

SUPPORTING STATEMENT

for the Paperwork Reduction Act Information Collection Submission for

Rules 17h-1T and 17h-2T OMB Control No. 3235-0410

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

A. JUSTIFICATION

1. Information Collection Necessity

On July 16, 1992, the Commission adopted Rules 17h-1T and 17h-2T (17 CFR 240.17h-1T and 17 CFR 240.17h-2T) (the “risk assessment rules”), under the Securities Exchange Act of 1934 (“Exchange Act”) pursuant to its authority under the risk assessment provisions of the Market Reform Act of 1990 (Pub. L. No. 101-432, 104 Stat. 963 (1990)).¹ These rules are intended to give the Commission access to information concerning the financial and securities activities of certain broker-dealer affiliates. A broker-dealer may be affected by the financial difficulties of an affiliate both directly, such as by the affiliate’s withdrawal of capital to meet the affiliate’s obligations, and indirectly, such as by the effect that the affiliate’s difficulties may have on the broker-dealer’s ability to obtain financing. This impact on a broker-dealer may be exacerbated in times of market stress. Accordingly, Rules 17h-1T and 17h-2T enable the Commission to monitor the activities of broker-dealer affiliates through its access to affiliate information and receipt of reports on a quarterly basis.

Rule 17h-1T requires a covered broker-dealer to maintain and preserve records and other information concerning certain entities that are associated with the broker-dealer. This requirement extends to the financial and securities activities of the holding company, affiliates and subsidiaries of the broker-dealer that are reasonably likely to have a material impact on the financial or operational condition of the broker-dealer. Rule 17h-2T requires a covered broker-dealer to file with the Commission reports concerning the information required to be maintained and preserved under Rule 17h-1T within 60 calendar days of the end of each fiscal quarter. However, Rule 17h-2T also allows a firm to file its year-end financial statements separately from the rest of its fiscal fourth quarter report, within 105 calendar days of the end of that quarter.²

The Commission is statutorily authorized by Section 17(h) of the Exchange Act of 1934 (15 U.S.C. 78q(h)) to adopt rules that require a broker-dealer to maintain and preserve risk assessment information with respect to those entities that are associated with the broker-dealer whose “business activities are reasonably likely to have a material impact on the financial and

¹ See *Final Temporary Risk Assessment Rules*, Exchange Act Release 30929 (July 16, 1992), 57 FR 32159 (July 21, 1992).

² Thus, the same information is filed with the Commission whether the broker-dealer files all the information within 60 calendar days of the end of the fiscal fourth quarter or some of the information within 60 calendar days and the rest within 105 calendar days of the end of the fiscal fourth quarter.

operational condition” of the broker-dealer. In addition, Section 17(h) authorizes the Commission to adopt rules that require a broker-dealer to file, no more frequently than quarterly, summary reports of the information and records maintained pursuant to the risk assessment rules. Further statutory authority is found in Section 23(a) of the Exchange Act (15 U.S.C. 78w).

2024 Rule Amendments (Rule 17h-2T: Form 17-H)

On December 16, 2024, the Commission voted to adopt amendments to Rule 17h-2T to require Form 17-H to be filed in the Commission’s Electronic Data Gathering and Retrieval (“EDGAR”) system.³ Previously, Rule 17h-2T permitted Form 17-H to be filed with the Commission in paper-based format. The Commission did not substantively change the information that must be filed in connection with Form 17-H under Rule 17h-2T but only the manner and format in which that information is filed. The EDGAR-filing requirement for Form 17-H is new, although filers had the option to file in EDGAR voluntarily prior to the amendments and almost all of them elected to do so. The amendments also required Item 4 (financial statements) of Form 17-H to be filed in EDGAR and provided in the Inline eXtensible Business Reporting Language (“Inline XBRL”) structured data language. The Inline XBRL requirement is a new requirement.

More specifically, prior to the effectiveness of the rule amendments, broker-dealers subject to the filing requirement may choose to file the form in paper to the Commission’s headquarters in Washington, DC, or may choose to file the form in EDGAR. As of December 31, 2023, approximately 99% of the 238 broker-dealers subject to Rule 17h-2T utilized EDGAR to make their required Form 17-H filings. The remaining broker-dealers submitted the Form 17-H in paper form. For electronic filing on EDGAR, the facing page and Part II of Form 17-H are fillable forms that EDGAR subsequently converts into a structured, eXtensible Markup Language (“XML”)-based data language specific to Form 17-H.

With the 2024 rule amendments, the Commission is retaining the custom XML functionality for the facing page disclosures and Part II (associated persons disclosures) that is already built into the voluntary EDGAR-filing process for Form 17-H. The rule amendments do not change the materials filed under the rule or the custom XML requirements but alter existing requirements by mandating that Form 17-H be filed on EDGAR and that the financial statements required by Item 4 of Form 17-H be structured in Inline XBRL.⁴

³ See Electronic Submission of Certain Materials Under the Securities Exchange Act of 1934; Amendments Regarding the FOCUS Report; SEC Release Nos. 33-11342; 34-101925; IC- 35420; (Dec. 16, 2024); 90 FR 7250 (Jan. 21, 2025) (File No. S7-08-23).

⁴ The Commission recently extended the compliance date for certain of the 2024 rule amendments by twelve months. See Extension of Compliance Dates for Electronic Submission of Certain Materials Under the Securities Exchange Act of 1934; Amendments Regarding the FOCUS Report; SEC Release Nos. 33-11386; 34-103877; IC-35738; (Sept. 8, 2025); 90 FR 43552 (Sept. 10, 2025) (File No. S7-08-23).

2. Information Collection Purpose and Use

The information required by Rules 17h-1T and 17h-2T is necessary to enable the Commission to monitor the activities of a covered broker-dealer's affiliate whose business activities are reasonably likely to have a material impact on the financial and operational condition of the broker-dealer. Without this information, the Commission would be unable to assess the potentially damaging impact of the affiliate's activities on the broker-dealer.

3. Consideration Given to Information Technology

As stated above, the Commission is requiring Form 17-H to be filed in EDGAR and provided in Inline XBRL. Previously, broker-dealers subject to Rule 17h-2T may—but were not required to—file Form 17-H in EDGAR, but almost all of them voluntarily filed the form in EDGAR. As mentioned, the Inline XBRL requirement is a new requirement.

4. Duplication

We are not aware of duplication of this information.

5. Effect on Small Entities

The risk assessment rules generally do not apply to small entities because a broker-dealer that maintains less than \$20 million in capital and does not carry customer accounts is exempted under the rules. Further, a broker-dealer that either restricts its business to certain mutual fund activities, certain direct participation programs or introduces accounts on a fully disclosed basis is also exempt under the rules. In addition, a broker-dealer that is owned by a natural person is exempt from the risk assessment rules under Section 17(h) of the Exchange Act.

6. Consequences of Not Conducting Collection

The risk assessment rules enable the Commission to monitor the activities of a covered broker-dealer's affiliate whose business activities are reasonably likely to have a material impact on the financial and operational condition of the broker-dealer. This information is collected quarterly. If the information were to be collected less frequently, the Commission would have to rely on stale and outdated information when assessing risks to the broker-dealer. As a result, the Commission would be unable to adequately assess the potentially damaging impact of more recent activities of the broker-dealer affiliates on the broker-dealer.

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 required Federal Register notice with a 60-day comment period soliciting comments on this collection of information was published. The Commission received one comment letter in response to the 60-day notice. The comment letter supports the Commission's recent extension of the compliance date for the 2024 amendments and agrees with the collection of data in Inline XBRL format. The comment letter does not discuss the estimated burdens for the collection of information, and changes were not made to the estimated burdens in connection with the comment letter.⁵

9. Payment or Gift

No payment or gift is provided to respondents.

10. Confidentiality

All information obtained by the Commission pursuant to the provisions of Rules 17h-1T and 17h-2T from a broker or dealer concerning a material associated person is deemed confidential information for the purposes of section 24(b) of the Exchange Act.

11. Sensitive Questions

This information collection does not collect personally identifiable information. The agency has determined that neither a Privacy Impact Assessment ("PIA") nor a System of Records Notice ("SORN") are required in connection with the collection of information.

12. Information Collection Burden

Annual Recordkeeping Burden:

As of August 22, 2025, there are 238 respondents that must comply with Rules 17h-1T and 17h-2T. Each of these 238 respondents are estimated to require 10 hours per year to maintain the records required under Rule 17h-1T, for an aggregate **estimated annual industry recordkeeping burden of 2,380 hours** (238 respondents X 10 hours). In addition, there are 238 broker-dealer respondents that must file quarterly and annual risk assessment reports with the Commission under Rule 17h-2T. Each of these 238 respondents must make five annual responses under Rule 17h-2T (for a total of 1,190 responses per year). These five responses are estimated to require 14 hours per respondent per year, for an aggregate **estimated annual industry reporting burden of 3,332 hours** (238 respondents X 14 hours).

In addition, new respondents must draft an organizational chart required under Rule 17h-1T and establish a system for complying with the risk assessment rules. The staff estimates that drafting the required organizational chart requires one hour and establishing a system for complying with the rules requires three hours. Based on the modest increase in the number of new filers in recent years, the staff estimates there will be three new respondents, and thus, a corresponding

⁵ Letter from Campbell Pryde, XBRL US, November 12, 2025.

estimated initial (one-time) burden of twelve hours for new respondents (4 hours X 3 new respondents = 12 hours), for an **annualized total industry reporting burden of 4 hours** (that is, a one-time burden of 12 hours amortized over three years).

The three burden hour totals listed above for reporting, recordkeeping, and new respondents are not a result of any new information collections or any substantive changes to existing information collections adopted by the Commission but only result from changes in the number of actual respondents (for recordkeeping and reporting) and prospective respondents (for estimated new respondents).

2024 Rule Amendments (Rule 17h-2T: Form 17-H Inline XBRL Requirement)

As mentioned, the Commission recently adopted rule amendments to requiring broker-dealers subject to Rule 17h-2T to file Item 4 of Form 17-H in EDGAR in Inline XBRL. To be clear, the Commission is not changing the substantive information required in Item 4 of Form 17-H but is only changing the format in which the Item 4 of Form 17-H is filed by requiring EDGAR-filing in Inline XBRL. While the EDGAR-filing and Inline XBRL requirements are new, broker-dealers subject to Rule 17h-2T have had the option to file Form 17-H in EDGAR and almost all of them have been doing so. Under the rule amendments, broker-dealers that are required to file reports under Rule 17h-2T are required to tag the financial statements included with the report in Inline XBRL.

As broker-dealers that are required to file reports under Rule 17h-2T are also required to file annual reports in EDGAR under Rule 17a-5, the Commission did not estimate an additional burden for becoming familiar with the EDGAR system and for monitoring changes in EDGAR filing requirements attributable to the amendments to Rule 17h-2T. Likewise, because these broker-dealers also are required to tag annual reports under Rule 17a-5 in Inline XBRL, the Inline XBRL requirement for reports under Rule 17h-12T represents additional (quarterly) iterations of that compliance process, as abbreviated to reflect that Form 17-H requires only financial statements (and not any supplemental reports or other related filings) to be tagged in Inline XBRL, and that Form 17-H filers may omit the statement of cash flows and the footnotes to the financial statements. Thus, the Commission estimates an average additional burden of 2 hour per response four times a year (quarterly) for 238 respondents, resulting in a **total industrywide burden of 1,904 hours⁶ per year** for Form 17-H filers to structure their financial statements (Item 4 of Form 17-H) in Inline XBRL.⁷

The hour burdens are summarized in the following chart:

Summary of Hourly Burdens										
		A.	B.	C.	D.	E.	F.	G.		

⁶ (238 respondents X 8 hours = 1,904 hours.)

⁷ The Commission submitted revised burden estimates to OMB and they were approved on July 29, 2025.

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
					[C ÷ 3 years]		[D + E]	[F * B]	[G * A]	[A * %]
Rule 17h-1T & Rule 17h-2T	Recordkeeping	238	1	0	0	10	10	10	2,380	0
Rule 17h-2T (quarterly risk assessment reports & annual financial statements)	Reporting	238	5	0	0	2.8 ⁸	2.8	14	3,332	0
Rule 17h-1T – Initial Burden for new respondents (org chart & compliance program)	Reporting	3 ⁹	1	4	1.33	0	1.33	1.33	4	0
Requirement to file Form 17-H in Inline XBRL – Ongoing Burden	Reporting	238	4	0	0	2	2	8	1,904	0
TOTAL HOURLY BURDEN FOR ALL RESPONDENTS									7,620	

13. Costs to Respondents

The total annual cost burden for Rules 17h-1T and 17h-2T is \$0.

14. Costs to Federal Government

The Commission is in the process of revising its methodologies to estimate annualized costs to the Federal government for all its relevant collections of information. We anticipate that future extensions of this collection of information will reflect the revised methodologies.

15. Changes in Burden

The change in burden is a result of a decrease in the number of respondents from 241 to 238. As a result, the estimated total annual industry hourly burden changed from 7,716 to 7,620, a decrease of 96 hours.

The estimated total annual hour burden has changed as follows:

Summary of Changes in Burden Hours

⁸ The 5 responses are estimated to take a combined total of 14 hours per year, therefore, to determine the burden per response, we divided 14 by 5. ($14 / 5 = 2.8$.)

⁹ We are estimating a modest future increase in the number of broker-dealers—namely, 3 new respondents—that would be subject to Rule 17h-1T.

Name of Information Collection	Annual Industry Burden	Annual Industry Burden Previously Approved	Change in Burden	Reason for Change
Rule 17h-1T & 17h-2T (Recordkeeping)	2,380	2,410	(30)	Decrease in number of respondents
Rule 17h-2T (quarterly risk assessment reports & annual financial statements)	3,332	3,374	(42)	Decrease in number of respondents
Rule 17h-1T initial burden for projected new respondents	3	3	0	No change
Requirement to file Form 17-H in Inline XBRL – Ongoing Burden	1,904	1,928	(24)	Decrease in number of respondents
Total Hourly Burden Change for All Respondents	7,620	7,716	(96)	Decrease in number of respondents.
TOTAL CHANGE			(96) hours	

16. Information Collection Planned for Statistical Purposes

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

17. Approval to Omit OMB Expiration

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

The collection of information does not involve statistical methods.