900 total ongoing hours. Then, 3,150 total initial hours + (900 total ongoing hours x 3 years) = 5850 total burden hours.

²³ This figure was calculated as follows: 5850 total burden hours / 3 years = 1,950 total annualized hours. Then, 1,950 total annualized hours / 3 respondents = 650 total annualized hours per respondent.

²⁴ The Commission bases its burden estimate on the Commission's estimates for similar requirements for broker-dealers. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Senior Systems Analyst for 1 hour) = 1 hour.

²⁵ The Commission bases its burden estimate on the Commission's estimates for similar requirements for broker-dealers. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 0.17 hours) = 0.17 hours.

²⁶ This figure was calculated as follows: 1 initial hour per respondent x 3 respondents = 3 total initial hours. Then, 0.17 ongoing hours per respondent x 3 respondents = 0.51 total ongoing hours. Then, 3 total initial hours + 0.51 total ongoing hours = 3.51 total hour burden.

²⁷ This figure was calculated as follows: (1 hour initial burden/3) + 0.17 annual ongoing burden = 0.33 + 0.17 = 0.50

Rule 13n-7(b) requires each SDR to keep and preserve at least one copy of all documents as shall be made or received by it in the course of its business as such, other than the data collected and maintained pursuant to Rule 13n-5. These records are required to be kept for a period of not less than five years, the first two years in a place immediately available to representatives of the Commission for inspection and examination. Upon the request of any representative of the Commission, an SDR is required to furnish promptly documents kept and preserved by it pursuant to Rule 13n-7(a) or (b) to such a representative. **The Commission estimates a total of three respondents for this provision. The Commission estimates that this storage requirement will require 345 hours to implement (an initial, one time cost) per respondent²⁸ and 279 hours ongoing cost to administer per year per respondent.²⁹ The Commission estimates a total burden of 1,035 hours initially and 837 hours annually totaling 3,546 hours.³⁰ This equates to 1,182 hours per year when annualized over three years or 394 hours per respondent when annualized over three years.³¹** This collection is a recordkeeping type of collection.

d. Reports and Reviews

Under Rule 13n-8, SDRs are required to report promptly to the Commission, in a form and manner acceptable to the Commission, such information as the Commission determines necessary or appropriate for the Commission to perform the duties of the Commission. **The Commission estimates a total of three respondents for this provision. The Commission estimates that it will request these reports at a maximum of once per year, per respondent. The Commission continues to estimate that these reports will be limited to information already compiled under the SDR Rules and thus will require only 1 hour per response per year for each respondent to compile and transmit.³² Thus, the Commission continues to**

²⁸ The Commission bases its burden estimate on the Commission's estimates for similar requirements for broker-dealers. The Commission estimates that an SDR will assign the responsibilities of complying with this requirement as follows: (Compliance Manager for 300 hours) + (Senior Systems Analyst for 45 hours) = 345 hours.

²⁹ The Commission bases its burden estimate on the Commission's estimates for similar requirements for broker-dealers. The Commission estimates that an SDR will assign the responsibilities of complying with this requirement as follows: (Compliance Manager for 279 hours) = 279 hours.

³⁰ This figure was calculated as follows: 345 initial hour per respondent x 3 respondents = 1,035 total initial hours. Then, 279 ongoing hours per respondent x 3 respondents = 837 ongoing hours. Then, 837 ongoing hours x 3 years = 2,511 total ongoing hours. Then, 1,035 total initial hours + 2,511 total ongoing hours = 3,546 total hour burden.

³¹ This figure was calculated as follows: 3546 total hour burden / 3 years = 1,182 total annualized hour burden. Then, 1,182 total annualized hour burden / 3 respondents = 394 total annualized hour burden per respondent.

³² The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Senior Business Analyst for 1 hour) = 1 hour.

estimate the total annual burden for three respondents for these reports will be 3 hours and for three respondents to comply over three years, totals 9 hours.³³ This equates to 3 hours for three respondents per year when annualized over three years or 1 hour per respondent when annualized over three years.³⁴ This collection is a reporting type of collection.

e. Disclosure

Pursuant to Rule 13n-10, SDRs are required to provide certain disclosures to market participants. **The Commission estimates a total of 3 respondents for this provision. The Commission continues to estimate that each SDR will initially spend 97.5 hours preparing the disclosure document³⁵ and 1 hour annually distributing the disclosure document.³⁶ The Commission estimates a total burden of 292.5 hours for the initial one-time preparation of documents and 3 hours annually totaling 301.5 hours.³⁷ This equates to 33.50 hours per respondent when annualized over three years.³⁸ This collection is a third-party disclosure type of collection.**

f. Chief Compliance Officer

Under Rules 13n-11(c)(6) and (7), an SDR's CCO is responsible for, among other things, establishing procedures for the remediation of noncompliance issues identified by the CCO, and establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues. **The Commission estimates a total of three respondents for these provisions. The Commission estimates that these two**

³³ This figure was calculated as follows: 1 hour annual burden x 3 respondents = 3 total hours annual burden. Then, 3 total annual hours x 3 years = 9 total hours.

³⁴ This figure was calculated as follows: 9 total hours / 3 years = 3 total annualized hours. Then, 3 total annualized hours / 3 respondents = 1 total annualized hour per respondent.

³⁵ The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 48.75 hours) + (Compliance Clerk at for 48.75 hours) = 97.5 hours.

³⁶ The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 0.5 hours) + (Compliance Clerk for 0.5 hours) = 1 hour.

³⁷ This figure was calculated as follows: 97.5 initial hour per respondent x 3 respondents = 292.5 total initial hours. Then, 1 ongoing hour per respondent x 3 respondents = 3 ongoing hours. Then, 3 ongoing hours x 3 years = 9 total ongoing hours. Then, 292.5 total initial hours + 9 total ongoing hours = 301.5 total hour burden.

³⁸ This figure was calculated as follows: (97.5 initial burden hours/3 years) + 1 hour annual ongoing burden = 32.5 + 1 = 33.5 total annualized hour burden per respondent.

provisions will require an initial 420 hours for each respondent to implement³⁹ and thereafter, 120 hours to administer per year per respondent.⁴⁰ The Commission estimates a total burden of 1,260 hours initially and 360 hours annually totaling 2,340 hours.⁴¹ This equates to 780 hours per year when annualized over three years or 260 per respondent when annualized over three years.⁴² This collection is a recordkeeping type of collection.

A CCO is also required under Rules 13n-11(d), (e), and (g) to prepare and submit annual compliance reports to an SDR's board of directors for review before the annual compliance reports are filed with the Commission. **The Commission estimates a total of three respondents for these provisions. The Commission estimates that these reports will require 5 hours per year per respondent.⁴³ The Commission estimates over three years, a 15 hour burden per respondent and a total burden of 45 hours for three respondents over three years.⁴⁴ This equates to 15 hours per year when annualized over three years or 5 hours per respondent when annualized over three years.⁴⁵ This collection is a reporting type of collection.**

³⁹ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 420 hours) = 420 hours.

⁴⁰ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 120 hours) = 120 hours.

⁴¹ This figure was calculated as follows: 420 initial hour per respondent x 3 respondents = 1,260 total initial hours. Then, 120 ongoing hour per respondent x 3 respondents = 360 ongoing hours. Then, 360 ongoing hours x 3 years = 1,080 total ongoing hours. Then, 1,260 total initial hours + 1,080 total ongoing hours = 2,340 total hour burden.

⁴² This figure was calculated as follows: 2,340 total hour burden / 3 years = 780 total annualized hour burden. Then, 780 total annualized hour burden / 3 respondents = 260 total annualized hour burden per respondent.

⁴³ The Commission bases its burden estimate on the Commission's estimates for similar annual reviews by CCOs of investment companies. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 5 hours) = 5 hours.

⁴⁴ This figure was calculated as follows: 5 hours annual burden x 3 respondents = 15 total hours annual burden. Then, 15 total annual hours x 3 years = 45 total hours.

⁴⁵ This figure was calculated as follows: 45 total hours / 3 years = 15 total annualized hours. Then, 15 total annualized hours / 3 respondents = 5 total annualized hour per respondent.

Rules 13n-11(f) and (g) require that financial reports be prepared and filed with the Commission as an official filing in accordance with the EDGAR Filer Manual and include, as part of the official filing, an Interactive Data Financial Report filed in accordance with Rule 407 of Regulation S-T. **The Commission estimates a total of three respondents for this provision. The Commission estimates that these reports will require 500 hours per year per respondent.⁴⁶ The Commission estimates over three years, a 1,500 hour burden per respondent and a total burden of 4,500 hours for three respondents over three years.⁴⁷ This equates to 1,500 hours per year when annualized over three years or 500 hours per respondent when annualized over three years.⁴⁸** This collection is a reporting type of collection.

Rules 13n-11(d) and (f) require the compliance reports be filed in a tagged data format in accordance with the instructions contained in the EDGAR Filer Manual, and the financial reports must be provided as an official filing in accordance with the EDGAR Filer Manual and include, as part of the official filing, an Interactive Data Financial Report filed in accordance with Rule 407 of Regulation S-T. These filing requirements will create additional burdens on respondents beyond the burdens associated with the preparation of these reports. **The Commission estimates a total of three respondents for these filing requirements. The Commission estimates that these filing requirements will impose an ongoing burden of 54 hours per year per respondent.⁴⁹ The Commission estimates over three years, a 162 hour burden per respondent and a total burden of 486 hours for three respondents over three years.⁵⁰ This equates to 162 hours per year when annualized over three years or 54 hours per respondent when annualized over three years.⁵¹** This collection is a reporting type of collection.

⁴⁶ The Commission bases its burden estimate on its experience with entities of similar size to SDRs. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Senior Accountant for 500 hours) = 500 hours.

⁴⁷ This figure was calculated as follows: 500 hours annual burden x 3 respondents = 1500 total hours annual burden. Then, 1500 total annual hours x 3 years = 4500 total hours.

⁴⁸ This figure was calculated as follows: 4500 total hours / 3 years = 1500 total annualized hours. Then, 1500 total annualized hours / 3 respondents = 500 total annualized hour per respondent.

⁴⁹ The Commission bases its burden estimate on its experience with other tagged data initiatives. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Senior Systems Analyst for 54 hours) = 54 hours.

⁵⁰ This figure was calculated as follows: 54 ongoing hours burden x 3 respondents = 162 ongoing hours burden. Then, 162 ongoing hours x 3 years = 486 total ongoing hours.

⁵¹ This figure was calculated as follows: 486 total ongoing hours / 3 years = 162 total annualized hours. Then, 162 total annualized hours / 3 respondents = 54 total annualized hour per respondent.

g. Other Provisions Relevant to the Collection of Information

Rule 13n-4(c)(1)(iii) requires SDRs to establish, monitor on an ongoing basis, and enforce clearly stated objective criteria that will permit fair, open, and not unreasonably discriminatory access to services offered and data maintained by the SDRs. **The Commission estimates a total of three respondents for this provision. The Commission estimates that this provision will require a one-time, initial cost of 157.5 hours to implement⁵² and 45 hours of ongoing costs to administer per year per respondent.⁵³ The Commission estimates a total burden of 472.5 hours initially for three respondents to implement and thereafter, 135 hours for ongoing costs for three respondents per year which totals 877.5 hours for three respondents over three years.⁵⁴ This equates to 292.5 hours per year when annualized over three years or 97.5 hours per respondent when annualized over three years.⁵⁵** This collection is a recordkeeping type of collection.

Rule 13n-4(c)(1)(iv) requires SDRs to establish, maintain, and enforce certain policies and procedures to review any prohibition or limitation of any person with respect to access to services offered or data maintained by the SDRs and to grant such person access to such services or data if such person has been discriminated against unfairly. **The Commission estimates a total of three respondents for this provision. The Commission estimates that this provision will require a one-time, initial cost of 210 hours for each respondent to implement⁵⁶ and**

⁵² The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 58 hours) + (Attorney for 65.5 hours) + (Senior Systems Analyst for 17 hours) + (Operations Specialist for 17 hours) = 157.5 hours.

⁵³ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 16 hours) + (Attorney for 19 hours) + (Senior Systems Analyst for 5 hours) + (Operations Specialist for 5 hours) = 45 hours.

⁵⁴ This figure was calculated as follows: 157.5 initial hour per respondent x 3 respondents = 472.5 total initial hours. Then, 45 ongoing hour per respondent x 3 respondents = 135 ongoing hours. Then, 135 ongoing hours x 3 years = 405 total ongoing hours. Then, 472.5 total initial hours + 405 total ongoing hours = 877.5 total hour burden.

⁵⁵ This figure was calculated as follows: 877.5 total hour burden / 3 years = 292.5 total annualized hour burden. Then, 292.5 total annualized hour burden / 3 respondents = 97.5 total annualized hour burden per respondent.

⁵⁶ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 77 hours) + (Attorney for 87 hours) + (Senior Systems Analyst for 23 hours) + (Operations Specialist for 23 hours) = 210 hours.

thereafter, an ongoing cost of 60 hours to administer per year per respondent.⁵⁷ The Commission estimates for a total burden of 630 hours of initial costs for the three respondents and 180 hours for ongoing costs for three respondents per year which totals 1,170 hours for three respondents over three years. This equates to 390 hours per year when annualized over three years. This collection is a recordkeeping type of collection.

Rule 13n-4(c)(2)(iv) requires SDRs to establish, maintain, and enforce written policies and procedures reasonably designed to ensure that the SDR's senior management and each member of the board or committee that has the authority to act on behalf of the board possess requisite skills and expertise to fulfill their responsibilities in the management and governance of the SDR, to have a clear understanding of their responsibilities, and to exercise sound judgment about the SDR's affairs. **The Commission estimates a total of three respondents for this provision. The Commission estimates that this provision will require a one-time, initial cost of 210 hours for each respondent to implement⁵⁸ and an ongoing cost of 60 hours to administer per year per respondent.⁵⁹ The Commission estimates for a total burden of 630 hours of initial costs for the three respondents and 180 hours for ongoing costs for the three respondents per year which totals 1,170 hours for three respondents over three years.⁶⁰ This equates to 390 hours per year when annualized over three years or 130 hours per respondent when annualized over three years.⁶¹** This collection is a recordkeeping type of collection.

⁵⁷ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Manager for 22 hours) + (Attorney for 26 hours) + (Senior Systems Analyst for 6 hours) + (Operations Specialist for 6 hours) = 60 hours.

⁵⁸ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 210 hours) = 210 hours.

⁵⁹ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 60 hours) = 60 hours.

⁶⁰ This figure was calculated as follows: 210 initial hour per respondent x 3 respondents = 630 total initial hours. Then, 60 ongoing hour per respondent x 3 respondents = 180 ongoing hours. Then, 180 ongoing hours x 3 years = 540 total ongoing hours. Then, 630 total initial hours + 540 total ongoing hours = 1,170 total hour burden.

⁶¹ This figure was calculated as follows: 1,170 total hour burden / 3 years = 390 total annualized hour burden. Then, 390 total annualized hour burden / 3 respondents = 130 total annualized hour burden per respondent.

Rule 13n-4(c)(3) addresses the conflicts of interest requirements governing SDRs. SDRs will be required to establish and enforce policies and procedures reasonably designed to minimize conflicts of interest. This includes establishing, maintaining, and enforcing written policies and procedures reasonably designed to identify and mitigate potential and existing conflicts of interest in the SDR's decision-making process on an ongoing basis. It also includes establishing, maintaining, and enforcing written policies and procedures regarding the SDR's non-commercial and commercial use of the SBS transaction information that it receives. **The Commission estimates a total of three respondents for these provisions. The Commission estimates that these two provisions will require an initial 420 hours per respondent to implement⁶² and, thereafter, 120 hours to administer per year per respondent.⁶³ The Commission estimates a total burden of 1,260 hours initially for three respondents and 1,080 hours ongoing costs for three respondents totaling 2,340 hours for three respondents over three years.⁶⁴ This equates to 780 hours per year when annualized over three years or 260 hours per respondent when annualized over three years.⁶⁵** This collection is a recordkeeping type of collection.

Rule 13n-5(b)(6) requires SDRs to establish procedures and provide facilities reasonably designed to effectively resolve disputes over the accuracy of the transaction data and positions that are recorded in the SDRs. **The Commission estimates a total of three respondents for this provision. The Commission estimates that this provision will require an initial 315 hours to implement per respondent⁶⁶ and, thereafter, 90 hours of ongoing costs to**

⁶² The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 420 hours) = 420 hours.

⁶³ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 120 hours) = 120 hours.

⁶⁴ This figure was calculated as follows: 420 initial hour per respondent x 3 respondents = 1,260 total initial hours. Then, 120 ongoing hour per respondent x 3 respondents = 360 ongoing hours. Then, 360 ongoing hours x 3 years = 1,080 total ongoing hours. Then, 1,260 total initial hours + 1,080 total ongoing hours = 2,340 total hour burden.

⁶⁵ This figure was calculated as follows: 2,340 total hour burden / 3 years = 780 total annualized hour burden. Then, 780 total annualized hour burden / 3 respondents = 260 total annualized hour burden per respondent.

⁶⁶ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 315 hours) = 315 hours.

administer per year per respondent.⁶⁷ The Commission estimates a total burden of 945 hours of initial costs for three respondents and 270 hours for three respondents annually totaling 1,755 hours for three respondents over three years.⁶⁸ This equates to 585 hours per year when annualized over three years or 195 hours per respondent when annualized over three years.⁶⁹ This collection is a recordkeeping type of collection.

Rules 13n-4(b)(8) and 13n-9 address privacy requirements for SDRs. Rule 13n-4(b)(8) requires SDRs to maintain the privacy of any and all SBS transaction information that the SDR receives from a SBS dealer, counterparty, or any registered entity as prescribed in Rule 13n-9. Rule 13n-9(b)(1) requires SDRs to establish, maintain, and enforce written policies and procedures reasonably designed to protect the privacy of any and all SBS transaction information that the SDR receives from any SBS dealer, counterparty, or any registered entity. **The Commission estimates a total of 3 respondents for these provisions. The Commission estimates that these two provisions will require an initial 420 hours to implement per respondent⁷⁰ and, thereafter, 120 hours to administer per year per respondent.⁷¹ The Commission estimates a total burden of 1,260 hours of initial costs for three respondents and 360 hours ongoing costs for three respondents annually which total 2,340 hours for three respondents over three years.⁷² This equates to 780 hours per year when annualized**

⁶⁷ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 90 hours) = 90 hours.

⁶⁸ This figure was calculated as follows: 315 initial hour per respondent x 3 respondents = 945 total initial hours. Then, 90 ongoing hour per respondent x 3 respondents = 270 ongoing hours. Then, 270 ongoing hours x 3 years = 810 total ongoing hours. Then, 945 total initial hours + 810 total ongoing hours = 1,755 total hour burden.

⁶⁹ This figure was calculated as follows: 1,755 total hour burden / 3 years = 585 total annualized hour burden. Then, 585 total annualized hour burden / 3 respondents = 195 total annualized hour burden per respondent.

⁷⁰ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 420 hours) = 420 hours.

⁷¹ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 120 hours) = 120 hours.

⁷² This figure was calculated as follows: 420 initial hour per respondent x 3 respondents = 1,260 total initial hours. Then, 120 ongoing hour per respondent x 3 respondents = 360 ongoing hours. Then, 360 ongoing hours x 3 years = 1,080 total ongoing hours. Then, 1,260 total initial hours + 1,080 total ongoing hours = 2,340 total hour burden.

over three years or 260 hours per respondent when annualized over three years.⁷³ This collection is a recordkeeping type of collection.

Rule 13n-9(b)(2) requires SDRs to establish and maintain safeguards, policies, and procedures reasonably designed to prevent the misappropriation or misuse of (1) any confidential information received by the SDR, (2) material, nonpublic information, and/or (3) intellectual property. These safeguards, policies, and procedures must address limiting access to such information and intellectual property, standards pertaining to the trading by persons associated with the SDR for their personal benefit or the benefit of others, and adequate oversight. **The Commission estimates a total of 3 respondents for this provision. The Commission estimates that this provision will require an initial 210 hours to implement per respondent⁷⁴ and, thereafter, 60 hours of ongoing costs to administer per year per respondent.⁷⁵ The Commission estimates a total burden of 630 hours of initial costs for three respondents and 180 hours ongoing costs for three respondents annually which totals 1,170 hours for three respondents over three years.⁷⁶ This equates to 390 hours per year when annualized over three years or 130 hours per respondent when annualized over three years.⁷⁷** This collection is a recordkeeping type of collection.

⁷³ This figure was calculated as follows: 2,340 total hour burden / 3 years = 780 total annualized hour burden. Then, 780 total annualized hour burden / 3 respondents = 260 total annualized hour burden per respondent.

⁷⁴ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 210 hours) = 210 hours.

⁷⁵ The Commission bases its burden estimate for each policy and procedure on estimates the Commission used with regards to establishing policies and procedures regarding Regulation NMS. The Commission estimates that an SDR will assign the responsibilities of complying with these requirements as follows: (Compliance Attorney for 60 hours) = 60 hours.

⁷⁶ This figure was calculated as follows: 210 initial hour per respondent x 3 respondents = 630 total initial hours. Then, 60 ongoing hour per respondent x 3 respondents = 180 ongoing hours. Then, 180 ongoing hours x 3 years = 540 total ongoing hours. Then, 630 total initial hours + 540 total ongoing hours = 1,170 total hour burden.

⁷⁷ This figure was calculated as follows: 1,170 total hour burden / 3 years = 390 total annualized hour burden. Then, 390 total annualized hour burden / 3 respondents = 130 total annualized hour burden per respondent.

| Collection of Information | Type of Burden | Total Number of Respondents (A) | Total Number of Responses Per Year (B) | Type of Burden (C) | Initial Burden Per Response Per Respondent (D) | Ongoing Burden Per Response Per Year Per Respondent (E) | Total Annualized Burden Per Respondent (F) [(B) x (E)] + (D)/3 | Total Annual Burden For All Respondents (G) (A) x (F) | Total Burden Per Three Year Period Per Respondent (H) 3 x (F) | Total Burden Per Three Year Period For All Respondents (I) 3 x (G) |
|--|------------------------|---------------------------------|--|---------------------|--|---|--|---|---|--|
| Registration on Form SDR: 13n-1(b) and 13n-3(a) and Form SDR | Reporting | 3 | 1 | Initial | 481.00 | 0.00 | 160.33 | 481.00 | 481 | 1,443.00 |
| Certification and Opinion of Counsel for Non-Resident SDRs: 13n-1(f) | Reporting | 3 | 1 | Initial | 1.00 | 0.00 | 0.33 | 1.00 | 1.00 | 3.00 |
| Amendments to Form SDR: 13n-1(d) | Reporting | 3 | 3 | Ongoing | 0.00 | 12.00 | 36.00 | 108.00 | 108.00 | 324.00 |
| Withdrawal from Registration: 13n-2 | Reporting | 3 | 1 | Initial | 12.00 | 0.00 | 4.00 | 12 | 12 | 36 |
| IT Systems: 13n-4(b)(2) and (4) and 13n-5 | Recordkeeping | 3 | 1 | Initial and Ongoing | 42,000.00 | 25,200.00 | 39,200.00 | 117,600.00 | 117,600.00 | 352,800.00 |
| Policies and Procedures: 13n-5(b)(1), (2), (3), and (5) and 13n-6 | Recordkeeping | 3 | 1 | Initial and Ongoing | 1,050.00 | 300.00 | 650.00 | 1,950.00 | 1,950.00 | 5,850.00 |
| Make and Keep Records of Persons: 13n-7(a)(1) and (2) | Recordkeeping | 3 | 1 | Initial and Ongoing | 1.00 | 0.17 | 0.5 | 2 | 2 | 5 |
| Storage of Records: 13n-7(b) | Recordkeeping | 3 | 1 | Initial and Ongoing | 345.00 | 279.00 | 394.00 | 1,182.00 | 1,182.00 | 3,546.00 |
| Reports: 13n-8 | Reporting | 3 | 1 | Ongoing | 0.00 | 1.00 | 1.00 | 3.00 | 3.00 | 9.00 |
| Disclosure: 13n-10 | Third-Party Disclosure | 3 | 1 | Initial and Ongoing | 97.50 | 1.00 | 33.5 | 101 | 101 | 303 |
| Establish Procedures for Remediation of Compliance Issues: 13n-11(c)(6) and (7) | Recordkeeping | 3 | 1 | Initial and Ongoing | 420.00 | 120.00 | 260.00 | 780.00 | 780.00 | 2,340.00 |
| Prepare and Submit Annual Compliance Report: 13n-11(d), (e), and (g) | Reporting | 3 | 1 | Ongoing | 0.00 | 5.00 | 5.00 | 15.00 | 15.00 | 45.00 |
| Annual Financial Reports: 13n-11(f) and (g) | Reporting | 3 | 1 | Ongoing | 0.00 | 500.00 | 500.00 | 1,500.00 | 1,500.00 | 4,500.00 |
| Tagging Financial Reports: 13n-11(d) and (f) | Reporting | 3 | 1 | Ongoing | 0.00 | 54.00 | 54.00 | 162.00 | 162.00 | 486.00 |
| Establish and Enforce Objective Criteria: 13n-4(c)(1)(iii) | Recordkeeping | 3 | 1 | Initial and Ongoing | 157.50 | 45.00 | 97.50 | 293 | 293 | 878 |
| Policies and procedures to review any prohibition or limitation: 13n-4(c)(1)(iv) | Recordkeeping | 3 | 1 | Initial and Ongoing | 210.00 | 60.00 | 130.00 | 390 | 390 | 1,170.00 |
| Written Policies and Procedures for Board and Senior Management: 13n-4(c)(2)(iv) | Recordkeeping | 3 | 1 | Initial and Ongoing | 210.00 | 60.00 | 130.00 | 390 | 390 | 1,170.00 |
| Conflict of Interest Controls: 13n-4(c)(3) | Recordkeeping | 3 | 1 | Initial and Ongoing | 420.00 | 120.00 | 260.00 | 780 | 780 | 2,340.00 |
| Procedures and Facilities to Resolve Disputes: 13n-5(b)(6) | Recordkeeping | 3 | 1 | Initial and Ongoing | 315.00 | 90.00 | 195.00 | 585 | 585 | 1,755.00 |
| Privacy Requirements: 13n-9(b)(1) and 13n-4(b)(8) | Recordkeeping | 3 | 1 | Initial and Ongoing | 420.00 | 120.00 | 260.00 | 780 | 780 | 2,340.00 |
| Privacy Requirements: 13n-9(b)(2) | Recordkeeping | 3 | 1 | Initial and Ongoing | 210.00 | 60.00 | 130.00 | 390 | 390 | 1,170.00 |
| Totals | | | | | | | 42,501 | 127,505 | 127,505 | 382,515 |

13. Costs to Respondents

The total cost for all of the Rules and Form SDR for all respondents is approximately \$59,810,832 initially, with a total annual cost thereafter of \$29,905,416 totaling approximately \$89,716,248. This equates to \$29,905,416 per year when annualized over three years. These costs are broken down by collection of information below.

a. Registration Requirements and Form SDR

Rule 13n-1(f) requires a non-resident SDR to (i) certify on Form SDR that the SDR can, as a matter of law, and will provide the Commission with prompt access to the SDR's books and records and can, as a matter of law, and will submit to onsite inspection and examination by the Commission and (ii) provide an opinion of counsel that the SDR can, as a matter of law, provide the Commission with prompt access to the SDR's books and records and can, as a matter of law, submit to onsite inspection and examination by the Commission. **The Commission continues to estimate that there will be 3 non-resident SDRs who will be required to comply with the certification and opinion requirement. The Commission continues to estimate that a non-resident SDR will spend \$900 in outside legal costs⁷⁸ in complying with these requirements, for a total cost of \$2,700 initially. This equates to \$900 when annualized over three years or \$300 per respondent when annualized over three years.** The Commission continues to estimate no ongoing costs associated with the certification requirement. This collection is a reporting type of collection.

b. SDR Duties, Data Collection and Maintenance, and Direct Electronic Access

Rules 13n-4(b)(2) and (4), and 13n-5 require SDRs to accept and maintain data, including transaction data, received from third parties and to calculate and maintain positions. Rule 13n-4(b)(5) requires SDRs to provide direct electronic access to the Commission or its designees. SDRs also have an obligation under Rules 13n-4(b)(3) and 13n-5(b)(1)(iii) to confirm the accuracy of data submitted and to establish, maintain, and enforce written policies and procedures reasonably designed to satisfy themselves that the transaction data that has been submitted to them is complete and accurate. Rule 13n-5(b)(4) requires that SDRs maintain the transaction data and related identifying information for not less than five years after the applicable SBS expires and historical positions for not less than five years. Under Rule 13n-5(b)(7), this obligation continues even if an SDR withdraws from registration or ceases doing business. SDRs are required to make and keep current a plan to ensure compliance with this requirement. **The Commission estimates a total of 3 respondents for these provisions. The Commission estimates that these provisions will require \$10 million in information technology costs initially to establish systems compliant with all of the requirements and \$6 million in ongoing costs to administer per year per respondent, for a total cost of \$30 million initially and \$18 million annually totaling approximately \$84,000,000. This equates to \$28,000,000 when annualized over three years or \$9,333,333.33 per respondent when annualized over three years.** This collection is a recordkeeping type of collection.

⁷⁸ The Commission bases its cost estimate on its cost estimate for providing a legal opinion and additional disclosure as required by Instruction 3 to Item 7.B to Form 20-F.

Each SDR is also required to establish, maintain, and enforce written policies and procedures, reasonably designed: (1) under Rule 13n-5(b)(1), for the reporting of complete and accurate transaction data to the SDR and to satisfy itself that such information is complete and accurate; (2) under Rule 13n-5(b)(2), to calculate positions for all persons with open SBSs for which the SDR maintains records; (3) under Rule 13n-5(b)(3), to ensure transaction data and positions that the SDR maintains are complete and accurate; (4) under Rule 13n-5(b)(5), to prevent any provision in a valid SBS from being invalidated or modified through the procedures or operations of the SDR; and (5) under Rule 13n-6, with respect to its systems that support or are integrally related to the performance of the SDR's activities, to ensure that those systems provide adequate levels of capacity, integrity, resiliency, availability, and security. **The Commission estimates a total of 3 respondents for these provisions. While these policies and procedures will vary in exact cost, the Commission continues to estimate that these policies and procedures will require a total of \$100,000 in outside legal costs⁷⁹ per respondent to establish, for a total of \$300,000 in outside legal costs initially. This equates to \$100,000 when annualized over three years or \$33,333.33 per respondent when annualized over three years.** The Commission continues to estimate no ongoing costs associated with creating these policies and procedures. This collection is a recordkeeping type of collection.

c. Recordkeeping

The Commission does not estimate that SDRs will incur any external costs in complying with Rules 13n-7(a)(1) and (a)(2).

Under Rule 13n-7(b)(3), upon the request of any representative of the Commission, an SDR is required to furnish promptly documents kept and preserved by it pursuant to Rules 13n-7(a) or (b) to such a representative. **The Commission estimates a total of 3 respondents for these provisions. The Commission continues to estimate that this requirement will require \$1,800 in information technology costs per respondent, for a total cost of \$5,400 initially. This equates to \$1,800 when annualized over three years or \$600 per respondent when annualized over three years.** The Commission continues to estimate no ongoing external costs associated with this provision. This collection is a recordkeeping type of collection.

d. Reports and Reviews

The Commission does not estimate that SDRs will incur any external costs in complying with Rule 13n-8.

e. Disclosure

Pursuant to Rule 13n-10, SDRs are required to provide certain disclosures to market participants. **The Commission estimates a total of 3 respondents for this provision. The**

⁷⁹ The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (5 policies and procedures) = \$100,000.

Commission estimates that preparing the required disclosures will require \$4,400 in external legal costs and \$5,000 in external compliance consulting cost per respondent⁸⁰, resulting in a total cost for all respondents of \$28,200 initially. This equates to \$9,400 when annualized over three years or \$3,133.33 per respondent when annualized over three years. The Commission continues to estimate no ongoing external costs associated with this provision. This collection is a third-party disclosure type of collection.

f. Chief Compliance Officer

Under Rules 13n-11(c)(6) and (7), an SDR's CCO is responsible for, among other things, establishing procedures for the remediation of noncompliance issues identified by the CCO, and establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues. **The Commission estimates a total of 3 respondents for these provisions. The Commission estimates that an SDR will incur \$40,000 in outside legal costs⁸¹ to create these policies and procedures, for a total initial outside cost of \$120,000. This equates to \$40,000 when annualized over three years or \$13,333.33 per respondent when annualized over three years.** The Commission continues to estimate no ongoing external costs associated with these provisions. This collection is a recordkeeping type of collection.

Rules 13n-11(f) and (g) require that annual financial reports be prepared and filed with the Commission as an official filing in accordance with the EDGAR Filer Manual and include, as part of the official filing, an Interactive Data Financial Report filed in accordance with Rule 407 of Regulation S-T. **The Commission estimates a total of 3 respondents for these provisions. The Commission estimates that an SDR will incur \$500,000 annually for independent public accounting services, for a total cost of \$1,500,000 annually totaling \$4,500,000. This equates to \$1,500,000 when annualized over three years or \$500,000 per respondent when annualized over three years.** This collection is a reporting type of collection.

Rules 13n-11(d) and (f) require the compliance reports be filed in a tagged data format in accordance with the instructions contained in the EDGAR Filer Manual, and the financial reports must be provided as an official filing in accordance with the EDGAR Filer Manual and include, as part of the official filing, an Interactive Data Financial Report filed in accordance with Rule 407 of Regulation S-T. **The Commission estimates a total of 3 respondents for these filing requirements. The Commission estimates that an SDR will incur \$22,772 in outside software and other costs per year in complying with these filing requirements, for a total cost of \$68,316 annually totaling \$204,948. This equates to \$68,316 when annualized over**

⁸⁰ The Commission bases its cost estimate on the Commission's experience with and burden estimates for similar disclosure document requirements applied to investment advisers with 1,000 or fewer employees and as a result of its discussions with market participants.

⁸¹ The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (2 policies and procedures) = \$40,000.

three years or \$22,772 per respondent when annualized over three years. This collection is a reporting type of collection.

g. Other Provisions Relevant to the Collection of Information

Rule 13n-4(c)(1)(iii) requires SDRs to establish, monitor on an ongoing basis, and enforce clearly stated objective criteria that will permit fair, open, and not unreasonably discriminatory access to services offered and data maintained by the SDR. **The Commission estimates a total of 3 respondents for this provision. The Commission estimates that an SDR will incur \$15,000 in outside legal costs⁸² associated with the creation of the objective criteria, for a total cost of \$45,000 initially. This equates to \$15,000 when annualized over three years or \$5,000 per respondent when annualized over three years.** The Commission continues to estimate no ongoing external costs associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-4(c)(1)(iv) requires SDRs to establish, maintain, and enforce certain policies and procedures to review any prohibition or limitation of any person with respect to access to services offered or data maintained by the SDR and to grant such person access to such services or data if such person has been discriminated against unfairly. **The Commission estimates a total of 3 respondents for this provision. The Commission estimates that an SDR will incur a total of \$20,000 in outside legal costs⁸³ to create these policies and procedures, for a total cost of \$60,000 initially. This equates to \$20,000 when annualized over three years or \$6,666.67 per respondent when annualized over three years.** The Commission estimates no ongoing external costs associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-4(c)(2)(iv) requires SDRs to establish, maintain, and enforce written policies and procedures reasonably designed to ensure that the SDR's senior management and each member of the board or committee that has the authority to act on behalf of the board possess requisite skills and expertise to fulfill their responsibilities in the management and governance of the SDR, to have a clear understanding of their responsibilities, and to exercise sound judgment about SDR's affairs. **The Commission estimates a total of 3 respondents for this provision. The Commission estimates that an SDR will incur \$20,000 in outside legal costs⁸⁴ to create these policies and procedures, for a total cost of \$60,000 initially. This equates to \$20,000**

⁸² The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (37.5 hours of outside legal consulting per policy and procedure) x (1 policy and procedure) = \$15,000.

⁸³ The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (1 policy and procedure) = \$20,000.

⁸⁴ The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (1 policy and procedure) = \$20,000.

when annualized over three years or \$6,666.67 per respondent when annualized over three years. The Commission continues to estimate no ongoing costs associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-4(c)(3) addresses the conflicts of interest requirements governing SDRs. SDRs are required to establish and enforce written policies and procedures reasonably designed to minimize conflicts of interest, including establishing, maintaining, and enforcing written policies and procedures reasonably designed to identify and mitigate potential and existing conflicts of interest in the SDR's decision-making process on an on-going basis. It also includes establishing, maintaining, and enforcing written policies and procedures regarding the SDR's non-commercial and commercial use of the SBS transaction information that it receives. **The Commission estimates a total of 3 respondents for this provision. The Commission estimates that an SDR will incur \$40,000 in outside legal costs⁸⁵ to create these policies and procedures, for a total cost of \$120,000 initially. This equates to \$40,000 when annualized over three years or \$13,333.33 per respondent when annualized over three years.** The Commission estimates no ongoing costs associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-5(b)(6) requires SDRs to establish procedures and provide facilities reasonably designed to effectively resolve disputes over the accuracy of the transaction data and positions that are recorded in the SDR. **The Commission estimates a total of 3 respondents for this provision. The Commission estimates that SDRs will incur \$30,000 in outside legal costs⁸⁶ in establishing these procedures and facilities, for a total cost of \$90,000 initially. This equates to \$30,000 when annualized over three years or \$10,000 per respondent when annualized over three years.** The Commission continues to estimate no ongoing cost associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-4(b)(8) and Rule 13n-9 address privacy requirements for SDRs. Rule 13n-4(b)(8) requires SDRs to maintain the privacy of any and all SBS transaction information that the SDR receives from an SBS dealer, counterparty, or any registered entity as prescribed in Rule 13n-9. Rule 13n-9(b)(1) requires SDRs to establish, maintain, and enforce written policies and procedures reasonably designed to protect the privacy of any and all SBS transaction information that the SDR receives from any SBS dealer, counterparty, or any registered entity. **The Commission estimates a total of 3 respondents for these provisions. The Commission estimates that an SDR will incur \$40,000 in outside legal costs⁸⁷ to create these policies and**

⁸⁵ The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (2 policies and procedures) = \$40,000.

⁸⁶ The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (75 hours of outside legal consulting per policy and procedure) x (1 policy and procedure) = \$30,000.

⁸⁷ The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (2 policies and procedures) = \$40,000.

procedures, for a total cost of \$120,000 initially. This equates to \$40,000 when annualized over three years or \$13,333.33 per respondent when annualized over three years. The Commission continues to estimate no ongoing costs associated with this provision. This collection is a recordkeeping type of collection.

Rule 13n-9(b)(2) requires SDRs to establish and maintain safeguards, policies, and procedures reasonably designed to prevent the misappropriation or misuse of (1) any confidential information received by the SDR, (2) material, nonpublic information, and/or (3) intellectual property. These safeguards, policies and procedures must address limiting access to such information and intellectual property, standards pertaining to trading by persons associated with the SDR for their personal benefit or the benefit of others, and adequate oversight. **The Commission estimates a total of 3 respondents for this provision. The Commission estimates that SDRs will incur \$20,000 in outside legal costs⁸⁸ to create these safeguards, policies, and procedures, for a total cost of \$60,000 initially. This equates to \$20,000 when annualized over three years or \$6,666.67 per respondent when annualized over three years.** The Commission continues to estimate no ongoing costs associated with this provision. This collection is a recordkeeping type of collection.

| Collection of Information | Type of Burden | Total Number of Respondents | Total Number of Responses Per Year | Type of Burden | Initial Cost Per Response Per Year Per Respondent | Ongoing Cost Per Response Per Year Per Respondent | Total Annualized Cost Per Year Per Respondent | Total Burden Reporting Cost For All Respondents | Total Cost Per Three Year Reporting Period Per Respondent | Total Cost Per Three Year Reporting Period For All Respondents |
|--|------------------------|-----------------------------|------------------------------------|---------------------|---|---|---|---|---|--|
| Registration on Form SDR: 13n-1(b) and 13n-3(a) and Form SDR | Reporting | 3 | 1 | Initial | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Certification and Opinion of Counsel for Non-Resident SDRs: 13n-1(f) | Reporting | 3 | 1 | Initial | \$300.00 | \$0.00 | \$300.00 | \$900.00 | \$900.00 | \$2,700.00 |
| Amendments to Form SDR: 13n-1(d) | Reporting | 3 | 3 | Ongoing | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Withdrawal from Registration: 13n-2 | Reporting | 3 | 1 | Initial | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| IT Systems: 13n-4(b)(2) and (4) and 13n-5 | Recordkeeping | 3 | 1 | Initial and Ongoing | \$3,333,333.33 | \$6,000,000.00 | \$9,333,333.33 | \$28,000,000.00 | \$28,000,000.00 | \$84,000,000.00 |
| Policies and Procedures: 13n-5(b)(1), (2), (3), and (5) and 13n-6 | Recordkeeping | 3 | 1 | Initial | \$33,333.33 | \$0.00 | \$33,333.33 | \$100,000.00 | \$99,999.99 | \$300,000.00 |
| Make and Keep Records of Persons at Each Office: 13n-7(a)(1) | Recordkeeping | 3 | 1 | Initial and Ongoing | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Storage of Records: 13n-7(b) | Recordkeeping | 3 | 1 | Initial | \$600.00 | \$0.00 | \$600.00 | \$1,800.00 | \$1,800.00 | \$5,400.00 |
| Reports: 13n-8 | Reporting | 3 | 1 | Ongoing | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Disclosure: 13n-10 | Third-Party Disclosure | 3 | 1 | Initial | \$3,133.33 | \$0.00 | \$3,133.33 | \$9,400.00 | \$9,399.99 | \$28,200.00 |
| Establish Procedures | Recordkeeping | 3 | 1 | Initial | \$13,333.33 | \$0.00 | \$13,333.33 | \$40,000.00 | \$39,999.99 | \$120,000.00 |

⁸⁸ The Commission derives its cost estimate from the following: (an estimated \$400 an hour cost for outside legal services) x (50 hours of outside legal consulting per policy and procedure) x (1 policy and procedure) = \$20,000.

| Collection of Information | Type of Burden | Total Number of Respondents | Total Number of Responses Per Year | Type of Burden | Initial Cost Per Response Per Year Per Respondent | Ongoing Cost Per Response Per Year Per Respondent | Total Annualized Cost Per Year Per Respondent | Total Burden Reporting Cost For All Respondents | Total Cost Per Three Year Reporting Period Per Respondent | Total Cost Per Three Year Reporting Period For All Respondents |
|--|----------------|-----------------------------|------------------------------------|----------------|---|---|---|---|---|--|
| for Remediation of Compliance Issues: 13n-11(c)(6) and (7) | | | | | | | | | | |
| Prepare and Submit Annual Compliance Report: 13n-11(d), (e), and (h) | Reporting | 3 | 1 | Ongoing | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Annual Financial Reports: 13n-11(f) and (g) | Reporting | 3 | 1 | Ongoing | \$0.00 | \$500,000.00 | \$500,000.00 | \$1,500,000.00 | \$1,500,000.00 | \$4,500,000.00 |
| Tagging Financial Reports: 13n-11(d) and (f) | Reporting | 3 | 1 | Ongoing | \$0.00 | \$22,772.00 | \$22,772.00 | \$68,316.00 | \$68,316.00 | \$204,948.00 |
| Establish and Enforce Objective Criteria: 13n-4(c)(1)(iii) | Recordkeeping | 3 | 1 | Initial | \$5,000.00 | \$0.00 | \$5,000.00 | \$15,000.00 | \$15,000.00 | \$45,000.00 |
| Policies and procedures to review any prohibition or limitation: 13n-4(c)(1)(iv) | Recordkeeping | 3 | 1 | Initial | \$6,666.67 | \$0.00 | \$6,666.67 | \$20,000.00 | \$20,000.01 | \$60,000.00 |
| Written Policies and Procedures for Board and Senior Management: 13n-4(c)(2)(iv) | Recordkeeping | 3 | 1 | Initial | \$6,666.67 | \$0.00 | \$6,666.67 | \$20,000.00 | \$20,000.01 | \$60,000.00 |
| Conflict of Interest Controls: 13n-4(c)(3) | Recordkeeping | 3 | 1 | Initial | \$13,333.33 | \$0.00 | \$13,333.33 | \$40,000.00 | \$39,999.99 | \$120,000.00 |
| Procedures and Facilities to Resolve Disputes: 13n-5(b)(6) | Recordkeeping | 3 | 1 | Initial | \$10,000.00 | \$0.00 | \$10,000.00 | \$30,000.00 | \$30,000.00 | \$90,000.00 |
| Privacy Requirements: 13n-9(b)(1) and 13n-4(b)(8) | Recordkeeping | 3 | 1 | Initial | \$13,333.33 | \$0.00 | \$13,333.33 | \$40,000.00 | \$39,999.99 | \$120,000.00 |
| Privacy Requirements: 13n-9(b)(2) | Recordkeeping | 3 | 1 | Initial | \$6,666.67 | \$0.00 | \$6,666.67 | \$20,000.00 | \$20,000.01 | \$60,000.00 |
| Totals | | | | | \$3,445,700.00 | \$6,522,772.00 | \$9,968,472.00 | \$99,905,416.00 | \$29,905,416.00 | \$89,716,248.00 |

14. Costs to Federal Government

The Commission may incur costs related to the request, receipt, and storage of security-based swap transaction data. The Commission could potentially incur significant costs in analyzing the data. The Commission believes that certain of these rules could reduce the potential cost to the government by facilitating the Commission's ability to analyze the data. However, at this time, the Commission is unable to quantify these costs.

15. Explanation of Changes in Burden

The total number of respondents under the Rules has decreased from 10 respondents to 3 respondents because the Commission has registered SDRs under the Rules. As a result, the estimates of the total burdens and costs have changed. The prior hour burden was 1,275,028 hours. The current burden of 382,582 hours represents a decrease of approximately 892,446 hours. The prior cost burden was \$299,047,860. The current burden of \$89,716,248 represents a decrease of \$209,331,612.

The changes in hour and cost burdens are summarized in the table below.

| Name of Information Collection | Previous Annual Industry Burden/Cost | Revised Annual Industry Burden/Cost | Change in Burden/Cost | Reason for Change |
|---------------------------------------|---|--|------------------------------|--|
| SDR Rules | 1,275,028 | 382,582 | (892,446) | Change in staff estimate of entities impacted |
| SDR Rules | \$299,047,860 | \$89,716,248 | (\$209,331,612) | Change in staff estimate of entities impacted. |

16. Information Collection Planned for Statistical Purposes

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

17. Approval to Omit OMB Expiration Date

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. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.