

SUPPORTING STATEMENT
For the Paperwork Reduction Act Information Collection
Submission for
Rule 17a-25
OMB Control No. 3235-0540

A. JUSTIFICATION

1. Necessity of Information Collection

Rule 17a-25 (17 CFR 240.17a-25) under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et. seq.*) (“Exchange Act”), requires broker-dealers registered with the Securities and Exchange Commission (“Commission”) to submit, upon request, information on customer and firm securities trading in a standardized format. In addition, the rule requires broker-dealers to submit, and keep current, contact information for the person responsible for processing such requests. The rule is necessary to support the Commission’s efforts to analyze electronic submissions of transaction information, thereby facilitating Commission enforcement investigations and other trading reconstructions.

2. Purpose and Use of Information Collection

Rule 17a-25 requires registered broker-dealers to submit securities trading data in a uniform electronic format, preferably using the electronic blue sheets (“EBS”) reporting system utilized by the Commission, when requested by the Commission staff for enforcement and other regulatory purposes.¹ Rule 17a-25 requires the electronic submission of trading information to include data elements that assist the Commission staff in conducting complex enforcement inquiries and investigations. Additionally, the rule requires broker-dealers to submit and keep current, contact person information for EBS requests. The Commission uses the information collected from EBS requests for examinations, enforcement inquiries or investigations, and trading reconstructions.

3. Consideration Given to Information Technology

The EBS system is designed to reduce the burden of collecting and transmitting securities trading data. This technology increases the speed, accuracy, and availability of trading information, thereby generating benefits to both investors and the financial markets.

4. Duplication

As discussed in more detail in Item 8 below, except for some transactional information, this information collection is not fully duplicative of another information collection either in substance, functionality, or utility.

¹ In July 2017, the Commission retired its custom built EBS system and began using the Blue Sheets as a service (“BSS”) system operated by the Financial Industry Regulatory Authority (“FINRA”).

5. Effect on Small Entities

The Commission believes that Rule 17a-25 has a minimal effect on broker-dealers who qualify as a small business or organization. As discussed in Item 12 below, the Commission primarily sends EBS requests to the 557 brokers that operate as clearing brokers as they, by nature of their role in clearing securities transactions for themselves and for other broker-dealers, are the repository for the trading data. Further, the vast majority of the information required in Rule 17a-25 involves collections of information that broker-dealers already maintain in compliance with existing regulations, and the rules of the self-regulatory organizations (the registered securities exchanges and FINRA) currently require broker-dealers to have adequate systems and procedures to submit the EBS transaction reports.

6. Consequences of Not Conducting Collection

The Commission requests securities trading data only when necessary for a specific regulatory purpose.

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).

8. Consultations Outside the Agency

The Commission solicited comment on the continuing collection of information in Rule 17a-25, as required under the Paperwork Reduction Act of 1995 (“PRA”). A Federal Register notice with a 60-day comment period soliciting comments on this collection of information was published on May 21, 2025.² The Commission received a comment letter regarding the existing collection of information, which is discussed in more detail below.³

The commenter stated that certain provisions of Rule 17a-25 are duplicative of the Consolidated Audit Trail (“CAT”) rules. Specifically, the commenter stated that EBS is “duplicative of CAT, is not necessary for the proper performance of the functions of the Commission, and has no practical utility.”⁴ We disagree.

EBS is not fully duplicative of the CAT. It differs in substance, functionality, and utility. EBS provides access to transactional information for certain fixed income products, like bonds,

² Proposed Collection; Comment Request; Extension: Rule 17a-25, 90 FR 21814 (May 21, 2025) (“60-Day Notice”).

³ See letter from Howard Meyerson, Managing Director, Financial Information Forum (“FIF”) (July 21, 2025) (“FIF Letter”).

⁴ See FIF Letter at 3. In addition, the commenter raised concerns regarding CAT costs, the security of EBS, and possible revisions to Rule 17a-25 to establish an automated request-and-response system centralized through FINRA. See, e.g., FIF Letter at 3, 6-8. These comments are beyond the limited scope of the PRA and the renewal sought by the Commission herein for Rule 17a-25, but are being actively considered by the Commission and its staff in other contexts.

that is not captured by the CAT, as well as trade-level information that is not included in the CAT (e.g., branch office/registered representative number). EBS also contains older data than the CAT. Moreover, EBS makes it possible for regulatory users to request certain customer account level information that is no longer required to be reported to the CAT pursuant to exemptive relief granted by the Commission.⁵ The national securities exchanges and national securities association (collectively, “SROs”) that are the Participants to the national market system plan governing the CAT (the “CAT NMS Plan”) have also recently submitted a proposed amendment to the CAT NMS Plan that would codify and expand this exemptive relief⁶ – a step that if approved, would increase regulatory reliance on requests to broker-dealers for customer information such as through EBS.

While there is some transactional information in the CAT that can also be requested through EBS, the way that CAT information is used by regulators differs because EBS data and functionality supports different types of analyses than the CAT. Because of these differences, EBS remains a tool of great practical utility for the Commission in the proper performance of its functions, including examinations, enforcement inquiries, investigations, and market reconstructions.

In the 60-Day Notice, the Commission estimated for PRA purposes that it sends approximately 10,807 electronic blue sheet requests per year to clearing broker-dealers that in turn submit an average 213,233 responses.⁷ The Commission further estimated that each broker-dealer that responds electronically will take 8 minutes, and each broker-dealer that responds manually will take 1½ hours to prepare and submit the securities trading data requested by the Commission. This yielded an annual aggregate hour burden estimate for electronic and manual response firms of 28,562 ($213,137 \times 8 \div 60 = 28,418$ hours) + ($96 \times 1.5 = 144$ hours), respectively.⁸

⁵ See Exchange Act Release No. 88393 (Mar. 17, 2020), 85 FR 16152 (Mar. 20, 2020) (providing conditional exemptive relief to remove the obligation that the CAT collect (1) individual social security numbers or tax payer identification numbers and (2) dates of birth and account numbers associated with natural persons); Exchange Act Release No. 102386 (Feb. 10, 2025), 90 FR 9642 (Feb. 14, 2025) (providing exemptive relief from the obligation to collect names, addresses, and years of birth for U.S. natural persons).

⁶ See Exchange Act Release No. 102665 (Mar. 13, 2025), 90 FR 12845 (Mar. 19, 2025) (proposing to amend the CAT NMS Plan to codify and expand previously-issued exemptive relief). FIF has supported this proposal. See letter from Howard Meyerson, Managing Director, FIF, to Commission (July 14, 2025), available at <https://www.sec.gov/comments/4-698/4698-625367-1847814.pdf>; letter from Howard Meyerson, Managing Director, FIF, to Commission (Apr. 9, 2025), available at <https://www.sec.gov/comments/4-698/4698-590975-1712522.pdf>.

⁷ A single EBS request has a unique number assigned to each request (e.g., “0900001”). However, the number of broker-dealer responses generated from one EBS request can range from one to several thousand. EBS requests are sent directly to clearing firms, as the clearing firm is the repository for trading data for securities transactions information provided by the clearing firm and the correspondent firms. Clearing brokers respond for themselves and other firms they clear for. There were 426,274 responses during the 24-month period, for an average of 213,137 annual responses.

⁸ Few respondents submit manual EBS responses. The small percentage of respondents that submit manual responses do so by hand, via email, spreadsheet, disk, or other electronic media. Thus, the number of manual submissions (approximately 96 per year) has minimal effect on the total annual burden hours.

The commenter stated that the Commission's estimates of the compliance burden do not reflect the actual compliance burden.⁹ The commenter stated that the Commission did not consider EBS requests by SROs. However, the SRO EBS rules are independent of Rule 17a-25, which was modelled after then-existing SRO rules.¹⁰ Accordingly, we are not including EBS requests sent by SROs in the estimate for Rule 17a-25.

In addition, the commenter stated that the Commission has not considered certain burdens in connection with its estimates, including overhead needed to be in a position to respond to EBS requests in a timely manner, data storage and maintenance costs, security costs related to protecting personal identifiable information ("PII"), personnel costs related to the management of the data, and processing costs.¹¹ As noted in Item 4 above, the vast majority of the information required in Rule 17a-25 involves collections of information that broker-dealers already maintain in compliance with existing regulations, and the rules of the SROs (the registered securities exchanges and FINRA) currently require broker-dealers to have adequate systems and procedures to submit the EBS transaction reports. Further, broker-dealers already maintain all of the information required for EBS reports pursuant to Exchange Act Rules 17a-3 and 17a-4. Therefore, to the extent broker-dealers incur burdens or costs related to data creation, storage, maintenance, management, security, and processing, such costs are either usual and customary, or are already accounted for by other collections of information.¹²

The commenter also stated that the Commission's estimate of eight minutes as an average response time for EBS requests is "well below" the actual average response time required for a broker-dealer to respond to these requests.¹³ The commenter further stated that broker-dealers that have acquired other broker-dealers "often must" incur additional costs when responding to requests when data is stored in multiple systems.¹⁴ The commenter did not provide an estimate of the average response time for EBS requests. In response, we acknowledge that, in some cases, there may be additional time associated with the interpretation of the request, collection of responsive information (including across multiple systems), and review of the response. Therefore, we are increasing our estimate of the response time for electronic responses by 25%, for an average response time of 10 minutes. This yields an annual aggregate hour burden estimate for electronic and manual response firms of 35,667 ($213,137 \times 10 \div 60 = 35,523$ hours) + ($96 \times 1.5 = 144$ hours), respectively.

⁹ See FIF Letter at 8. The commenter stated that the Commission provided an hours estimate but did not provide any cost estimates. See *id.* Because the Commission estimated that all hourly burdens are internal, these do not result in Item 13 costs that are submitted to OMB for approval.

¹⁰ See Exchange Act Release No. 44494 (June 29, 2001), 66 FR 35836, at 35837 (July 9, 2001) (Rule 17a-25 Adopting Release).

¹¹ See FIF Letter at 8.

¹² See Records to be made by certain exchange members, brokers and dealers (OMB Control No. 3235-0033) and Records to be preserved by certain brokers and dealers (OMB control number 3235-0279).

¹³ See FIF Letter at 8.

¹⁴ See FIF Letter at 9.

9. Payment or Gift

The respondents receive no payments or gifts.

10. Confidentiality

The information in the collections of information discussed above will not be made publicly available, except as provided by the Privacy Act of 1974 (5 U.S.C. 552a).

11. Sensitive Questions

The information collection collects elements of PII that is covered by the BSS PIA. However, the PIA is currently being updated for BSS. The agency has determined that the information collection does constitute a system of record for purposes of the Privacy Act. Information is retrieved by a personal identifier and is covered by the SORN SEC-17 “Enforcement Files” and the privacy act statements in forms SEC 1661 and SEC 1662.

12. Information Collection Burden

The annual hour burden of Rule 17a-25 for individual broker-dealers varies widely due to differences in the levels of activities of the respondents and because of differences in the current recordkeeping systems of the respondents. While Rule 17a-25 requires all registered broker-dealers to be able to provide transaction data to the Commission, the Commission focuses its requests on clearing brokers as they are the repository for the trading data. Accordingly, all 557 clearing brokers respond electronically through the EBS system, except in rare instances where they respond manually. Manual submissions are allowed if there are no other means for the firm to submit responses electronically. It is estimated that the broker-dealers that respond electronically will take 10 minutes, and the broker-dealers that respond manually will take 1½ hours to prepare and submit the securities trading data requested by the Commission.

Based on EBS data compiled by the Commission for the period October 1, 2022 to September 30, 2024, the Commission estimates that it sent 10,807 electronic blue sheet requests to clearing broker-dealers, who in turn submitted 426,274 responses, for an average of 213,137 responses per year.¹⁵ On average, each of the 557 clearing firms electronically submitted approximately 383 responses per year ($213,137 \div 557 = 382.65$). Accordingly, the annual aggregate hour reporting burden for electronic responses is estimated to be 35,523 ($213,137 \times 10 \div 60 = 35,523$ hours).

The Commission received 192 manual submissions between October 1, 2022 and September 30, 2024, or an average of 96 manual submissions per year. On average, each of the 557 clearing firms submitted approximately 0.17 manual responses per year ($96 \div 557 = 0.17$). Accordingly,

¹⁵ A single EBS request has a unique number assigned to it (e.g., “0900001”). However, the number of broker-dealer submissions transmitted in response to one EBS request can range from one to thousands. EBS requests are sent directly to clearing firms, as the clearing firm is the repository for trading data for securities transactions information provided by the clearing firm and the correspondent firms. Clearing brokers respond for themselves and other firms for which they clear. There were 426,274 responses during the 24-month period, for an average of 213,137 annual responses.

the annual aggregate hour reporting burden for manual responses is estimated to be 144 (96 x 1.5 = 144 hours).¹⁶

Further, while Rule 17a-25 requires broker-dealers to submit, and keep current, contact information for the person responsible for processing such requests, the Commission retired its EBS system and transitioned to using the BSS system operated by FINRA in 2018. Because FINRA separately requires broker-dealers to submit, and keep current, contact information directly to FINRA, firms no longer have to submit that information to the Commission. Accordingly, the Commission eliminated the collection of information burden for that aspect of Rule 17a-25.

Thus, the total number of responses is 213,233 (213,137 electronic responses + 96 manual responses). The annual aggregate reporting burden for all respondents to the collection of information requirements of Rule 17a-25 is estimated at 35,667 (213,137 electronic responses x 10 minutes per response ÷ 60 minutes in an hour = 35,523 hours) + (96 manual responses x 1.5 hours per response = 144 hours).

Summary of Hourly Burdens

Burden Type	Number of Respondents	Number of Annual Responses per Respondent	Time per Response (Hours)	Total Burden (Hours)
Electronic Reporting	557	382.65	.16667	35,523
Manual Reporting	557	0.1724	1.5	144
<i>Total Aggregate Burden</i>				35,667

13. Costs to Respondents

The Commission estimates that there will be no additional costs to the respondents associated with the operation and maintenance of the EBS system. In addition, Rule 17a-25 will not impose any additional recordkeeping requirements for broker-dealers because broker-dealers already maintain all of the information required for EBS reports pursuant to Exchange Act Rules 17a-3 and 17a-4. Therefore the annualized cost burden is \$0.

14. Costs to Federal Government

The annual cost to the Federal Government for this collection of information is estimated

¹⁶ Manual submissions most frequently occur when an analyst requests transaction information that is older than 6 years (the required retention period). The number of manual submissions (approximately 122 per year) has a minimal effect on the total annual burden hours.

to be \$916,160. As noted above, the Commission retired its EBS system and now uses the BSS system operated by FINRA to send electronic requests for trading data. As such, the Commission no longer incurs a cost to maintain its own separate EBS system. Instead, it incurs costs to use the BSS system. In particular, to help administer the BSS system and ensure that submissions are timely and accurate, the Commission employs two full-time contractors. We estimate an average of \$76 for contractors per hour for those persons, multiplied by a full-time (40 hours per week) working schedule (\$316,160 annually). Infrastructure and support costs to maintain the EBS system are estimated to be \$600,000. Accordingly, total costs for staff, BSS contract and system costs (including system access, staff training, and system development and enhancement costs), and dedicated infrastructure costs are thus estimated to be \$916,160. Other expenses, including the professional staff that utilize the information collected as part of their regulatory reviews, as well as general technology and overhead expenses, would have been incurred without this specific collection of information and are part of the Commission's normal labor costs for staff and facilities.

15. Changes in Burden

The number of unique EBS requests sent decreased (5,404¹⁷ annual average versus 6,779 annual average from the prior comparable 24-month figure reported in 2022). There was also a decrease in: (1) the number of electronic responses received (213,137¹⁸ annual average versus 223,057 annual average from the prior comparable 24-month figure reported in 2022); and (2) the number of manual responses received (96¹⁹ annual average versus 122 annual average from the prior annual figure reported in 2022). However, the annual aggregate hour reporting burden increased overall. The increase in burden reflects an increase in the estimated time burden for an electronic response from 8 minutes per response to 10 minutes per response.

Accounting for all of these changes, the annual aggregate hour reporting burden has increased from 29,924 in 2022 to 35,667 currently.

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.

¹⁷ As noted in Item 12, the Commission made 10,807 requests over a 24-month period, for an average of 5,404 requests made per year.

¹⁸ As noted in Item 12, the Commission received 426,274 electronic submissions over a 24-month period, for an average of 213,137 submissions received per year.

¹⁹ As noted in Item 12, the Commission received 192 manual submissions over a 24-month period, for an average of 96 submissions received per year.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

The collection of information does not involve statistical methods.