

**SUPPORTING STATEMENT**  
**for the Paperwork Reduction Act Information Collection Submission**  
**for Rule 19h-1 (OMB Control Number 3235-0259)**

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

A. Justification

1. Necessity of Information Collection

Rule 19h-1 (the “Rule”) under the Securities Exchange Act of 1934 (the “Exchange Act”) prescribes the form and content of notices and applications by self-regulatory organizations (“SROs”) regarding proposed admissions to, or continuances in, membership, participation or association with a member of any person subject to a statutory disqualification. The Rule was adopted on July 8, 1977, in response to changes made by the Securities Act amendments of 1975, and in order to codify procedures for Commission resolution of other issues relating to re-admission to, or continuance in, the securities business of persons subject to statutory disqualification. Rule 19h-1 was adopted pursuant to authority granted the Commission in Sections 6, 11A, 15, 15A, 17, 17A, 19, and 23 of the Exchange Act, 15 U.S.C. 78f, 78k-1, 78o, 78o-3, 78q, 78q-1, 78s, and 78w.

2. Purpose and Use of the Information Collection

The Commission uses the information provided in the submissions filed pursuant to Rule 19h-1 to review decisions of SROs to permit the entry into or continuance in the securities business of persons who have committed misconduct. The filings submitted pursuant to the Rule also permit inclusion of an application to the Commission for consent to associate with a member of an SRO notwithstanding a Commission order barring such association.

The Commission reviews filings made pursuant to the Rule to ascertain whether it is in the public interest to permit the employment in the securities business of persons subject to a statutory disqualification. The filings contain information that is essential to the staff's review and ultimate determination on whether an association or employment is in the public interest and consistent with investor protection. Without these filings, persons subject to a statutory disqualification could reenter or continue employment in the securities business without the Commission's critical review of their character, ability to act as a fiduciary, and their employer's plan of supervision. The failure to collect and review this information could result in significant harm to the investing public.

3. Consideration Given to Information Technology

The Commission now permits and receives from SROs electronic submissions under this collection of information. The Commission believes that electronic submission of written notices for review by the Commission is the least burdensome and most effective means for the SROs to comply with the collections of information required by Rule 19h-1.

4. Duplication

Not applicable. There is no duplication of this submission process to the Commission.

5. Effect on Small Entities

Not applicable. None of the SROs subject to the collection of information is a small entity, as that term applies to this Item 5.

6. Consequences of Not Conducting Collection

The principal purpose of Rule 19h-1 is to provide the Commission with an opportunity to ensure persons subject to statutory disqualification are not permitted to enter or to continue in the securities industry without the Commission's review of whether the entry or continuance is consistent with the public interest and the protection of investors. The information must be provided when persons who are subject to statutory disqualification seek to enter or to continue in the securities business. A less frequent reporting requirement would weaken the Commission's ability to ensure that investors are protected from persons who have committed misconduct that might affect their ability to act as a fiduciary. Moreover, a less frequent collection of information is not practical if the Commission is to have a meaningful and timely opportunity to review the proposed employment or continuance in the industry of such persons.

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

Other than the reporting and record retention requirement described below, there are no special circumstances, and the collection is consistent with the guidelines in 5 CFR 1320.5(d)(2).

Rule 19h-1 generally results in one SRO reporting information to the Commission more often than quarterly. As the information is used for the Commission to review whether the entry or continuance of persons subject to a statutory disqualification in the securities industry is consistent with the public interest and the protection of investors, we believe it is appropriate that the information be submitted as needed rather than on a quarterly or less-frequent basis.

Rule 19h-1 does not include a recordkeeping or retention requirement in the text of the rule. That requirement is in Rule 17a-1 (3235-0208), which provides that all documents that a national securities exchange or association makes respecting its self-regulatory activities be kept for a period of not less than five years, the first two in an easily accessible place. We believe the extended retention period is appropriate as it provides sufficient time for Commission inspections and investigations of SROs.

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

No assurance of confidentiality is provided.

11. Sensitive Questions

The information collection collects elements of Personally Identifiable Information that is covered by the Microsoft 365 Privacy Impact Assessment. The primary retrieval method is via date and company name, and not by a unique identifier. Based on the business practice of handling the information collection, the collection does not constitute a system of records under the Privacy Act.

12. Burden of Information Collection

i. 19h-1(a) - Notice of admission or continuance notwithstanding a statutory disqualification

The notice required under Rule 19h-1(a) is an ongoing reporting burden. Although the Commission estimates that this collection of information would technically apply to all SROs, based on our experience, we estimate that only one SRO files the overwhelming majority of these notices each year.<sup>1</sup> The Commission estimates that this SRO would be required to submit a notice under Rule 19h-1(a) approximately 38 times each year.<sup>2</sup> Finally, the Commission estimates that the SRO would spend on average approximately 80 hours submitting each notice required by Rule 19h-1(a).

In summary, the Commission estimates that, the total reporting burden for completing and submitting the notice required by Rule 19h-1(a) would be 3,040 hours per year (1 total respondent x 38 responses per year per respondent x 80 hours per response = 3,040 hours per year).

ii. 19h-1(a)(4) – Notification of proposed admission or continuance pursuant to an exception from the notice requirements

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<sup>1</sup> We have updated the Total Number of Respondents to account for the fact that our experience reflects that the overwhelming majority of these notices and notifications are submitted by a single SRO. Accordingly, for the purposes of entering the estimated burden into the OMB ROCIS system, we are providing that there is a single respondent to calculate the Total Reporting Burden. *See infra* note 2.

<sup>2</sup> There are, however, two or three other SROs that may infrequently (i.e., not every year) submit approximately one or two of these notices to the Commission. In order to account for these infrequent submissions by these other SROs, we have included their submissions in our estimates of the Total Number of Responses Per Year.

The notification required under Rule 19h-1(a)(4) is an ongoing reporting burden. Although the Commission estimates that this collection of information would technically apply to all SROs, based on our experience, we estimate that only one SRO files the overwhelming majority of these notices each year.<sup>3</sup> The Commission estimates that this SRO would be required to submit a notification under Rule 19h-1(a)(4) approximately 2 times each year. Finally, the Commission estimates that the SRO would spend on average approximately 80 hours submitting each notice required by Rule 19h-1(a)(4).

In summary, the Commission estimates that the total reporting burden for completing and submitting the notification required by Rule 19h-1(a)(4) would be 160 hours per year when (1 total respondent x 2 responses per year per respondent x 80 hours per response = 160 hours per year).

iii. 19h-1(b) – Preliminary notifications

The notification required under Rule 19h-1(b) is an ongoing reporting burden. Although the Commission estimates that this collection of information would technically apply to all SROs, based on our experience, we estimate that only one SRO files the overwhelming majority of these notices each year.<sup>4</sup> The Commission estimates that this SRO would be required to submit a notification under Rule 19h-1(b) approximately 40 times each year.<sup>5</sup> Finally, the Commission estimates that the SRO would spend on average approximately 13 hours submitting each notice required by Rule 19h-1(b).

In summary, the Commission estimates that the total reporting burden for completing and submitting the notification required by Rule 19h-1(b) would be 520 hours per year (1 total respondent x 40 responses per year per respondent x 13 hours per response = 520 hours per year).

iv. 19h-1(d) – Application to the Commission for relief from certain statutory disqualifications

The application required under Rule 19h-1(d) is an ongoing reporting burden. Although the Commission estimates that this collection of information would technically apply to all SROs, based on our experience, we estimate that only one SRO files the overwhelming majority of these notices each year.<sup>6</sup> The Commission estimates that applications under Rule 19h-1(d) will be submitted by this SRO on behalf of the persons seeking relief.

The Commission estimates that this SRO would be required to submit an application

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<sup>3</sup> See *supra* note 1.

<sup>4</sup> See *supra* note 1.

<sup>5</sup> See *supra* note 2.

<sup>6</sup> See *supra* note 1.

under Rule 19h-1(d) approximately 3 times a year. Finally, the Commission estimates that the SRO would spend on average approximately 80 hours submitting each application required by Rule 19h-1(d).

In summary, the Commission estimates that the total reporting burden for completing and submitting the application required by Rule 19h-1(d) would be 240 hours per year when (1 total respondent x 3 responses per year per respondent x 80 hours per response = 240 hours per year).

The aggregate annual burden for all respondents is thus approximately 3,960 hours (3,040+160+520+240).

v. Summary of hourly burdens

Nature of Information Collection Burden	Type of Burden	Total Number of Respondents <sup>7</sup>	Total Number of Responses Per Year	Initial Burden Per Response Per Year Per Respondent	Ongoing Burden Per Response Per Year Per Respondent	Total Burden Per Year Per Respondent	Total Reporting Burden Per Year for All Respondents
19h-1(a) – Notice of proposed admission or continuance of a person, notwithstanding a statutory Disqualification	Reporting	1	38 <sup>8</sup>	0	80	3,040	3,040
19h-1(a)(4) – Notification of proposed admission or continuance of a person pursuant to an exception from the notice requirements provided in 19h-1(a)(3)(ii), (iv), or (v)	Reporting	1	2	0	80	160	160
19h-1(b) – Notification of receipt of an application for admission to, or continuance in, participation or membership which would require a notice under 19h-1(a)	Reporting	1	40 <sup>9</sup>	0	13	520	520

<sup>7</sup> See *supra* notes 1–2.

<sup>8</sup> The number of responses for 19h-1(a) was calculated by averaging the estimated number of responses we anticipate receiving for the years 2025, 2026, and 2027. More specifically, we anticipate an increase to 52 responses in 2025, followed by a return to the prior estimate of 32 responses in both 2026 and 2027 (i.e.,  $(52+32+32)/3 = 38$ ).

<sup>9</sup> The number of responses for 19h-1(b) was calculated by averaging the estimated number of responses we anticipate receiving for the years 2025, 2026, and 2027. More specifically, we anticipate an increase to 54 responses in 2025, followed by a return to the prior estimate of 34 responses in both 2026 and 2027 (i.e.,  $(54+34+34)/3 = 40$ ).

19h-1(d) – Application for relief from certain statutory disqualifications	Reporting	1	3	0	80	240	240
<b>TOTAL</b>							3,960

13. Costs to Respondents

The Commission estimates that respondents will not seek outside assistance in completing the collection of information, and therefore, respondents will not experience any external costs in connection with the collection of information.

14. Cost to Federal Government

Not applicable.

15. Changes in Burden

The total burden decreased from 47,280 hours to 3,960 hours, primarily because the Commission reduced the estimated number of respondents from 20 to 1 to account for the fact that our experience reflects that the overwhelming majority of these notices and notifications are submitted by a single SRO.<sup>10</sup>

16. Information Collection Planned for Statistical Purposes

Not applicable.

17. OMB Expiration Date Display Approval

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

18. Exceptions to Certification for Paperwork Reduction Act Submissions

This collection complies with the requirements in 5 CFR 1320.9.

B. Collection of Information Employing Statistical Methods

This collection does not involve statistical methods.

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<sup>10</sup> See *supra* notes 1–2.