

SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission
for Rule 15c3-3 – Customer Protection—Reserves and Custody of Securities

3235-0078
Partial Revision

A. JUSTIFICATION

1. Necessity of Information Collection

During the “Paperwork Crisis” of 1967–1970, many brokers-dealers mishandled and misused customer funds and securities because they had inadequate and inefficient record keeping and segregation systems. Furthermore, the 1969–1970 “bear market” caused many firms that lacked sufficient capital to utilize customer funds and securities to obtain financing for their continued operation. In order to rectify these problems, the Securities and Exchange Commission (“Commission”) adopted Rule 15c3-3 under the Securities Exchange Act of 1934 (“Exchange Act”) to provide increased protection for the funds and securities of customers.¹

Rule 15c3-3 requires all broker-dealers that hold securities or cash belonging to customers to obtain and maintain possession or control of all the fully-paid and excess margin securities of their customers.² In addition, these broker-dealers must make a periodic computation (“reserve computation”) to ascertain the amount of money being held that constitutes customer funds or funds obtained from the use of customer securities. If this amount – known as “customer credits” – exceeds the amount of money customers owe the firm (“customer debits”), the broker-dealer must deposit the excess in a special reserve bank account for the exclusive benefit of the firm’s customers (“Special Reserve Bank Account”).³ In this way, Rule 15c3-3 protects customer assets by requiring firms to maintain possession or control of customer securities, and by permitting firms to use customer money only to the extent necessary to finance customer-related business.

Rule 15c3-3 requires broker-dealers to make the reserve computation on either a weekly or monthly basis. Broker-dealers are also required to: (1) maintain a description of the procedures utilized to comply with the possession and control requirements of Rule 15c3-3; (2) maintain a written notification from the bank where the Special Reserve Bank Account is located that all assets in the account are for the exclusive benefit of the broker-dealer’s customers; and (3) give telegraphic notice to the Commission, and the appropriate designated examining authority (“DEA”), if they fail to make a required deposit in the Special Reserve Bank Account.

In addition, paragraph (o) of Rule 15c3-3 requires that a broker-dealer that effects transactions for customers in security futures products (“SFP”) must: (1) establish written

¹ See *Broker-dealers; Maintenance of Certain Basic Reserves*, Exchange Act Release No. 9856 (Nov. 10, 1972), 37 FR 25224 (Nov. 29, 1972).

² 17 CFR 240.15c3-3.

³ For purposes of this Paperwork Reduction Act (“PRA”) submission, the term “Special Reserve Bank Account” includes accounts set up in accordance with both paragraph (e)(1) and (k)(2)(i) of Rule 15c3-3.

policies and procedures for determining whether customer SFPs will be placed in a securities account or a futures account, and, if applicable, the process by which a customer may elect the type of account in which SFPs will be held; (2) provide each customer that plans to effect SFP transactions with a disclosure document containing certain information; (3) make a record of each change in account type; and (4) send each SFP customer notification of any change of account type.

In accordance with Section 764 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”),⁴ which added section 15F to the Exchange Act,⁵ on June 21, 2019,⁶ the Commission adopted amendments to Rule 15c3-3 to establish segregation and notice requirements for broker-dealers, including broker-dealer security-based swap dealers (“SBSDs”), that are parallel to the requirements in Rule 18a-4⁷ applicable to SBSBs that are not broker-dealers (“2019 amendments”). Specifically, the Commission added new paragraph (p) to Rule 15c3-3 to establish segregation and notice requirements for broker-dealers with respect to their security-based swap activity.⁸ The Commission codified the security-based swap segregation requirements for broker-dealers in Rule 15c3-3, as amended, rather than in Rule 18a-4, as adopted, in order to consolidate broker-dealer customer protection requirements in Rule 15c3-3.⁹

2024 Adopted Rule Amendments

On July 12, 2023, the Commission proposed amendments to the reserve computation requirements for certain broker-dealers pursuant to its authority under Section 15(c)(3)(A) of the Exchange Act.¹⁰ On December 20, 2024 the Commission adopted amendments to Rule 15c3-3.¹¹

⁴ See *Dodd-Frank Wall Street Reform and Consumer Protection Act*, Public Law 111-203, 124 Stat. 1376 (2010).

⁵ See 15 U.S.C. 78o-10(e)(2)(B).

⁶ See *Capital, Margin, and Segregation Requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants and Capital Requirements for Broker-Dealers*, Exchange Act Release No. 86175.

⁷ OMB No. 3235-0700. This rule was submitted to OMB for its review at the proposing stage.

⁸ See paragraph (p) to Rule 15c3-3, as amended.

⁹ The hour burdens for the collection of information related to Rule 15c3-3, as amended, in the final rule release were included in the collection of information for Rule 18a-4, as proposed to be adopted, in the proposing release. See *Capital, Margin, and Segregation Requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants and Capital Requirements for Broker-Dealers; Proposed Rule*, Exchange Act Release No. 68071, 77 FR 70214 (Nov. 23, 2012). These hours were moved to the existing collection of information in Rule 15c3-3, as amended, as a result of changes made to the final rule in response to comments to require that broker-dealers comply with the segregation requirements of paragraph (p) to Rule 15c3-3, as amended, with respect to their security-based swap activities (rather than the requirements of Rule 18a-4, as adopted). For more information about the comments, see *infra* note 15.

¹⁰ See *Daily Computation of Customer and Broker-Dealer Reserve Requirements under the Broker-Dealer Customer Protection Rule*, Exchange Act Release No. 97877 (Jul. 12, 2023), 88 FR 45836 (Jul. 18, 2023) (“2023 Proposing Release”).

¹¹ See *Daily Computation of Customer and Broker-Dealer Reserve Requirements under the Broker-Dealer Customer Protection Rule*, Final Rule, Exchange Act Release 102022 (Dec. 20, 2024), [90 FR 2790 (Jan. 13, 2025)] (“2024 Amendments”). In addition to the amendments to Rule 15c3-3, the Commission also

The adopted amendments require carrying broker-dealers¹² to compute the reserve computation on a daily basis, instead of weekly as required under the current rule, provided that such broker-dealers have average total credits that equal or exceed \$500 million (the “\$500 million threshold”). For the purposes of the amendments, “average total credits” is defined as the arithmetic mean of the sum of total credits in the broker-dealer’s customer reserve computation and PAB reserve computation reported in the twelve most recently filed month-end FOCUS Reports.

The adopted amendments also require carrying broker-dealers subject to the daily reserve computation requirement to make a deposit of any excess of credits over debits to the Special Reserve Bank Accounts following each computation in accordance with the timelines prescribed in the rule. Carrying broker-dealers subject to the daily computation requirement are also required to make and maintain a record of each such computation.

The adopted amendments require carrying broker-dealers subject to the daily reserve computation requirement to continue performing daily reserve computations for at least 60 days after falling below the \$500 million and providing notification to the broker-dealer’s designated examining authority in writing.

The Commission also adopted amendments to Rule 15c3-3 that permit a carrying broker-dealer that does not exceed the \$500 million threshold to voluntarily perform daily customer reserve computations and apply the 2% debit reduction in lieu of the 3% debit reduction, provided that the carrying broker-dealer notifies its designated examining authority, in writing, at least 30 calendar days prior to beginning the daily customer reserve computation.

This supporting statement describes the changes to the information collection burdens associated with Rule 15c3-3 that changed as a result of the 2024 adopted

adopted amendments to Rule 15c3-1 (17 CFR 240.15c3-1). Under Rule 15c3-1, the minimum net capital requirement for broker-dealers is the greater of a fixed-dollar amount and an amount determined by applying one of two financial ratios: the 15-to-1 aggregate indebtedness to net capital ratio (“basic method”) or the 2% of aggregate debit items ratio (“alternative method”). A carrying broker-dealer using the alternative method must reduce aggregate debit items by 3% when performing its customer reserve computation under Rule 15c3-3. This can increase the amount the carrying broker-dealer must lock up in its customer reserve bank account. The amendments to Rule 15c3-1 permit carrying broker-dealers that use the alternative method and are above the \$500 million threshold (i.e., that perform a daily customer reserve computation) to reduce their aggregate debit items by 2% rather than 3%.

The Commission also adopted technical amendments to Form X-17A-5 Part II (the “FOCUS Report Part II”) to conform the reporting obligations with the adopted amendments lowering the debit reduction from 3% to 2% for carrying broker-dealers that use the alternative method and perform daily reserve computations. This supporting statement addresses only the changes to the information collection burdens associated with Rule 15c3-3 as a result of the 2024 amendments. The amendment to Rule 15c3-1 to lower the debit reduction from 3% to 2% is not associated with an information collection requirement, and the technical amendments to Part II of the FOCUS Report add only two additional lines to a lengthy form and will not affect the current estimated burden for the related information collection. Consequently, the Commission is not revising any existing burdens, and is not proposing any new burdens, in connection with the 2024 amendments to Rule 15c3-1 and Part II of the FOCUS Report.

¹² For the purposes of the adopted amendments to Rule 15c3-3, a carrying broker-dealer is a broker-dealer that holds securities and cash on behalf of customers and other broker-dealers (“PAB account holders”).

amendments only. It does not propose to revise any of the other burdens in this ICR.

2. Purpose and Use of the Information Collection

Rule 15c3-3 is an integral part of the Commission's financial responsibility program for broker-dealers. Its purpose is to protect the rights of customers to promptly obtain their property from a broker-dealer. Rule 15c3-3's reserve and notice requirements facilitate the process by which the Commission and the various DEAs monitor how broker-dealers are fulfilling their custodial responsibilities to investors. With the exception of the telegraphic notice requirement, governmental agencies do not regularly receive any of the information described above. Instead, the information is stored by the broker-dealer and made available to the various securities regulatory authorities as required to facilitate examinations and investigations. If broker-dealers were not required to create and maintain this information, the Commission's ability to fulfill its statutory directive to protect investors would be diminished.

Rule 15c3-3 also requires that a broker-dealer provide each customer that wishes to engage in SFP activities with a disclosure document and notification of any change of account type. Without these disclosures and notifications, in the event of a liquidation, customers may be uncertain or confused as to which regulatory scheme is applicable to their account.

The 2019 amendments to Rule 15c3-3 are integral to the Commission's financial responsibility program for broker-dealers and broker-dealer/SBSDs as they are designed to protect the rights of security-based swap customers and their ability to promptly obtain their property from a broker-dealer. The collection of information requirements in the rule facilitates the process by which the Commission and its staff monitor how broker-dealers are fulfilling their custodial responsibilities to security-based swap customers. The 2019 amendments to Rule 15c3-3 also require that a broker-dealer provide certain notices to its counterparties.¹³ These notices alert counterparties to the alternatives available to them with respect to segregation of non-cleared security-based swaps. The Commission and its staff will use the collection of information in the 2019 amendments to confirm registrants are providing the requisite notice to counterparties.

The 2024 amendments to Rule 15c3-3 are also integral to the Commission's financial responsibility program as they address the risk that—for a period of days—the net amount of cash owed to customers and PAB account holders could be greater than the amounts held in the carrying broker-dealer's Special Reserve Bank Accounts. By requiring daily, instead of weekly, computations the 2024 amendments to Rule 15c3-3 will more quickly apply the protective measures of the Rule 15c3-3 reserve requirements to the cash of customers and PAB account holders that is newly deposited into the carrying broker-dealer, and as a result will reduce the risk that the failure of a carrying broker-dealer may be unable to promptly return cash and securities to customers and PAB account holders through an orderly self-liquidation.

¹³ See paragraphs (p)(1) and (p)(3) of Rule 15c3-3, as amended.

3. Consideration Given to Information Technology

Rule 15c3-3 does not prevent a broker-dealer from using computers or other mechanical devices to generate, obtain, disclose or maintain the records and information required under the rule. Currently, most firms utilize automated systems to comply with Rule 15c3-3. The Commission is not aware of any technical or legal obstacle to reducing the burden through the use of improved information technology.

4. Duplication

There are no similar rules that are duplicative of Rule 15c3-3. Copies of notices required to be filed with the Commission under paragraph (i) of Rule 15c3-3 must also be filed with the regulatory authority that examines the broker-dealer for compliance with financial responsibility, helping to avoid duplication.

5. Effects on Small Entities

Paragraph (k) of Rule 15c3-3 has the effect of exempting most small broker-dealers from the rule's requirements. Small broker-dealers that are not exempt from Rule 15c3-3 can make the required computation monthly as long as they have aggregate indebtedness not exceeding 800% of net capital and carry aggregate customer funds not exceeding \$1,000,000. The Commission estimates that, as of 2022 year-end, approximately 31 broker-dealers were small entities that performed a customer reserve computation pursuant to Rule 15c3-3.¹⁴ In addition, the information collections required under the 2019 amendments do not place burdens on small entities. The broker-dealer SBSBs subject to the information collections under the rule are not expected to be small entities.

Additionally, the 2024 amendments do not place burdens on small entities. The 2024 amendments require certain carrying broker-dealers to perform daily reserve computations if they are carrying broker-dealers and they exceed the \$500 million threshold. The carrying broker-dealers subject to the daily reserve computation requirement are not small entities.

6. Consequences of Not Conducting Collection

If the required information were not conducted or were conducted less frequently, the level of protection afforded to the counterparties and the U.S. financial system by Rule 15c3-3 would be diminished.

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

There are no special circumstances. This collection is consistent with the guidelines in 5 CFR 1320.5(d)(2).

¹⁴ This estimate is based on the number of firms that, as of December 31, 2022, indicated on Part II their FOCUS reports (OMB Control Number 3235-0123) that they make their 15c3-3 computations monthly (line 4333).

8. Consultations Outside the Agency

The required Federal Register notice soliciting comments on this collection of information was published in the 2023 Proposing Release.¹⁵ The Commission received one comment regarding its estimate that it takes between one and five hours for a broker-dealer to make a record of each such reserve, and that the average time spent across all carrying broker-dealers is 2.5 hours.¹⁶ that the Proposing Release does not state a basis for this 2.5 hour estimate and that the estimate is so wide of the mark that it cannot support the Commission's analysis of paperwork burdens (or costs, burdens, and effects on competition of the proposal). This commenter stated that each weekly calculation takes approximately 10 hours and that during these 10 hours more than 50 employees are involved in some part of the data collection, performing calculations, verifying figures, and transferring funds to banks that are part of performing the reserve computations.

In response, the Commission stated that the specific tasks the commenter listed do not specify what amount of the 10 hours is dedicated to making, maintaining, and preserving a record of the computation, as required by Rule 15c3-3. Instead, the tasks the commenter listed relate to the steps necessary to perform a computation. The 2.5-hour estimate is based on staff experience with customer and PAB reserve computations and recordkeeping requirements and staff's understanding that these records are made, maintained, and preserved either in an electronic format or as a paper copy. Some carrying broker-dealers may take more time, while others may take less time to make, maintain and preserve a record of the computations. As a result, the 2.5-hour burden estimate is the estimate of the time it takes a carrying broker-dealer to make a record of the computation for purposes of the PRA.¹⁷

9. Payment or Gift

No payments of gifts have been provided to respondents.

10. Confidentiality

The information collected by the Commission under Rule 15c3-3, as amended, is kept confidential to the extent permitted by the Freedom of Information Act (5 U.S.C. § 552 *et seq.*).

¹⁵ See *supra*, note 10.

¹⁶ See Letter from Marshall Ollia, Chief Financial Officer, Raymond James & Associates, Inc. (Sept. 11, 2023), available at [SEC.gov | Comments on S7-11-23](https://www.sec.gov/Commentary/2023/230911.htm).

¹⁷ This estimated burden involves the time it takes an employee such as a financial reporting manager to make, maintain, and preserve a record of the reserve computation and the supporting details of each credit and debit in the applicable reserve computation. The estimated range of 1 to 5 hours considers that smaller carrying broker-dealers may choose to print out paper copies of the computation and supporting details on a computer to comply with the recordkeeping requirement. Larger carrying broker-dealers may need additional time to make the record in their preexisting electronic recordkeeping system to maintain and preserve it in a format to meet the electronic preservation requirements of Rule 17a-4. Consequently, a 2.5-hour estimate is used.

11. Sensitive Questions

The Information Collection does not collect information about individuals, therefore a PIA, SORN, and PAS are not required.

12. Burden of Information Collection

The Commission estimates that the aggregate annual hour burden associated with Rule 15c3-3 is approximately 1,166,133 hours calculated as described below. This estimated figure includes the changes to information collection burdens resulting from the 2024 amendments to Rule 15c3-3. The changes are discussed in connection with the burdens estimated for paragraph (e) below. Additionally, a new information collection has been added to reflect two notification requirements included in the adopted amendments to Rule 15c3-3(e). No other estimated burdens have changed from those that were approved as of October 17, 2023.¹⁸

2024 Revisions to Existing Hour Burdens

Customer Reserve Accounts

As described above, Rule 15c3-3(e) requires broker-dealers to make a reserve computation on either a weekly or monthly basis. The Commission estimates that, as of December 31, 2022, there were approximately 207 broker-dealers fully subject to Rule 15c3-3 (*i.e.*, broker-dealers that cannot claim any of the exemptions enumerated in paragraph (k)), of which approximately 15 made daily computations (on a voluntary basis), 161 made weekly, and 31 made monthly, reserve computations.¹⁹ Paragraph (e)(3) of Rule 15c3-3 requires each broker-dealer to make a record of each such computation.²⁰ Based on staff experience, the Commission estimates that it takes between one and five hours to make a record of each reserve computation, and that the average time spent across all the firms is 2.5 hours.

Rule 15c3-3(e)(3) – daily computations for customer reserve account²¹

As noted above, in 2023 the Commission proposed amendments to Rule 15c3-3.²² On December 20, 2024, the Commission adopted amendments to Rule 15c3-3.²³ The 2024 amendments require broker-dealers with \$500 million or more in average total credits to make required reserve computations daily, instead of weekly. The Commission estimates that there

¹⁸ https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202306-3235-015.

¹⁹ This estimate is based on the number of firms that, as of December 31, 2022, indicated on Part II of their FOCUS reports that they make their 15c3-3 computations daily (line 4332), weekly (line 4333), or monthly (line 4334).

²⁰ 17 CFR 240.15c3-3(e)(3).

²¹ In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is “Rule 15c3-3(e)(3) – daily computations.” The Commission is revising the title of this collection of information in order to clarify that it is distinct from the collection of information related to daily computations for PAB reserve accounts, which currently shares the same title.

²² *See supra*, note 10.

²³ *See supra*, note 11.

are approximately 49 broker-dealers that would have average total credits equal to or exceeding \$500 million. Of these 49 broker-dealers, the Commission estimates that 9 already perform the customer reserve computation daily. As a result, the Commission estimates that 40 broker-dealers will be required to shift from weekly to daily customer reserve computations. The total number of broker-dealers that would perform daily customer reserve computations would therefore be 55 broker-dealers (15 existing broker-dealers plus the 40 broker-dealers performing weekly computations that would be required to perform a computation daily).

Consequently, the revised hour burden associated with the requirement for broker-dealers to perform a daily reserve computation for customer accounts is estimated to be 34,375 hours.²⁴ This represents an increase of 25,000 hours over the currently approved hour burden for this information collection.²⁵

*Rule 15c3-3(e)(3) – weekly computations for customer reserve account*²⁶

As a result of the adopted amendments to Rule 15c3-3(e) that require certain broker-dealers to perform a customer reserve computation on a daily basis, the hour burden associated with the information collection related to weekly reserve computations for customer accounts will decrease. Specifically, the number of respondents subject to the requirement to perform weekly reserve computations for customer accounts will decrease from 161 to 121. This decrease of 40 broker-dealers is the number of broker-dealers that the Commission estimates will be required to shift from a weekly to a daily reserve computation for customer accounts as a result of the 2024 amendments.

Consequently, the Commission estimates that the revised hour burden for the information collection associated with weekly reserve computations for customer accounts is 15,730 hours.²⁷ This represents a decrease of 5,200 hours.²⁸

The burden related to monthly reserve computations for customer accounts will not change as a result of the 2024 amendments.

Based on these revised estimates, the Commission believes that the hourly burden associated with the information collection associated with reserve computations for customer accounts will be approximately 51,035 hours (34,375 hours for daily computations + 15,730

²⁴ 2.5 hours x 250 computations annually x 55 respondents that calculate daily = 34,375 hours.

²⁵ Revised hour burden of 34,375 minus the currently approved burden of 9,375 hours = 25,000 hours.

²⁶ In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is “Rule 15c3-3(e)(3) – weekly computations.” The Commission is revising the title of this collection of information in order to clarify that it is distinct from the collection of information related to weekly computations for PAB reserve accounts, which currently shares the same title.

²⁷ 2.5 hours x 52 computations x 121 respondents = 15,730 hours.

²⁸ Revised hour burden of 15,730 hours minus the currently approved hour burden of 20,930 hours = 5,200 hours.

hours for weekly computations + 930 for hours for monthly computations).²⁹ Thus, the Commission estimates that there will be an increase in the burden associated with the requirement to make a record of the customer reserve computation of 19,710 hours³⁰ as a result of the 2024 amendments to Rule 15c3-3.

PAB Reserve Accounts

In addition to reserve computations for customer accounts, paragraph (e) of Rule 15c3-3 also requires a PAB³¹ reserve computation. The Commission previously estimated that approximately 93 broker-dealers perform a PAB reserve computation.³² The Commission also previously estimated that of the 93 broker-dealers required to perform a PAB reserve computation, approximately 77 of the current PAB filers will perform the PAB reserve computation on a weekly basis, 5 broker-dealers will perform it on a monthly basis, and 11 broker-dealers will perform the PAB reserve computation on a daily basis. The Commission estimates that a broker-dealer will spend, on average, approximately 2.5 hours to complete the PAB reserve computation in order to make a record of such computation pursuant to paragraph (e) of Rule 15c3-3.

Rule 15c3-3(e)(3) – daily computations for PAB reserve account³³

In connection with the 2024 amendments described above, the Commission estimates that of the 49 broker-dealers with average total credits equal to or exceeding \$500 million, 44 perform a PAB reserve computation, with 9 of these broker-dealers already performing the PAB reserve computation daily. As a result, the Commission estimates that 35 broker-dealers will be required to switch from a weekly PAB reserve computation to a daily PAB reserve computation. The total number of broker-dealers that would perform daily PAB reserve computations would therefore be 46 broker-dealers (11 existing broker-dealers plus the 35 broker-dealers performing weekly PAB computations that would be required to perform daily computations).

²⁹ (2.5 hours x 250 computations annually x 55 respondents that calculate daily) + (2.5 hours x 52 computations annually x 121 respondents that calculate weekly) + (2.5 hours x 12 computations annually x 31 respondents that calculate monthly) = 51,035 hours.

³⁰ Estimated burden of 51,035 hours resulting from proposed amendments less previously approved burden of 31,325 hours = 19,710 hours.

³¹ The term PAB account means a proprietary securities account of a broker or dealer (which includes a foreign broker or dealer, or a foreign bank acting as a broker or dealer) other than a delivery-versus-payment account or a receipt-versus-payment account. The term does not include an account that has been subordinated to the claims of creditors of the carrying broker or dealer. 15c3-3(a)(16)

³² This estimate is based on the number of brokers-dealers that have, as of December 31, 2022, either aggregate credit items (line 2170) or debit items (line 2230) on either Part II or Part II CSE of their FOCUS Reports.

³³ In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is “Rule 15c3-3(e)(3) – daily computations.” The Commission is revising the title of this collection of information in order to clarify that it is distinct from the collection of information related to daily computations for customer reserve accounts, which currently shares the same title.

Consequently, the revised hour burden associated with the requirement for broker-dealers to perform a daily PAB reserve computation is estimated to be 28,750 hours.³⁴ This represents an increase of 21,875 hours over the currently approved hour burden for this information collection.³⁵

*Rule 15c3-3(e)(3) – weekly computations for PAB reserve account*³⁶

As a result of the 2024 amendments to Rule 15c3-3(e) that require certain broker-dealers to perform a PAB reserve computation on a daily basis, the hour burden associated with the information collection related to weekly PAB reserve computations will decrease. Specifically, the number of respondents subject to the requirement to perform weekly reserve computations for customer accounts will decrease from 77 to 42. This decrease of 35 broker-dealers is the number of broker-dealers that the Commission estimates will be required to shift from a weekly to a daily PAB reserve computation as a result of the 2024 amendments to Rule 15c3-3.

Consequently, the Commission estimates that the revised hour burden for the information collection associated with weekly PAB reserve computations is 5,460 hours.³⁷ This represents a decrease of 4,550 hours.³⁸

The burden related to monthly reserve computations for PAB accounts will not change as a result of the 2024 amendments.

Based on these estimates, the Commission believes that the hourly burden associated with this collection of information will be approximately 34,360 hours (5,460 hours for weekly computations + 150 hours for monthly computations + 28,750 hours for daily computations).³⁹ Thus, the Commission estimates that there will be an increase in the burden associated with the requirement to make a record of the PAB reserve formula computation of 17,325 hours.⁴⁰

2024 New Information Collections

Notification Requirement to Revert to Weekly Computations

³⁴ 2.5 hours x 250 computations annually x 46 respondents that calculate daily = 28,750 hours.

³⁵ Revised hour burden of 28,750 hours minus currently approved burden of 6,875 hours = 21,875 hours.

³⁶ In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is “Rule 15c3-3(e)(3) – weekly computations.” The Commission is revising the title of this collection of information in order to clarify that it is distinct from the collection of information related to weekly computations for customer reserve accounts, which currently shares the same title.

³⁷ 2.5 hours x 52 computations x 42 respondents = 5,460 hours.

³⁸ Revised hour burden of 5,460 hours minus the currently approved hour burden of 10,010 hours = 4,550 hours.

³⁹ (42 weekly filers x 52 weeks x 2.5 hours per computation) + (5 monthly filers x 12 months x 2.5 hours per computation) + (46 daily filers x 250 business days per year x 2.5 hours per computation) = 34,360 total hours.

⁴⁰ Estimated burden of 34,360 hours resulting from 2024 amendments less previously estimated burden of 17,035 hours = 17,325 hours

As noted above, the 2024 amendments to Rule 15c3-3 require broker-dealers with average total credits equal to or exceeding \$500 million to perform the required reserve computations daily instead of weekly. Such broker-dealers must continue to perform required reserve computations daily until the broker-dealer's average total credits fall below \$500 million. A broker-dealer can then elect to revert to a weekly reserve computation but must notify its designated examining authority in writing of its election and continue to perform a daily reserve computation for at least 60 calendar days after providing the written notification.

Based on a review of FOCUS Report data for the 2023 calendar year, the Commission estimates that one broker-dealer per year would provide notice to the broker-dealer's designated examining authority that the broker-dealer's average total credits have fallen below the \$500 million threshold and that the broker-dealer would revert to a weekly reserve computation.

Based on its experience with other notification requirements, the Commission estimates that it would take a broker-dealer 30 minutes to prepare and send the notification regarding its election to perform weekly reserve computations to its designated examining authority. As a result, the Commission estimates that one broker-dealer per year would send the notice for a burden of **0.5 hours per year**. This burden would represent a new collection of information.

Notification Requirement to Voluntarily Perform Daily Customer Reserve Computation with the 2% Debit Reduction

As noted above, the Commission has adopted amendments to Rule 15c3-3 that permit a carrying broker-dealer to elect to voluntarily perform the reserve computations daily and reduce aggregate debit items in the customer reserve computation by 2% instead of 3%.⁴¹ The 2024 amendments require that a carrying broker-dealer electing to voluntarily perform reserve computations daily and reduce aggregate debit items in the customer reserve computation by 2% instead of 3% to provide notification to the carrying broker-dealer's DEA 30 calendar days prior to beginning daily reserve computations.

Based on a review of FOCUS Report data for the calendar year 2023, the Commission estimates that 9 carrying broker-dealers that are above the \$500 million threshold voluntarily perform daily customer reserve computations that these nine carrying broker-dealers will notify their DEA of their intent to continuing to perform daily customer reserve computations voluntarily pursuant to paragraph (e)(3)(v) of Rule 15c3-3. Additionally, the Commission estimates that an additional 6 carrying broker-dealers that have significant debit balances may voluntarily elect to perform daily customer reserve computations in order to deduct 2% of aggregate debit items instead of 3% in connection with the computation. Consequently, the Commission estimates that there are 15 respondents associated with this collection of information: 9 in the first year; 3 in the second year; and 3 in the third year or, alternatively, 5 respondents per year on average.

Based on its experience with other notification requirements, the Commission estimates that it will take a carrying broker-dealer 30 minutes to prepare and send the notification

⁴¹ See paragraph (e)(3)(v) of Rule 15c3-3, as amended.

regarding its election to voluntarily perform a daily reserve computation. Consequently, the Commission estimates that this will result in **an annualized burden of approximately 2.5 hours per year.**⁴²

Unchanged Burden Hours

The following burden hour estimates have not changed from their previous estimates in connection with the proposed amendments to Rule 15c3-3. They are included in this supporting statement for completeness.

Paragraph (a)(16) of Rule 15c3-3 excludes from its definition of “PAB account,” an account that “has been subordinated to the claims of creditors of the carrying broker or dealer.”⁴³ The Commission understands that most PAB account holders that enter into a subordinated loan agreement with a broker-dealer that maintains custody of customer securities and cash (“carrying broker-dealer”) in order to not be treated as PAB accounts under paragraph (a)(16) likely will be affiliates of the broker-dealer. The Commission estimates that the 93 broker-dealers that carry PAB accounts will enter into an average of 11 subordination agreements under paragraph (a)(16) and it will take a carrying broker-dealer approximately 20 hours to draft a subordination agreement. Therefore, the Commission estimates that the total one-time recordkeeping burden will be approximately 20,460 hours, or approximately 6,820 hours per year on an annualized basis.⁴⁴

Paragraph (b)(5) of Rule 15c3-3 requires carrying broker-dealers to provide PAB account holders with written notice that the account holder’s non-margin securities may be used in the ordinary course of its business. As noted above, the Commission estimates that approximately 93 broker-dealers carry PAB accounts. The Commission further estimates that, on average, a firm will spend approximately 10 hours of employee resources drafting or updating a standard notice template, for a total one-time recordkeeping burden of approximately 930 hours, or approximately 310 hours per year on an annualized basis.⁴⁵ The Commission also estimates that there are approximately 1,107 existing PAB customers⁴⁶ and approximately 5% of those customers (approximately 55 customers) will be affected by this requirement as they have not yet

⁴² (9 responses in year 1 x 0.5 hours per response) + (3 responses in year 2 x 0.5 hours per response) + (3 responses in year 3 x 0.5 hours per response) or 4.5 hours + 1.5 hours + 1.5 hour = 7.5 hours. Over three years the annualized burden would be 7 hours / 3 years = 2.5 hours per year. Alternatively, (5 respondents per year x 0.5 hours per response) = 2.5 hours per year.

⁴³ For purposes of this supporting statement, the term “PAB account” references accounts held at carrying broker-dealers that hold the proprietary securities and cash of other broker-dealers.

⁴⁴ 93 broker-dealers x 11 accounts x 20 hours = 20,460 hours. The total annualized burden over the three-year approval period is 6,820 hours (20,460 / 3 = 6,820, with an average of 73 hours per respondent (6,820 / 93 broker-dealers = 73.333, rounded down to 73).

⁴⁵ 93 firms x 10 hours = 930 hours. The one-time burden annualized over the three-year approval period is 310 hours (930 / 3 = 310, hours), with an average per 93 broker-dealers of 3 hours (310 / 93 = 3.333, rounded down to 3).

⁴⁶ This estimate is based on the number of firms that, as of December 31, 2022, have account numbers on either lines 418, 419, 420, or 424 of Part IIA of the FOCUS report.

received the required written notice from their broker-dealer.⁴⁷ Therefore, broker-dealers will have to send approximately 55 written notices, spending approximately 10 minutes per account sending out the required written notice, for a total one-time disclosure burden of 9.16 hours, or approximately 3 hours per year on an annualized basis.⁴⁸

Further, the Commission estimates that the 93 firms that carry PAB accounts will have to amend or update their standard PAB agreement template. The Commission estimates a firm will spend, on average, approximately 20 hours of employee resources on this task, for a total one-time recordkeeping burden of approximately 1,860 hours, or approximately 620 hours per year on an annualized basis.⁴⁹

Paragraph (f) of Rule 15c3-3 prescribes that a broker-dealer required to maintain a Special Reserve Bank Account must obtain and retain a written notification from each bank in which it has a Special Reserve Bank Account to evidence the bank's acknowledgement that assets deposited in the account are being held by the bank for the exclusive benefit of the broker-dealer's customers.⁵⁰ As stated above, 207 broker-dealers are estimated to be fully subject to Rule 15c3-3. In addition, 350 broker-dealers operate in accordance with the exemption provided in paragraph (k)(2)(i),⁵¹ which also requires that a broker-dealer maintain a special reserve account. Broker-dealers generally maintain longstanding relationships with banks where they hold their Special Reserve Bank Accounts and thus do not need to obtain these letters frequently. The Commission estimates that of the total number of broker-dealers that must comply with Rule 15c3-3, only 25%, or approximately 139 broker-dealers,⁵² must obtain one new letter each year.⁵³ The Commission estimates that it will take a broker-dealer approximately one hour to obtain this written notification from a bank regarding a Special Reserve Bank Account.⁵⁴ Therefore, the Commission estimates a total annual recordkeeping burden of approximately 139 hours to obtain these written notifications.⁵⁵

⁴⁷ 1,107 PAB account holders x 5% = 55.35 PAB account holders, rounded down to 55 PAB account holders.

⁴⁸ 55 PAB account holders x 10 minutes = 550 minutes. 550 minutes / 60 minutes = 9.16, rounded to 9 hours. For purposes of this supporting statement, the one-time burden annualized over the three-year approval period is 3.055 hours (9.16 / 3 = 3.055, rounded to 3 hours).

⁴⁹ 93 firms x 20 hours = 1,860 hours. The one-time burden annualized over the three-year approval period is 620 hours (1,860 / 3 = 620), with an average hour burden of 6.67 hours per broker-dealer (620 / 93 = 6.666, rounded to 6.67).

⁵⁰ 17 CFR 240.15c3-3(f).

⁵¹ This estimate is based on the number of firms that, as of December 31, 2022, indicated on line 4560 of Part II or Part II CSE of their FOCUS reports that they are subject to the Rule 15c3-3(k)(2)(i) exemption.

⁵² (207 + 350) x 25% = 139.25, rounded down to 139 broker-dealers.

⁵³ The Commission notes that a broker-dealer will need to obtain a letter from its bank regarding its Special Reserve Bank Account because either the broker-dealer changed the type of business it does and became subject to paragraph (e)(3) or (k)(2)(i) of Rule 15c3-3 or the broker-dealer established a new Special Reserve Bank Account.

⁵⁴ The language in these letters is largely standardized.

⁵⁵ 139 broker-dealers x 1 hour = 139 hours.

Paragraph (f) of Rule 15c3-3 requires a broker-dealer to immediately notify the Commission and its DEA if it fails to make a required deposit in its Special Reserve Bank Account.⁵⁶ We anticipate broker-dealers will file approximately 15 such notices each year.⁵⁷ The Commission estimates that it will take a broker-dealer approximately 30 minutes to file the required notice, resulting in a total annual reporting burden of approximately 8 hours.⁵⁸

Paragraph (j)(1) of Rule 15c3-3 includes a condition that a broker-dealer must establish adequate procedures that will impose a paperwork burden if a broker-dealer wishes to accept or use any free credit balance from the account of any customer of the broker-dealer. The requirement that broker-dealers establish adequate procedures with regard to free credit balances will result in one-time and annual hours burdens for broker-dealers subject to the requirements of paragraph (j)(1) to Rule 15c3-3 for the 142 broker-dealers that carry free credit balances.⁵⁹ Most firms already have such procedures in place. Therefore, the Commission estimates that a broker-dealer will spend approximately 10 hours per year reviewing and updating its procedures, for an annual recordkeeping burden of approximately 1,420 hours.⁶⁰

Paragraph (j)(2) of Rule 15c3-3 requires a broker-dealer to obtain written affirmative consent from a new customer before including a customer's free credit balances in a Sweep Program, as defined in paragraph (a)(17), as well as to provide certain disclosures and notices to all customers with regard to the broker-dealer's Sweep Program. These requirements will result in one-time and annual burdens to broker-dealers subject to its provisions. However, these requirements apply only to firms that carry customer free credit balances and opt to have the ability to change how their customers' free credit balances are treated. The Commission is including all 142 broker-dealers that carry free credit balances in its estimate to reflect the fact that these firms may have to update their systems to comply with these requirements. The Commission further estimates that these firms will spend, on average, approximately 200 hours of employee resources per firm updating their current systems (including processes for generating customer account statements) to comply with the rule. Therefore, the Commission estimates that the total one-time recordkeeping burden to broker-dealers arising from this requirement will be approximately 28,400 hours, or approximately 9,467 hours per year on an annualized basis.⁶¹

⁵⁶ 17 CFR 240.15c3-3(i).

⁵⁷ Broker-dealers filed 15 such notices with the Commission, on average, in past years.

⁵⁸ 15 notices x 0.5 hours = 7.5 hours rounded up to 8.

⁵⁹ This estimate is based on the number of firms that, as of December 31, 2022, had free credit balances on line 4340 of Part II of their FOCUS reports.

⁶⁰ 142 broker-dealers x 10 hours = 1,420 hours.

⁶¹ 142 broker-dealers x 200 hours per firm = 28,400 hours. For purposes of this supporting statement, this one-time burden annualized over the three-year approval period is approximately 9,467 hours (28,400 / 3 = 9,466.67, rounded up to 9,467), with an average hour burden per broker-dealer of approximately 66.67 hours (9,466.6667 / 142 broker-dealers = 66.6666667, rounded up to 66.67).

With respect to the annual burden associated with paragraph (j)(2) of Rule 15c3-3, the Commission estimates that there are 256,751,303 customer accounts⁶² of which 5% (approximately 12,837,565) will be impacted each year.⁶³ This equates to an average of approximately 90,405 accounts per broker-dealer.⁶⁴ The Commission further estimates that a broker-dealer will spend, on average, four minutes of employee resources to process a written affirmative consent for new customers, as well as disclosures required under paragraph (j) to Rule 15c3-3. Therefore, the Commission estimates that the annual recordkeeping burden to broker-dealers⁶⁵ arising from the requirement will be approximately 855,838 hours.⁶⁶

Paragraph (o)(2)(i) of Rule 15c3-3 requires a broker-dealer that effects transactions for customers in SFPs to provide each customer that engages in SFP transactions with a disclosure document containing certain information. The Commission estimates that 8% of the accounts held by broker-dealers that are also registered as FCMs, or 3,110,078 accounts, may engage in SFP transactions.⁶⁷ This equates to an average of approximately 21,902 accounts per broker-dealer.⁶⁸ The Commission estimates that it will take approximately 3 minutes to create each record.⁶⁹ Thus, the total annual disclosure burden associated with the requirements of paragraph (o)(2)(i) will be approximately 155,504 hours.⁷⁰

Paragraph (o)(3) of Rule 15c3-3 requires a broker-dealer that effects transactions in SFPs for customers to make a record of each change in account type and to provide certain customers with disclosure documents containing certain information about SFP products.⁷¹ The Commission estimates that broker-dealers that were also registered as futures commission

⁶² This estimate is based on the total number of public customer accounts listed on line 8080 of firms' FOCUS reports, as of December 31, 2022.

⁶³ The Commission estimates approximately 12,837,565 accounts ($256,751,303 \times 5\% = 12,837,565.15$, rounded down to 12,837,565) will be impacted annually.

⁶⁴ $12,837,565 \div 142 = 90,405.39$ rounded down to 90,405.

⁶⁵ This annual burden will affect the 142 broker-dealers that carry free credit balances.

⁶⁶ $(12,837,565 \text{ accounts} \times 4 \text{ minutes per account}) / 60 \text{ minutes} = 855,837.667$, rounded up to 855,838 hours. For purposes of this supporting statement, the Commission divided the total annual hour burden by 161 respondents for an average annual burden per firm of approximately 3,347 hours ($538,815. / 161 = 3,346.677$, rounded up to 3,347).

⁶⁷ $38,875,974 \text{ accounts} \times 8\% = 3,110,077.9$, rounded up to 3,110,078 accounts. The Commission derived its 8% estimate from the number of active options accounts and conversations with industry representatives.

⁶⁸ $3,110,078 \div 142 = 21,901.95$ rounded up to 21,902.

⁶⁹ The Commission estimates that most firms will have this process automated. To the extent that no person need be involved in the generation of this record, the burden will be very minimal.

⁷⁰ $3,110,078 \text{ accounts} \times (3 \text{ minutes}/60 \text{ minutes}) = 155,503.9$ hours rounded up to 155,504.

⁷¹ More specifically, a broker-dealer that changes the type of account in which a customer's SFPs are held must create a record of each change in account type that includes the name of the customer, the account number, the date the broker-dealer received the customer's request to change the account type, and the date the change in account type took place.

merchants (“FCMs”) maintained approximately 38,875,974 customer accounts.⁷² The Commission estimates that 8% of these customers may engage in SFP transactions,⁷³ and that of that 8%, 20% per year may change account type, requiring a broker-dealer to promptly notify the customer in writing on the date that change became effective.⁷⁴ Thus, broker-dealers may be required to create these records for approximately 622,016 accounts.⁷⁵ This equates to an average of approximately 4,380 accounts per broker-dealer.⁷⁶ The Commission estimates that it will take approximately 3 minutes to create each record.⁷⁷ Thus, the total annual recordkeeping and disclosure burden associated with the requirements of paragraph (o)(3) will be approximately 31,101 hours.⁷⁸

A broker-dealer that is determining whether a registered clearing or derivatives organization meets the requirements of Note G to Exhibit A to Rule 15c3-3 may not rely on the credit rating of that organization to determine whether the broker-dealer can keep customer’s positions in security future products with the organization for purposes of the reserve computation. Thus, broker-dealers that previously relied on ratings for the purposes of Note G use another method for assessing the creditworthiness of registered clearing or derivatives organizations. The Commission believes that approximately 31 broker-dealers will be required to change or update how they assess the creditworthiness of registered clearing or derivatives organizations under Note G.⁷⁹ The Commission believes that broker-dealers will spend approximately .25 hours determining whether a clearing or derivatives organization meets the requirements of Note G, resulting in an annual recordkeeping burden of approximately 8 hours.⁸⁰ The Commission further believes that broker-dealers will spend approximately one hour changing or reviewing their methods for determining whether a clearing or derivatives clearing organization meets the requirements of Note G, resulting in a one-time recordkeeping burden of

⁷² This estimate is based on the number of accounts that, as of December 31, 2022, were listed on line 8080 of Schedule 1 of firms’ FOCUS reports provided that those firms also had a dollar amount greater than 0 listed on line 7465 of Part II of their FOCUS reports.

⁷³ $38,875,974 \text{ accounts} \times 8\% = 3,110,077.92$, rounded to 3,110,078 accounts. The Commission derived its estimate from the number of active options accounts and conversations with industry representatives.

⁷⁴ Broker-dealers that engage in an SFP business may choose not to allow customers to change account type because it may be costly to facilitate such conversions. In addition, once a customer has researched the issue and made a choice as to account type, it may be unlikely for the customer to change his or her account type.

⁷⁵ $3,110,078 \text{ accounts} \times 20\% = 622,015.58$, rounded to 622,016 accounts.

⁷⁶ $622,016 \div 142 = 4,380.39$ rounded down to 4,380.

⁷⁷ The Commission estimates that most firms will have this process automated. To the extent that no person need be involved in the generation of this record, the burden will be very minimal.

⁷⁸ $622,016 \text{ accounts} \times (3 \text{ min} / 60 \text{ min}) = 31,100.78 \text{ hours}$, rounded to 31,101 hours.

⁷⁹ The number 31 comes from reviewing the members of the Options Clearing Corporation (“OCC”) listed in the member directory on the OCC’s website, *available at* <https://www.theocc.com/company-information/member-directory>. Of the list of members, the Commission looked only at those who trade in futures. Of the list of members that trade in futures, the Commission deleted any members who had the exact same firm name but different firm numbers.

⁸⁰ $31 \text{ broker-dealers} \times .25 \text{ hours} = 7.75 \text{ hours}$ rounded up to 8.

approximately 31 hours, or approximately 10 hours per year on an annualized basis.⁸¹ The aggregate Note G related recordkeeping burden is thus approximately 18 hours per year (8+10).

Paragraph (p) of Rule 15c3-3, as amended, establishes segregation requirements for registered broker-dealers and broker-dealer SBSBs with respect to their security-based swap activities and notifications requirements for broker-dealers that are either SBSBs or MSBSPs.

The amendments to Rule 15c3-3 added three new collections of information with recordkeeping burdens and five new collections of information with third-party disclosure burdens. These collections of information are summarized in the chart below and explained in the following discussion.

Special Accounts (Rule 15c3-3(p)(1))

SBSBs are required to establish special accounts with banks and obtain written acknowledgements from, and enter into written contracts with, the banks. These special accounts include: (1) the qualified clearing agency account;⁸² (2) the qualified SBSB account;⁸³ and (3) the special account for the exclusive benefit of security-based swap customers.⁸⁴ The Commission estimates that, as of December 31, 2022 there were 3 broker-dealer SBSBs registered with the Commission, approximately 11 broker-dealers engaged in security-based swap activities but not required to register as an SBSB or MSBSP, and no broker-dealer MSBSPs. Staff further estimates that each of the 3 broker-dealer SBSBs and 11 broker-dealers establishes 6 special accounts at banks (2 for each type of special account). Further, based on staff experience with Rule 15c3-3, the Commission staff estimates that each SBSB and broker-dealer will spend approximately 30 hours to draft and obtain the written acknowledgement and agreement for each account. These estimates result in an industry-wide one-time hour burden of approximately 2,520 hours, or approximately 840 hours per year on an annualized basis.⁸⁵

The Commission staff estimates that 25 percent⁸⁶ of the 3 broker-dealer SBSBs and 11 broker-dealers (a total of approximately 4) will establish a new special account each year because, for example, they change their banking relationship, for each type of special account. Therefore, the Commission staff estimates an industry-wide ongoing annual hour burden of

⁸¹ 31 broker-dealers x 1 hour = 31 hours. $31 \div 3 = 10.333$ rounded to 10. The average hour burden per broker-dealer is approximately 333 hours ($10.33/31$ broker-dealers = .333). The staff believes that broker-dealers will be subject to a one-time cost associated with reviewing the standards a broker-dealer uses to determine whether a registered clearing or derivatives organization meets the requirements of Note G.

⁸² Paragraph (p) (1)(iii) of Rule 15c3-3, as amended.

⁸³ Paragraph (p) (1) (iv) of Rule 15c3-3, as amended.

⁸⁴ Paragraph (p)(1)(vii) of Rule 15c3-3, as amended.

⁸⁵ (3 broker-dealer SBSBs + 11 broker-dealers engaged in security-based swap activities but not required to register as an SBSB or MSBSP) x 6 special accounts x 30 hours = 2,460 hours. For purposes of this supporting statement, this one-time burden annualized over the three-year approval period is 2,460 hours ($7,380 / 3 = 2,460$), with an average hour burden per respondent of 60 hours ($2,460 / 41$ respondents = 60).

⁸⁶ This number is based on the currently approved PRA collection for Rule 15c3-3. See Commission, *Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 15c3-3*.

approximately 360 recordkeeping hours.⁸⁷

Customer Reserve Computation (Rule 15c3-3(p)(3)(iii))

Paragraph (p)(3) of Rule 15c3-3 requires broker-dealer SBSBs and broker-dealers engaged in security-based swap activities to maintain a special account for the exclusive benefit of security-based swap customers and have on deposit in the account at all times an amount of cash and/or qualified securities determined through a computation using the formula in Exhibit B to Rule 15c3-3. Paragraph (p)(3)(iii) of Rule 15c3-3 provides that the computations necessary to determine the amount required to be maintained in the special bank account must be made on a weekly basis.⁸⁸ Variation in size and complexity between these SBSBs and broker-dealers makes it very difficult to develop a meaningful figure for the amount of time required to calculate each reserve computation. Based on experience with the Rule 15c3-3 reserve computation PRA burden hours and with the OTC derivatives industry, the Commission staff estimates that it will take between 1 and 5 hours to compute each reserve computation, and that the average time spent across all the broker-dealer SBSBs will be approximately 2.5 hours. Accordingly, the Commission staff estimates that the resulting annual recordkeeping hour burden for paragraph (p)(3)(iii) of Rule 15c3-3 is approximately 1,820 hours.⁸⁹

Counterparty Notice (Rule 15c3-3(p)(4)(i))

Paragraph (p)(4)(i) of Rule 15c3-3 requires that broker-dealer SBSBs and broker-dealer MSBSPs provide a notice to a counterparty pursuant to section 3E(f) of the Exchange Act prior to the execution of the first non-cleared security-based swap transaction with the counterparty occurring after the compliance date of the new rule.⁹⁰ The number of notices sent in the first year the rule is effective will depend on the number of counterparties with which each broker-dealer SBSB or broker-dealer MSBSP engages in security-based swap transactions. The number of counterparties an SBSB and MSBSP has will vary depending on the size and complexity of the firm and its operations. The Commission staff estimates that each of the 3 broker-dealer

⁸⁷ 10 broker-dealer SBSBs x 3 types of special accounts x 30 hours = 900 hours.

⁸⁸ A commenter requested that the Commission require a weekly SBS Customer Reserve Account computation rather than a daily computation. The commenter stated that calculating the reserve account formula is an onerous process that is operationally intensive and requires a significant commitment of resources. The commenter further stated that the Commission can achieve its objective of decreasing liquidity pressures on SBSBs while limiting operational burdens by requiring weekly computations and permitting daily computations. *See* Letter from Kenneth E. Bentsen, Jr., Executive Vice President, Securities Industry and Financial Markets Association (Feb. 22, 2013). In response to comments, the Commission modified its final rules to require a weekly SBS Customer Reserve Account computation. The final rules further provide that stand-alone broker-dealers or SBSBs may perform daily computations if they choose to do so.

⁸⁹ (3 broker-dealer SBSBs + 11 broker-dealers engaged in security-based swap activities but not required to register as an SBSB or MSBSP) x 52 weeks x 2.5 hours/week = 1,820 hours.

⁹⁰ *See* paragraph (p)(4)(i) of Rule 15c3-3, as amended.

SBSDs would have approximately 1,000 counterparties at any given time.⁹¹ Therefore, the Commission staff estimates that approximately 3,000 notices will be sent in the first year the rule is effective.⁹² The Commission staff estimates that each of the 3 broker-dealer SBSBs will spend approximately 10 minutes sending out the notice. These estimates result in an industry-wide one-time third-party hour burden of approximately 500 hours, or approximately 167⁹³ hours per year on an annualized basis.⁹⁴

The Commission staff further estimates that the 3 broker-dealer SBSBs will establish account relationships with 200 new counterparties per year. Therefore, the Commission staff estimates that approximately 600 notices will be sent annually.⁹⁵ These estimates result in an industry-wide annual third-party hour burden of approximately 100 hours.⁹⁶

Subordination Agreements (Rule 15c3-3(p)(4)(ii))

Under paragraph (p)(4)(ii) of Rule 15c3-3, a broker-dealer SBSB is required to obtain agreements from counterparties that do not choose to require segregation of funds or other property pursuant to Section 3E(f) of the Exchange Act or paragraph (p)(3)(iii) of Rule 15c3-3, as amended, in which the counterparty agrees to subordinate all of its claims against the broker-dealer to the claims of customers and security-based swap customers of the broker-dealer.⁹⁷ The Commission staff estimates that a broker-dealer SBSB will spend, on average, approximately 200 hours to draft and prepare standard subordination agreements. These estimates result in an industry-wide one-time third-party hour burden of approximately 600 hours, or approximately 200 hours per year on an annualized basis.⁹⁸

⁹¹ The Commission previously estimated that there are approximately 10,900 market participants in security-based swap transactions. *See Business Conduct Release*, 81 FR at 30089. Based on the 10,900 market participants and Commission staff experience relative to the securities and OTC derivatives industry, the Commission staff estimates that each broker-dealer SBSB and MSBSP will have 1,000 counterparties at any given time. The number of counterparties may widely vary depending on the size of the SBSB or MSBSP. A large firm may have thousands of counterparties at one time, while a smaller firm may have substantially less than 1,000. The Commission staff also estimates, based on staff experience, that these entities will establish account relationships with approximately 200 new counterparties a year, or approximately 20 percent of a firm's existing counterparties.

⁹² (3 broker-dealer SBSBs) x 1,000 counterparties = 3,000 notices.

⁹³ 166.67 rounded to 167.

⁹⁴ (3,000 notices x 10 minutes) / 60 minutes = 500 hours. For purposes of this supporting statement, this one-time burden annualized over the three-year approval period is approximately 167 hours (500 / 3 = 166.67, rounded to 167), with an average hour burden per respondent of approximately 56 hours (167 / 3 respondents = 55.67).

⁹⁵ 3 broker-dealer SBSBs x 200 counterparties = 600 notices.

⁹⁶ (600 notices x 10 minutes) / 60 minutes = 100 hours.

⁹⁷ *See* paragraph (p)(4)(ii) of Rule 15c3-3, as amended.

⁹⁸ 200 hours x 3 broker-dealer SBSBs = 600 hours. For purposes of this supporting statement, this one-time burden annualized over the three-year approval period is approximately 200 hours per year (600 / 3 = 200), with an average hour burden per broker-dealer SBSB of approximately 66.67 hours (200 / 3 broker-dealer SBSBs = 66.667, rounded to 66.67).

As discussed above, the Commission staff estimates that each of the 3 broker-dealer SBSBs would have approximately 1,000 counterparties at any given time. The Commission staff further estimates that approximately 50 percent of these counterparties will either elect individual segregation or waive segregation altogether.⁹⁹ The Commission staff estimates that a broker-dealer SBSB will spend 20 hours per counterparty to enter into a written subordination agreement. These estimates result in an industry-wide one-time hour burden of approximately 30,000 hours, or approximately 10,000 hours per year on an annualized basis.¹⁰⁰

Further, as discussed above, the Commission staff estimates that each of the 3 broker-dealer SBSBs will establish account relationships with 200 new counterparties per year. The Commission staff further estimates that 50 percent or 100 of these counterparties will either elect individual segregation or waive segregation altogether. These estimates result in an industry-wide annual third-party hour burden of approximately 6,000 hours.¹⁰¹

Total Revised Hourly Burden

The aggregate annual hour burden associated with Rule 15c3-3, as revised by the 2024 amendments described above, is approximately 1,166,133 hours.¹⁰² The annual hour burden is summarized in the table below. Hour burdens that have been revised or added are in bold.

| Summary of Hourly Burdens | | | | | | | | | | |
|--|----------------|-----------------------------|-----------------------------|--|---|--|---------------------------------------|--------------------------------|-----------------------|----------------------------------|
| Name of Information Collection | Type of Burden | Number of Entities Impacted | Annual Responses per Entity | Initial Burden per Entity per Response | Initial Burden Annualized per Entity per Response | Ongoing Burden per Entity per Response | Annual Burden Per Entity per Response | Total Annual Burden Per Entity | Total Industry Burden | Small Business Entities Affected |
| Rule 15c3-3(e)(3) – daily computations for customer reserve account ¹⁰³ | Recordkeeping | 55 | 250 | 0.00 | 0.00 | 2.50 | 2.50 | 625.00 | 34,375 | 0 |

⁹⁹ Based on discussions with market participants, the Commission staff understands that many large buy-side financial end users currently ask for individual segregation and the Commission staff assumes that many of these end users will continue to do so. However, Commission staff believes that some smaller end users may not choose to incur additional cost that may come with individual segregation. Therefore, the Commission staff estimates that approximately 50 percent of counterparties will either elect individual segregation or waiver segregation altogether.

¹⁰⁰ 3 broker-dealer SBSBs x 500 counterparties x 20 hours = 30,000 hours. For purposes of this supporting statement, this one-time burden annualized over the three-year approval period is approximately 10,000 hours (30,000/ 3 = 10,000, with an average hour burden per broker-dealer SBSB of approximately 3,333.33 hours (10,000 / 3 broker-dealer SBSBs = 3,333.33).

¹⁰¹ 3 broker-dealer SBSBs x 100 counterparties x 20 hours = 6,000 hours.

¹⁰² 34,375 hours + 15,730 hours + 930 hours + 5,460 hours + 150 hours + 28,750 hours + 6,820 hours + 310 hours + 3 hours + 620 hours + 139 hours + 8 hours + 1,420 hours + 9,467 hours + 855,838 hours + 155,504 hours + 31,101 hours + 8 hours + 10 hours + 0.50 hours + 840 hours + 360 hours + 1,820 hours + 167 hours + 100 hours + 200 hours + 10,000 hours + 6,000 hours + 2.5 hours = 1,166,133 hours.

¹⁰³ In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is “Rule 15c3-3(e)(3) – daily computations.” The Commission is revising the title of this collection of information in order to clarify that it is distinct from the collection of information related to

| | | | | | | | | | | |
|---|----------------------|------------|------------|-------------|-------------|-------------|-------------|---------------|---------------|----------|
| Rule 15c3-3(e)(3) – weekly computations for customer reserve account¹⁰⁴ | Recordkeeping | 121 | 52 | 0.00 | 0.00 | 2.50 | 2.50 | 130.00 | 15,730 | 0 |
| Rule 15c3-3(e)(3) monthly computations for customer reserve account ¹⁰⁵ | Recordkeeping | 31 | 12 | 0.00 | 0.00 | 2.50 | 2.50 | 30.00 | 930 | 5 |
| Rule 15c3-3(e) – weekly computations for PAB reserve account¹⁰⁶ | Recordkeeping | 42 | 52 | 0.00 | 0.00 | 2.50 | 2.50 | 130.00 | 5,460 | 0 |
| Rule 15c3-3(e) – monthly computations for PAB reserve account ¹⁰⁷ | Recordkeeping | 5 | 12 | 0.00 | 0.00 | 2.50 | 2.50 | 30.00 | 150 | 0 |
| Rule 15c3-3(e) – daily computations – for PAB reserve account¹⁰⁸ | Recordkeeping | 46 | 250 | 0.00 | 0.00 | 2.50 | 2.50 | 625.00 | 28,750 | 0 |
| Rule 15c3-3(a)(16) | Recordkeeping | 93 | 11 | 20.00 | 6.667 | 0.00 | 6.67 | 73.00 | 6,820 | 0 |
| Rule 15c3-3(b)(5) – drafting/updating notice | Recordkeeping | 93 | 1 | 10.00 | 3.33 | 0.00 | 3.33 | 3.33 | 310 | 0 |
| Rule 15c3-3(b)(5) – notices to affected customers | Third-Party | 55 | 1 | 0.17 | 0.0566 | 0.00 | 0.0566 | 0.0566 | 3 | 0 |
| Rule 15c3-3(b)(5) – amend/update agreement | Recordkeeping | 93 | 1 | 20.00 | 6.67 | 0.00 | 6.67 | 6.67 | 620 | 0 |
| Rule 15c3-3(f) – obtain new letter | Recordkeeping | 139 | 1 | 0.00 | 0.00 | 1.00 | 1.00 | 1.00 | 139 | 0 |
| Rule 15c3-3(f) – notice | Reporting | 557 | 0.0269 | 0.00 | 0.00 | 0.50 | 0.50 | 0.50 | 8 | 0 |

daily computations for PAB reserve accounts, which currently shares the same title. The Commission is also revising the estimated burdens associated with the collection of information as a result of the proposed amendments to Rule 15c3-3.

¹⁰⁴ In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is “Rule 15c3-3(e)(3) – weekly computations.” The Commission is revising the title of this collection of information in order to clarify that it is distinct from the collection of information related to weekly computations for PAB reserve accounts, which currently shares the same title. The Commission is also revising the estimated burdens associated with the collection of information as a result of the proposed amendments to Rule 15c3-3.

¹⁰⁵ In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is “Rule 15c3-3(e)(3) – monthly computations.” The Commission is revising the title of this collection of information in order to clarify that it is distinct from the collection of information related to monthly computations for PAB reserve accounts, which currently shares the same title.

¹⁰⁶ In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is “Rule 15c3-3(e)(3) – weekly computations.” The Commission is revising the title of this collection of information in order to clarify that it is distinct from the collection of information related to weekly computations for customer reserve accounts, which currently shares the same title. The Commission is also revising the estimated burdens associated with the collection of information as a result of the proposed amendments to Rule 15c3-3.

¹⁰⁷ In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is “Rule 15c3-3(e)(3) – monthly computations.” The Commission is revising the title of this collection of information in order to clarify that it is distinct from the collection of information related to weekly computations for customer reserve accounts, which currently shares the same title.

¹⁰⁸ In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is “Rule 15c3-3(e)(3) – daily computations.” The Commission is revising the title of this collection of information in order to clarify that it is distinct from the collection of information related to daily computations for customer reserve accounts, which currently shares the same title. The Commission is also revising the estimated burdens associated with the collection of information as a result of the proposed amendments to Rule 15c3-3.

| | | | | | | | | | | |
|--|------------------|-----------|-------------|-------------|------------------|-------------|------------------|--------------------------------|------------------|----------|
| Rule 15c3-3(j)(1) - annual | Recordkeeping | 142 | 1 | 0 | 0.00 | 10.00 | 10.00 | 10.00 | 1,420 | 5 |
| Rule 15c3-3(j)(2) - initial | Recordkeeping | 142 | 1 | 200.00 | 66.6666667 | 0.00 | 66.6666667 | 66.6666667 | 9,467 | 0 |
| Rule 15c3-3(j)(2) - annual | Recordkeeping | 142 | 90,405.3873 | 0.00 | 0.00 | 0.066666666 | 0.066666666 | 0.066666666 | 855,838 | 0 |
| Rule 15c3-3(o)(2)(i) | Third-Party | 142 | 21,901.95 | 0.00 | 0.00 | 0.05 | 0.05 | 0.05 | 155,504 | 0 |
| Rule 15c3-3(o)(3) | Third-Party | 142 | 4380.3915 | 0.00 | 0.00 | 0.05 | 0.05 | 0.05 | 31,101 | 0 |
| Rule 15c3-3, Note G (annual) | Recordkeeping | 31 | 1 | 0.00 | 0.00 | 0.25 | 0.25 | 0.25 | 8 | 0 |
| Rule 15c3-3, Note G (initial) | Recordkeeping | 31 | 1 | 1.00 | 0.333 | | 0.333 | 0.333 | 10 | |
| Rule 15c3-3(e)(3)(i)(B)(2) notification¹⁰⁹ | Reporting | 1 | 1 | 0.00 | 0.00 | 0.50 | 0.50 | 0.50 | 0.50 | 0 |
| Rule 15c3-3(p)(1) (Special Accounts) | Recordkeeping | 14 | 6 | 30.00 | 10.00 | 0.00 | 10.00 | 60.00 | 840 | 0 |
| Rule 15c3-3(p)(1) (Special Accounts) | Recordkeeping | 4 | 3 | 0.00 | 0.00 | 30.00 | 30.00 | 90.00 | 360 | 0 |
| Rule 15c3-3(p)(3)(iii) (Customer Reserve Computation) | Recordkeeping | 14 | 52 | 0.00 | 0.00 | 2.50 | 2.50 | 130.00 | 1,820 | 0 |
| Rule 15c3-3(p)(4)(i) (Counterparty Notice) | Third-Party | 3 | 1,000 | 0.1666667 | 0.0555556 | 0.00 | 0.0555556 | 55.55 | 167 | 0 |
| Rule 15c3-3(p)(4)(i) (Counterparty Notice) | Third Party | 3 | 200 | 0.00 | 0.00 | 0.1666667 | 0.1666667 | 33.35 | 100 | 0 |
| Rule 15c3-3(p)(4)(ii) (Subordination Agreements) | Third-Party | 3 | 1 | 200.00 | 66.67 | 0.00 | 66.67 | 66.67 | 200 | 0 |
| Rule 15c3-3(p)(4)(ii) (Subordination Agreements) | Third-Party | 3 | 500 | 20.00 | 6.6666667 | 0.00 | 6.6666667 | 3,333.3 | 10,000 | 0 |
| Rule 15c3-3(p)(4)(ii) (Subordination Agreements) | Third-Party | 3 | 100 | 0.00 | 0.00 | 20.00 | 20.00 | 2,000.00 | 6,000 | 0 |
| Rule 15c3-3(e)(3)(v) notification | Reporting | 15 | 1 | 0.5 | 0.1666667 | 0.00 | 0.1666667 | 0.1666667¹¹⁰ | 2.5 | 0 |
| TOTAL HOURLY BURDEN FOR ALL RESPONDENTS | | | | | | | | | 1,166,133 | |

13. Costs to Respondents

The Commission estimates that the aggregate annual cost burden associated with Rule 15c3-3 is approximately \$3,530,101 calculated as described below.¹¹¹ The cost burdens associated with Rule 15c3-3 have not changed in connection with the 2024 amendments described above. The currently approved cost burdens are included in this supporting statement for completeness.

Paragraph (b)(5) of Rule 15c3-3 will require a broker-dealer to incur postage costs when sending out the required written notice to customers. The Commission estimates that there are approximately 1,107 existing PAB customers and approximately 5% of those customers will be affected by this requirement as they have not yet received the required written notice from their broker-dealer.¹¹² Therefore, broker-dealers will have to send approximately 55 written notices. These carrying broker-dealers will likely use the least expensive method to comply with this

¹⁰⁹ The title of this collection was modified from “Rule 15c3-3(e)(B)(1) notification” in the information collection request for the proposed rule to “Rule 15c3-3(e)(3)(i)(B)(2) notification” in the information collection request for the final rule.

¹¹⁰ We estimate that 15 or fewer respondents will be required to meet the notification requirement over three years. We divided the estimated burden of .5 hours by 3 for purposes of entering an annual number into ROCIS.

¹¹¹ \$3,516,241 + \$13,860 = \$3,530,101.

¹¹² 1,107 PAB account holders x 5% = 55.35 PAB account holders, rounded to 55 PAB account holders.

requirement and may include this notification with other mailings sent to PAB account holders. The Commission, however, conservatively estimates that the postage cost of each notification, using the current price of first-class postage, will be approximately \$0.63 per document sent. Therefore, the Commission estimates that the total one-time third-party disclosure cost associated with sending the required written notification to PAB account holders will be approximately \$34.65, or approximately \$12 per year on an annualized basis.¹¹³

Additionally, the Commission estimates that the 93 broker-dealers carrying PAB accounts likely will engage outside counsel to review the required notice, as well as the standard PAB template agreement under the final rule amendments to Rule 15c3-3. As a result, the Commission estimates that each of these 93 broker-dealers will likely incur approximately \$2,310 in one-time legal costs,¹¹⁴ for a total one-time recordkeeping cost to the industry of approximately \$214,820, or approximately \$71,610 per year on an annualized basis,¹¹⁵ to review and comment on these materials.

The Commission also estimates that broker-dealers will consult with outside counsel in making system changes, particularly with respect to the language in the disclosures and notices under paragraph (j)(2) to Rule 15c3-3 related to the treatment of free credit balances. As a result, the Commission estimates that the average one-time recordkeeping cost to a broker-dealer will be approximately \$23,100¹¹⁶ and the average one-time recordkeeping cost to all broker-dealers will be approximately \$3,280,200, or approximately \$1,093,400 per year on an annualized basis.¹¹⁷

Rule 15c3-3(o)(2)(i) requires a broker-dealer that effects transactions for customers in SFPs to provide each customer that engages in SFP transactions with a disclosure document containing certain information. The costs of printing and sending the disclosure document to customers will be based on the number of customer accounts that will be opened by customers to effect transactions in SFPs. As applied in section 12 above, the Commission estimates that 8% of the accounts held by broker-dealers that are also registered as FCMs, or 3,110,078 accounts, may engage in SFP transactions.¹¹⁸ This equates to an average of approximately 21,902 accounts

¹¹³ 55 notices x \$0.63 = \$34.65, or about \$11.55 annualized over three years rounded up to 12.

¹¹⁴ 5 hours x \$462 per hour = \$2,310. The Commission estimates the review of the notice and standard PAB template will require 5 hours of outside counsel time, which is the same estimate used for outside counsel review in another recent release. Based on Commission experience with the PAIB Letter and the application of Rule 15c3-3, the Commission estimates the outside counsel review related to the PAB amendments will take a comparable amount of time.

¹¹⁵ 93 firms x \$2,310 legal cost = \$214,820. This is \$71,610 on an annualized basis (\$214,820 / 3 = \$471,610).

¹¹⁶ \$462 per hour x 50 hours = \$23,100. The Commission estimates that the average hourly cost for an outside counsel will be approximately \$462 per hour.

¹¹⁷ 142 broker-dealers x \$23,100 = \$3,280,200, or \$1,093,400 annualized over three years.

¹¹⁸ 38,875,974 accounts x 8% = 3,110,077.92, rounded up to 3,110,078 accounts. The Commission derived its 8% estimate from the number of active options accounts and conversations with industry representatives.

per broker-dealer.¹¹⁹ The Commission also estimates that the cost of printing and sending each disclosure document will be approximately \$.63 per document sent, based on the price of first class postage. Therefore, the Commission estimates that the annual recordkeeping and disclosure cost burden associated with this rule requirement is approximately \$1,959,349.¹²⁰

Rule 15c3-3(o)(3)(ii) requires a broker-dealer that changes the type of account in which a customer's SFPs are held to promptly notify the customer in writing of the date that change became effective. The Commission estimates that 622,016 accounts¹²¹ may change account type per year, thus broker-dealers will be required to send this notification to 622,016 customers. This equates to an average of approximately 4,380 accounts per broker-dealer.¹²² The Commission notes that firms will likely use the least expensive method to comply with these requirements, and may include this notification with other mailings, such as customer account statements, sent to the customer. Therefore, the Commission estimates that the cost of printing and posting each notification will be approximately \$.63 per document sent, resulting in an annual recordkeeping and disclosure burden of approximately \$391,870.¹²³

Counterparty Notice (Rule 15c3-3(p)(4)(i))

Paragraph (p)(4)(i) of Rule 15c3-3, as amended, requires that broker-dealer SBSBs and broker-dealer MSBSPs are required to provide a notice to a counterparty pursuant to section 3E(f) of the Exchange Act prior to the execution of the first non-cleared security-based swap transaction with the counterparty occurring after the compliance date of the new rule.¹²⁴ All broker-dealer SBSBs and broker-dealer MSBSPs are required to provide these notices to their counterparties. The Commission staff estimates that the 3 broker-dealer SBSBs will engage outside counsel to draft and review the notice at a cost of \$462 per hour for an average of 10 hours per respondent. These estimates result in a one-time third-party cost burden of approximately \$13,860 for all of these 3 entities, or approximately \$4,620 per year on an annualized basis.¹²⁵

Subordination Agreements (Rule 15c3-3(p)(4)(ii))

¹¹⁹ $3,110,078 \div 142 = 21,901.95$ rounded up to 21,902.

¹²⁰ $3,110,078 \text{ accounts} \times \$0.63 = \$1,959,349.14$ rounded down to \$1,959,349.

¹²¹ $3,110,078 \text{ accounts} \times 20\% = 622,015.6$ accounts, rounded to 622,016 accounts.

¹²² $622,016 \div 142 = 4,380.394$ rounded down to 4,380.

¹²³ $622,016 \text{ accounts} \times \$0.63 = \$391,870.08$, rounded to \$391,870.

¹²⁴ See paragraph (p)(4)(i) of Rule 15c3-3, as amended.

¹²⁵ $3 \text{ broker-dealer SBSBs} \times \$462 \text{ per hour} \times 10 \text{ hours} = \$13,860$. The Commission expects that these functions will likely be performed by outside counsel with an expertise in financial services law to help ensure that counterparties are receiving the proper notice under the statutory requirement. The Commission is annualizing the one-time costs over the three-year approval period to reflect an annualized cost of approximately \$4,620 per year ($\$13,860/3 = \$4,620$, or approximately \$1,540 per respondent ($\$4,620/3 = \$1,540$)).

Under paragraph (p)(4)(ii) of Rule 15c3-3, a broker-dealer SBSB is required to obtain agreements from counterparties that do not choose to require segregation of funds or other property pursuant to Section 3E(f) of the Exchange Act or paragraph (p)(3)(iii) of Rule 15c3-3, as amended, in which the counterparty agrees to subordinate all of its claims against the broker-dealer to the claims of customers and security-based swap customers of the broker-dealer.¹²⁶ Because the broker-dealer SBSB will enter into these agreements with security-based swap customers after the broker-dealer SBSB prepares a standard subordination agreement in-house, the Commission staff also estimates that a broker-dealer SBSB will have outside counsel review the standard subordination agreements and that the review will take approximately 20 hours at a cost of approximately \$462 per hour. As a result, the Commission staff estimates that each broker-dealer SBSB will incur one-time third-party costs of approximately \$9,240.¹²⁷ These estimates result in an industry-wide one-time third-party cost of approximately \$27,720, or approximately \$9,240 per year on an annualized basis.¹²⁸

The aggregate annual cost burden associated with Rule 15c3-3 is thus approximately \$3,530,101.¹²⁹ This cost burden is summarized in the table below.

| Summary of Dollar Costs | | | | | | | | | | |
|--|------------------------|-----------------------------|-----------------------------|--------------------------------------|---|--------------------------------------|-------------------------------------|------------------------------|---------------------|----------------------------------|
| Name of Information Collection | Type of Burden | Number of Entities Impacted | Annual Responses per Entity | Initial Cost per Entity per Response | Initial Cost Annualized per Entity per Response | Ongoing Cost per Entity per Response | Annual Cost Per Entity per Response | Total Annual Cost Per Entity | Total Industry Cost | Small Business Entities Affected |
| Rule 15c3-3(b)(5) | Third-party disclosure | 55 | 1 | \$0.63 | \$0.21 | 0 | \$0.21 | \$0.21 | \$12 | 0 |
| Rule 15c3-3(b)(5) | Recordkeeping | 93 | 1 | \$2,310.00 | \$770 | 0 | \$770 | \$770 | \$71,610 | 0 |
| Rule 15c3-3(j)(2) | Recordkeeping | 142 | 1 | \$23,100 | \$7,700 | 0 | \$7,700 | \$7,700 | \$1,093,400 | 0 |
| Rule 15c3-3(o)(2)(i) | Third-party disclosure | 142 | 21,901.95 | \$0.00 | \$0.00 | \$0.63 | \$0.63 | \$0.63 | \$1,959,349 | 0 |
| Rule 15c3-3(o)(3)(ii) | Third-party disclosure | 142 | 4,380.39 | \$0.00 | \$0.00 | \$0.63 | \$0.63 | \$0.63 | \$391,870 | 0 |
| Rule 15c3-3(p)(4)(i) (Counterparty Notice) | Third-Party | 3 | 1 | \$4,620.00 | \$1,540 | 0 | \$1,540 | \$1,540 | \$4,620 | 0 |
| Rule 15c3-3(p)(4)(ii) (Subordination Agreements) | Third-Party | 3 | 1 | \$9,240 | \$3,080 | 0 | \$3,080 | \$3,080 | \$9,240 | 0 |
| TOTAL COST FOR ALL RESPONDENTS | | | | | | | | | \$3,530,101 | |

14. Costs to Federal Government

The staff does not anticipate this information collection to impose additional costs to the Federal Government.

¹²⁶ See paragraph (p)(4)(ii) of Rule 15c3-3, as amended.

¹²⁷ \$462 x 20 hours = \$9,240.

¹²⁸ \$9,240 x 3 broker-dealer SBSBs = \$27,720. The Commission is annualizing the one-time costs over the three-year approval period to reflect an annualized cost of \$9,240 per year (\$27,720/3 = \$9,240), or approximately \$3,080 per respondent (\$9,240/3 = \$3,080).

¹²⁹ \$12 + \$71,610 + \$1,093,400 + 1,959,349 + \$391,870 + \$4,620 + \$9,240 = \$3,530,101.

15. Changes in Burden

As specified in the chart below, the changes in the hourly burden are a result of the 2024 amendments to Rule 15c3-3 described above. Due to the adopted amendments, some broker-dealers that currently preform weekly customer and PAB reserve computations will be required to perform computations daily. Consequently, the burden associated with daily customer and PAB reserve computations will increase due to the increased number of respondents, while the burden associated with weekly customer and PAB computations will decrease as a result of a decrease in the number of respondents. Additionally, two new information collections have been created as a result of the 2024 amendments. The changes are summarized in the table below.

| Name of Information Collection | Revised Annual Industry Burden | Annual Industry Burden Previously Reviewed | Change in Burden | Reason for Change |
|--|--------------------------------|--|------------------|--|
| Rule 15c3-3(e)(3) – daily computations for customer reserve account | 34,375 hours ¹³⁰ | 9,375 hours | 25,000 hours | Increase in the number of respondents as a result of adopted amendments to Rule 15c3-3 |
| Rule 15c3-3(e)(3) – weekly computations for customer reserve account | 15,730 hours ¹³¹ | 20,930 hours | (5,200 hours) | Decrease in the number of respondents as a result of adopted amendments to Rule 15c3-3 |
| Rule 15c3-3(e) – weekly computations for PAB reserve account | 5,460 hours ¹³² | 10,010 hours | (4,550 hours) | Decrease in the number of respondents as a result of adopted amendments to Rule 15c3-3 |
| Rule 15c3-3(e) - daily computations for PAB reserve account | 28,750 hours ¹³³ | 6,875 hours | 21,875 hours | Increase in the number of respondents as a result of adopted amendments to Rule 15c3-3 |

¹³⁰ The estimated revision associated with the 2024 amendments of 34,375 hours is less than the estimated burden associated with the 2023 proposed amendments of 40,000 hours. This decrease is a result of a revised number of respondents.

¹³¹ The estimated revision associated with the 2024 amendments of 15,370 hours is greater than the estimated burden associated with the 2023 proposed amendments of 14,430 hours. This increase is a result of a revised number of respondents.

¹³² The estimated revision associated with the 2024 amendments of 5,460 hours is greater than the estimated burden associated with the 2023 proposed amendments of 4,940 hours. This increase is a result of a revised number of respondents.

¹³³ The estimated revision associated with the 2024 amendments of 28,750 hours is less than the estimated burden associated with the 2023 proposed amendments of 31,250 hours. This increase is a result of a revised number of respondents.

| | | | | |
|---|------------|-----|------------|---|
| Rule 15c3-3(e)(3)(i)(B)(2) notification | 0.50 hours | N/A | 0.50 hours | New information collection resulting from adopted amendments to Rule 15c3-3 |
| Rule 15c3-3(e)(3)(v) notification | 2.5 hours | N/A | 2.5 hours | New information collection resulting from adopted amendments to Rule 15c3-3 |

16. Information Collection Planned for Statistical Purposes

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

17. Approval to Omit OMB Expiration Date

The Commission is not seeking approval to omit the expiration date.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

This collection complies with the requirements in 5 CFR 1320.9.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.