

**SUPPORTING STATEMENT  
for the Paperwork Reduction Act Information Collection Submission for  
Rule 17a-14 and Form CRS  
OMB Control Number 3235-0766**

**A. JUSTIFICATION**

**1. Necessity for the Information Collection**

On June 5, 2019, the Securities and Exchange Commission (“Commission”) adopted Form CRS and Rule 17a-14 under the Securities Exchange Act of 1934.<sup>1</sup> Rule 17a-14 under the Exchange Act (17 CFR 240.17a-14) and Form CRS (17 CFR 249.640) require a broker-dealer that offers services to retail investors to prepare and file with the Commission through WebCRD, post to the broker-dealer’s website (if it has one), and deliver to retail investors a relationship summary. The relationship summary can assist retail investors in making an informed choice about whether to hire or retain a broker-dealer, as well as what types of accounts and services are appropriate for their needs.

Rule 17a-14 and Form CRS contain a collection of information requirement. The collection is necessary to provide broker-dealer retail customers, prospective retail customers, and the Commission with information about the relationships and services the firm offers to retail investors, fees and costs that the retail investor will pay, specific conflicts of interest and standards of conduct, legal or disciplinary history, and how to obtain additional information about the firm. The Commission uses the information to manage its regulatory and examination programs. Retail investors can use the information required in the relationship summary to determine whether to hire or retain a broker-dealer, as well as what types of accounts and services are appropriate for their needs.

Form CRS and Rule 17a-14 contain a “collection of information” within the meaning of the Paperwork Reduction Act of 1995 (“Paperwork Reduction Act”), and the Commission submitted the collection of information to the Office of Management and Budget (“OMB”) for review in accordance with 44 U.S.C. 3507(d) and 5 CFR 1320.11. The title for the collection of information is: Rule 17a-14 and Form CRS. An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number. This collection of information can be found at 17 CFR 240.17a-14 and 17 CFR 249.640 and is mandatory. Responses will not be kept confidential. The respondents are broker-dealers registered with the Commission that offer services to retail investors.

**2. Purpose and Use of the Information Collection**

The purpose of Form CRS is to assist retail investors in making an informed choice when choosing an investment firm and professional, and type of account. Retail investors can use the

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<sup>1</sup> Form CRS Relationship Summary; Amendments to Form ADV, Release Nos. IA-5247 and 34-86032 (Jun. 5, 2019); 84 FR 33492 (Jul. 12, 2019). The amendments to Form ADV were proposed in Form CRS Relationship Summary; Amendments to Form ADV; Required Disclosures in Retail Communications and Restrictions on use of Certain Names or Titles, Release Nos. IA-4888 and 34-83063 (Apr. 18, 2018); 83 FR 23848 (May 23, 2018).

information required in Form CRS to determine whether to hire or retain a broker-dealer, as well as what types of accounts and services are appropriate for their needs. The Commission uses the information to manage its regulatory and examination programs. The collection of information is necessary to provide broker-dealers' customers, prospective customers, and the Commission with information about broker-dealers and their business, conflicts of interest and personnel.

### **3. Consideration Given to Information Technology**

The information collected pursuant to Form CRS requires disclosures made by broker-dealers to their customers and prospective customers that are retail investors and reporting to the Commission. Broker-dealers file their Forms CRS electronically through WebCRD. Dual registrants file through both the Investment Adviser Registration Depository (“IARD”) and WebCRD. The Commission required IARD and WebCRD because they are familiar filing systems for investment advisers and broker-dealers. Investment advisers registered with the Commission file Form ADV on IARD. Many broker-dealers already use WebCRD for filing their own registration records and those of their associated persons, and retail investors already can find broker-dealers’ disciplinary history and other information on BrokerCheck. By having firms file the relationship summaries with the Commission, the Commission can more easily monitor the filings for compliance with Form CRS. This approach helps ensure a complete and consistent filing record for each firm and facilitates the Commission’s data analysis, examinations, and other regulatory efforts.

### **4. Duplication**

The Commission periodically evaluates rule-based reporting and recordkeeping requirements for duplication, and reevaluates them whenever it adopts changes in its rules. Broker-dealers are subject to other disclosure requirements under the federal securities laws and rules of self-regulatory organizations (“SROs”).<sup>2</sup> The relationship summary provides in one place, for the first time, summary information about the services, fees, conflicts, and disciplinary history for broker-dealers. We believe that requiring broker-dealers to provide this type of disclosure at the time retail investors are newly selecting or deciding whether to stay with a firm, financial professional, or type of investment account, is necessary to helping retail investors make decisions that meet their needs and expectations.

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Broker-dealers register with and report information to the Commission, the SROs, and other jurisdictions through Form BD. Form BD requires information about the background of the applicant, its principals, controlling persons, and employees, as well as information about the type of business the broker-dealer proposes to engage in and all control affiliates engaged in the securities or investment advisory business. Broker-dealers report whether a broker-dealer or any of its control affiliates have been subject to criminal prosecutions, regulatory actions, or civil actions in connection with any investment-related activity, as well as certain financial matters. Once a broker-dealer is registered, it must keep its Form BD current by amending it promptly when the information is or becomes inaccurate for any reason. In addition, firms report similar information and additional information to FINRA pursuant to FINRA Rule 4530. In addition, under existing antifraud provisions of the Exchange Act, a broker-dealer has a duty to disclose material information to its customers conditional on the scope of the relationship with the customer.

## **5. Effect on Small Entities**

The disclosure requirements under Form CRS and Rule 17a-14 do not distinguish between small entities and other broker-dealers. We recognize that different firms may require different amounts of time or external assistance in preparing the relationship summary. The Commission believes, however, that imposing different requirements on smaller firms would not be consistent with investor protection and the purposes of the relationship summary. The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act, to identify methods to minimize recordkeeping or reporting requirements affecting small businesses.

## **6. Consequences of Not Conducting Collection**

The collection of information required by the form is necessary to protect investors and deter potentially misleading sales practices by providing customers and prospective customers, as well as the Commission, with information about broker-dealers, the services they offer to retail investors, applicable standard of conduct, fees, and conflict of interests. Providing this information before or at the time a retail investor first engages a broker-dealer's services, as well as at certain points during the relationship (e.g., switching or adding account types), helps retail investors to make more informed choices among the types of firms and services available to them. The consequences of not collecting this information include customers and prospective customers who are retail investors not having the information they need to evaluate a broker-dealer's practices and determine whether to hire and/or fire a broker-dealer and manage the relationship. In addition, if the information is either not collected or is collected less frequently, the Commission's ability to protect investors would be reduced.

## **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. Consultation with Persons 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**

Not Applicable.

## **11. Sensitive Questions**

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

## 12. Information Collection Burden

Based on staff experience, we estimate the total annual collection of information burden for Rule 17a-14 in connection with obligations relating to the relationship summary, including: (i) initial preparation, filing and posting of the relationship summary to a website by newly registered broker-dealers; (ii) delivery of the relationship summary to existing, new and prospective customers; (iii) amendments to the relationship summary for material updates and related filing and website posting burdens; and (iv) communicating amendments of the relationship summaries to customers. Given these requirements, we estimate the total annual aggregate hour burden to be approximately 7,424,299 hours per year, or 3,323 hours on a per broker-dealer basis.<sup>3</sup> The aggregate annual internal monetized cost of compliance associated with this information collection is approximately \$580,835,144, or \$259,998 per broker-dealer per year.<sup>4</sup> These data are based on FOCUS Reports as of December 2024.

The respondents to this information collection are the broker-dealers registered with the Commission that offer services to retail investors who are required to prepare, file, and deliver a relationship summary in accordance with Rule 17a-14. Based on FOCUS Reports as of December 2024, there are 2,234 broker-dealers registered with the Commission that reported sales to retail customer investors,<sup>5</sup> and therefore likely are required to prepare and deliver the relationship summary.<sup>6</sup>

### i. Initial Preparation, Filing, and Posting of Relationship Summary by newly registered broker-dealers

Based on FOCUS Reports as of December 2024, we estimate that over the next three years there will be approximately 138 newly registered broker-dealers that offer services to retail investors that would be required to prepare and deliver the relationship summary. We estimate that the initial first year burden for preparing and filing the relationship summary will be 40 hours per newly registered broker-dealer. We also estimate that each newly registered broker-dealer will incur 0.5 hours to prepare the relationship summary for posting to its website, if it has one, such as to ensure proper electronic formatting, and to perform the actual posting.

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<sup>3</sup> 1,863 hours for initial preparation, filing and posting of the relationship summary by newly registered broker-dealers + 724,846 hours for delivery to new and prospective customers + 1,115,148 hours for additional delivery to existing customers + 6,702 hours per year for amendments, filing, and posting of amendments + 5,575,740 hours for delivery of amendments = 7,424,299 total annual aggregate hours. 7,424,299 hours / 2,234 broker-dealers = 3,323.32, rounded down to 3,323 hours per broker-dealer.

<sup>4</sup> \$627,394 for initial preparation, filing and posting of the relationship summary by newly registered broker-dealers + \$56,537,988 for delivery to new and prospective customers + \$86,981,544 for additional delivery to existing customers + \$1,693,372 per year for amendments, filing, and posting of amendments + \$434,994,846 for delivery of amendments = \$580,835,144 total annual aggregate hours. \$580,835,144 / 2,234 broker-dealers = \$259,997.83, rounded up to \$259,998 per broker-dealer.

<sup>5</sup> Retail sales activity is identified from Form BR, which categorizes retail activity broadly (by marking the “sales” box) or narrowly (by marking the “retail” or “institutional” boxes as types of sales activity). We use the broad definition of sales as we believe that many firms will just mark “sales” if they have both retail and institutional activity. However, this may capture some broker-dealers that do not have retail activity, although we are unable to estimate that frequency.

<sup>6</sup> For purposes of Form CRS, a “retail investor” is defined as a natural person, or the legal representative of such natural person, who seeks to receive or receives services primarily for personal, family or household purposes.

Given these assumptions, we estimate the total one-time initial hour burden for newly registered broker-dealers to prepare the relationship summary and file it with the Commission will be 5,520 hours,<sup>7</sup> at a monetized internal cost of compliance of \$1,876,800.<sup>8</sup> We estimate that the initial burden of posting the relationship summary to their websites, if they have one, will be 69 hours,<sup>9</sup> at a monetized internal cost of compliance of \$5,382.<sup>10</sup> Therefore, the aggregate one-time hour burden for registered broker-dealers to prepare, file, and post a relationship summary to their website, if they have one, will be 5,589 hours or 40.5 hours per newly registered broker-dealer,<sup>11</sup> at a monetized internal cost of compliance of \$1,882,182, or \$13,639 per newly registered broker-dealer.<sup>12</sup>

To arrive at an annual burden for preparing, filing, and posting the relationship summary the initial burden will be amortized over a three-year period. Therefore, the total annual aggregate hour burden for newly registered broker-dealers to prepare, file, and post a relationship summary to their website, if they have one, will be approximately 1,863 hours per year ( $5,589 \div 3$ ) or 13.5 hours per year ( $40.5 \div 3$ ) per newly registered broker-dealer, at a monetized annual internal cost of compliance of approximately \$627,394 per year ( $\$1,876,800 \div 3$ ) or \$4,546.33 per year ( $\$13,639 \div 3$ ) per newly registered broker-dealer.

## ii. **Delivery of the Relationship Summary**

### a. **Delivery to New or Prospective New Customers**

Rule 17a-14 under the Exchange Act requires a broker-dealer to deliver the relationship summary, with respect to a retail investor that is a new or prospective customer, before or at the earliest of: (i) a recommendation of an account type, a securities transaction or an investment strategy involving securities; (ii) placing an order for the retail investor; or (iii) the opening of a brokerage account for the retail investor. Broker-dealers are also required to post a current version of the relationship summary prominently on their public websites (if they have one).

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<sup>7</sup> 138 newly registered broker-dealers x 40 hours = 5,520 total hours to prepare and file the relationship summary.

<sup>8</sup> We expect that performance of this function will most likely be equally allocated between a senior compliance examiner and a compliance manager. Based on data from the Securities Industry Financial Markets Association's Management & Professional Earnings in the Securities Industry 2013 ("SIFMA Management and Professional Earnings Report"), modified in 2025 by Commission staff to account for, among other things, inflation, we expect that the costs for these positions are \$295 and \$385 per hour, respectively.  $(0.5 \times 5,520 \text{ hours} \times \$295) + (0.5 \times 5,520 \text{ hours} \times \$385) = \$1,876,800$ .

<sup>9</sup> 0.5 hours x 138 newly registered broker-dealers = 69 hours to post the relationship summary to the website.

<sup>10</sup> We expect that performance of this function will most likely be performed by a general clerk. Based on data from the SIFMA Management and Professional Earnings Report, modified in 2025 by Commission staff to account for, among other things, inflation, we expect that the cost for this position is \$78 per hour.  $69 \text{ hours} \times \$78 = \$5,382$  total aggregate monetized cost.

<sup>11</sup> 5,520 hours for preparing and filing + 69 hours for posting = 5,589 hours aggregate burden to prepare, file, and post the relationship summary.  $5,589 \text{ hours} / 138 \text{ newly registered broker-dealers} = 40.5 \text{ hours per newly registered broker-dealer}$ .

<sup>12</sup> \$1,876,800 total initial aggregate monetized cost for preparation and filing + \$5,382 for posting to the website = \$1,882,182 total monetized cost for preparation, filing and posting the relationship summary.  $\$1,882,182 / 138 \text{ newly registered broker-dealers subject to relationship summary obligations} = \$13,639 \text{ per newly registered broker-dealer}$ .

To estimate the delivery burden for broker-dealers' new or prospective new customers, we estimate that the 2,234 broker-dealers with retail activity have approximately 278,786,989 retail customer accounts.<sup>13</sup> Based on FOCUS Reports as of December 2024, we estimate that broker-dealers grow their customer base and enter into on average, 13% more new accounts with new or prospective retail investors each year.<sup>14</sup> We estimate the hour burden for initial delivery of a relationship summary will be the same by paper or electronic format, at 0.02 hours for each relationship summary. Therefore, the aggregate annual hour burden for initial delivery of the relationship summary by broker-dealers to new or prospective new customers will be 724,846 hours, or approximately 324.5 hours per year per broker-dealer,<sup>15</sup> at a monetized internal cost of compliance of \$56,537,988 at an aggregate level, or \$25,308 per broker-dealer.<sup>16</sup>

### **b. Additional Delivery to Existing Customers**

Broker-dealers are also required to deliver the relationship summary to existing customers before or at the time the broker-dealer: (i) opens a new account that is different from the retail investor's existing account(s); (ii) recommends that the retail investor roll over assets from a retirement account into a new or existing account or investment, or (ii) recommends or provides a new brokerage or investment advisory service or investment that does not necessarily involve the opening of a new account and would not be held in the existing account.

With respect to delivery of the relationship summary in these types of situations, we estimate that this would take place among 10% of a broker-dealer's retail investors annually. We estimate the hour burden for the delivery of a relationship summary in these types of situations will be 0.04 hours for each relationship summary. We therefore estimate broker-dealers will incur a total annual aggregate burden of 1,115,148 hours, or approximately 499 hours per broker-dealer,<sup>17</sup> at an annual aggregate monetized internal cost of compliance of \$86,981,544, or approximately \$38,935 per broker-dealer.<sup>18</sup>

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<sup>13</sup> FOCUS Reports as of December 2024.

<sup>14</sup> This represents the average annual rate of growth from 2017 - 2024 in the number of accounts for all broker-dealers reporting retail activity.

<sup>15</sup> 278,786,989 customer accounts x 13% increase = 36,242,308.57, rounded up to 36,242,309 new customers. 36,242,309 new customers x 0.02 hours per delivery = 724,846.18, rounded down to 724,846 total annual aggregate hours. 724,846 / 2,234 broker-dealers = 324.461 rounded up to 324.5 hours per broker-dealer for delivery to new customers.

<sup>16</sup> We expect that these functions will most likely be performed by a general clerk. Based on data from the SIFMA Management and Professional Earnings Report, modified in 2025 by Commission staff to account for, among other things, inflation, we expect that the cost for this position is \$78 per hour. 724,846 hours x \$78 = \$56,537,988. \$56,537,988 / 2,234 broker-dealers = \$25,307.96, rounded up to \$25,308 per broker-dealer for delivery to new customers. We estimate that broker-dealers will not incur any incremental postage costs to deliver the relationship summary to new or prospective customers because we estimate that broker-dealers will make the delivery along with other documentation, such as periodic account statements.

<sup>17</sup> 278,786,989 customer accounts x 10% = 27,878,698.9, rounded up to 27,878,699 new accounts. 27,878,699 new accounts x 0.04 hours = 1,115,147.956, rounded up to 1,115,148 hours. 1,115,148 hours / 2,234 broker-dealers = 499.17 rounded down to 499 hours per broker-dealer.

<sup>18</sup> Based on data from the SIFMA Management and Professional Earnings Report, modified in 2025 by Commission staff to account for, among other things, inflation, we expect that delivery requirements of Rule 17a-14 will most likely be performed by a general clerk at an estimated cost of \$78 per hour.

### iii. Amendments to the Relationship Summary and Filing and Posting of Amendments

We do not expect broker-dealers to amend their relationship summaries frequently. We believe that many broker-dealers, as a matter of best practice, will update their relationship summary up to once a year, after conducting an annual supervisory review, for example.<sup>19</sup> We also estimate that on average, each broker-dealer preparing a relationship summary may amend the disclosure once more during the year, due to emerging issues. Therefore, we assume that broker-dealers will update their relationship summary, on average, twice a year, and we estimate that broker-dealers will require 1.0 hours to amend and file the updated relationship summary. We also estimate that broker-dealers will require 0.5 hours to post the amended relationship summary to their website. Thus, we estimate that broker-dealers would incur a total annual aggregate hourly burden of 4,468 hours per year to prepare and file amendments, and 2,234 hours per year to post to their websites an estimated total of 4,468 amendments per year (2,234 broker-dealers x 2).<sup>20</sup> Therefore, the total annual aggregate hour burden for registered broker-dealers to prepare, file, and post amendments to a relationship summary to their website, if they have one, will be approximately 6,702 hours per year, or approximately 3 hours per year per broker-dealer.<sup>21</sup> We therefore estimate that broker-dealers will incur an annual aggregate monetized internal compliance cost of \$1,519,120, or approximately \$680 per broker-dealer, to prepare and file amendments,<sup>22</sup> and an annual aggregate monetized internal compliance cost of \$174,252, or approximately \$78 per broker-dealer, to post the amendments.<sup>23</sup> In total, the aggregate annual monetized internal

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1,115,148 hours x \$78 = \$86,981,544. \$86,981,544 / 2,234 broker-dealers = \$38,935.34, rounded down to \$38,935 per broker-dealer. We estimate that broker-dealers will not incur any incremental postage costs in these deliveries of the relationship summary to existing customers, because we estimate that broker-dealers will make such deliveries with another mailing the broker-dealer was already delivering to clients, such as periodic account statements, or new account agreements and other similar documentation.

<sup>19</sup> FINRA rules set an annual supervisory review as a minimum threshold for broker-dealers, for example in FINRA Rules 3110 (requiring an annual review of the businesses in which the broker-dealer engages), 3120 (requiring an annual report detailing a broker-dealer's system of supervisory controls, including compliance efforts in the areas of antifraud and sales practices); and 3130 (requiring each broker-dealer's CEO or equivalent officer to certify annually to the reasonable design of the policies and procedures for compliance with relevant regulatory requirements).

<sup>20</sup> 2,234 broker-dealers amending relationship summaries x 2 amendments per year = 4,468 amendments per year. 4,468 amendments x 1 hour to amend and file = 4,468 hours. 2,234 broker-dealers x (0.5 hours to post amendments to website x 2 amendments a year) = 2,234 hours.

<sup>21</sup> 4,468 hours per year to prepare and file amendments + 2,234 hours per year to post to their websites = 6,702 hours to prepare, file and post amendments per year. 6,702 hours ÷ 2,234 broker-dealers = 3 hours / broker-dealer.

<sup>22</sup> We believe that amending and filing relationship summaries will most likely be equally allocated between a senior compliance examiner and a compliance manager. Based on data from the SIFMA Management and Professional Earnings Report, modified in 2025 by Commission staff to account for, among other things, inflation, we expect that the costs for these positions are \$295 and \$385 per hour, respectively. (4,468 hours x 50% x \$295) + (4,468 hours x 50% x \$385) = \$1,519,120. \$1,519,120 / 2,234 broker-dealers = \$680 per broker-dealer.

<sup>23</sup> Based on data from the SIFMA Management and Professional Earnings Report, modified in 2025 by Commission staff to account for, among other things, inflation, we expect that the posting will most likely be performed by a general clerk at an estimated cost of \$78 per hour. 2,234 aggregate hours to post amendment x \$78 = \$174,252. \$174,252 / 2,234 broker-dealers = \$78 in annual monetized costs.

compliance cost for broker-dealers to make, file, and post amendments will be \$1,693,372, or approximately \$758 per broker dealer.<sup>24</sup>

#### **iv. Communicating Changes to Amended Relationship Summaries to Customers, Including by Delivery**

Broker-dealers are required to amend their relationship summaries within 30 days when any of the information becomes materially inaccurate. They must also communicate any changes in any new version of the relationship summary to retail investors who are existing customers within 60 days after the updates are required to be made and without charge. The communication can be made by delivering the relationship summary or by communicating the information through another disclosure to the retail investor. Broker-dealers also must deliver a current relationship summary to each retail investor within 30 days upon request. Broker-dealers must make available a copy of the relationship summary upon request without charge, and where a relationship summary is delivered in paper format, the broker-dealer may link to additional information by including URL addresses, QR codes, or other means of facilitating access to such information. Broker-dealers must also include a telephone number where retail investors can request up-to-date information and request a copy of the relationship summary.

As stated above, we assume that broker-dealers with relationship summaries will amend them twice each year. We also assume that 50% of broker-dealers will choose to deliver the relationship summary to communicate the updated information. We believe that the other 50% will incorporate all of the updated information in other disclosures, which they are already obligated to deliver in order to avoid having to deliver two documents. We estimate that broker-dealers will require 0.02 hours to make a delivery to each customer. Therefore, the estimated total annual burden for those broker-dealers choosing to deliver an amended relationship summary to meet this communication requirement will be approximately 5,575,740 hours per year, or approximately 2,234 hours per broker-dealer,<sup>25</sup> translating into a monetized internal compliance cost of \$434,907,720 in aggregate, or \$194,677 per broker-dealer.<sup>26</sup>

We also estimate that broker-dealers with relationship summary obligations will incur 0.5 hours each annually to make copies of the relationship summary available upon request. Where a relationship summary is delivered in paper format, firms may link to additional information by including URL addresses, QR codes, or other means of facilitating access to such information.

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<sup>24</sup> \$1,519,120 to prepare and file amendment + \$174,252 to post the amendments = \$1,693,372. \$1,693,372 / 2,234 broker-dealers = \$758 per broker-dealer.

<sup>25</sup> 2 amendments per year x 278,786,989 customer accounts x 50% delivering the amended relationship summary to communicate updated information = 278,786,989 deliveries. 278,786,989 deliveries x 0.02 hours per delivery = 5,575,739.78, rounded up to 5,575,740 hours to deliver amended relationship summaries. 5,575,740 hours / 2,234 broker-dealers = 2,495.85 rounded up to 2,496 hours per broker-dealer.

<sup>26</sup> Based on data from the SIFMA Management and Professional Earnings Report, modified in 2025 by Commission staff to account for, among other things, inflation, we expect that delivery requirements of Rule 17a-14 will most likely be performed by a general clerk at an estimated cost of \$78 per hour. 5,575,740 hours x \$78 = \$434,907,720. \$434,907,720 / 2,234 broker-dealers = \$194,676.69, rounded up to \$194,677 per broker-dealer. We estimate that broker-dealers will not incur any incremental postage costs to deliver these relationship summaries, because we estimate that advisers will make the delivery along with other documentation they normally would provide, such as account opening documents.

Therefore, the estimated total annual burden for these broker-dealers will be 1,117 aggregate burden hours, with a monetized aggregate monetized internal cost of compliance of \$87,126 or \$39 per broker-dealer.<sup>27</sup>

We therefore estimate that for communicating changes to amended relationship summaries including by delivery, broker-dealers will incur an annual aggregate hour burden of approximately 5,576,857 hours per year, or approximately 2,496 hours per year per broker-dealer,<sup>28</sup> translating into a monetized internal cost of compliance of \$434,994,846 in aggregate, or \$194,716 per broker-dealer.<sup>29</sup>

### SUMMARY OF ANNUAL BURDEN HOURS

| Burden Type                                                                                                 | Annual No. of Respondents | Annual Time Burden Per Respondent (Hrs.) | Total Annual Time Burden (Hrs.) |
|-------------------------------------------------------------------------------------------------------------|---------------------------|------------------------------------------|---------------------------------|
| Initial Preparation, Filing, and Posting of the Relationship Summary by Newly Registered Broker-Dealers     | 138                       | 13.5                                     | 1,863                           |
| Third Party Disclosure (Delivery of the Relationship Summary to New Customers or Prospective New Customers) | 2,234                     | 324.46                                   | 724,846                         |
| Third Party Disclosure (Additional Delivery to Existing Customers)                                          | 2,234                     | 499.17                                   | 1,115,148                       |
| Amendments to the Relationship Summary and Filing and Posting of Amendments                                 | 2,234                     | 3                                        | 6,702                           |
| Third Party Disclosure (Communicating Changes to Amended Relationship Summaries, Including by Delivery)     | 2,234                     | 2495.85                                  | 5,575,740                       |
| <b>Total Annual Costs</b>                                                                                   |                           |                                          | <b>7,424,299</b>                |

<sup>27</sup> 0.5 hours to make copies of the relationship summary available upon request x 2,234 broker-dealers with relationship summary obligations = 1,117 hours. Based on data from the SIFMA Management and Professional Earnings Report, modified in 2025 by Commission staff to account for, among other things, inflation, we expect that the requirement for broker-dealers to make paper copies of the relationship summary available upon request will most likely be performed by a general clerk at an estimated cost of \$78 per hour. 1,117 hours x \$78 = \$87,126. \$87,126 / 2,234 broker-dealers = \$39 in monetized costs per broker-dealer.

<sup>28</sup> 5,575,740 hours + 1,117 hours = 5,576,857 aggregate burden hours communicating amended relationship summaries. 5,576,857 / 2,234 broker-dealers = 2,496.35 rounded down to 2,496 hour per broker-dealer.

<sup>29</sup> \$434,907,720 + \$87,126 = \$434,994,846 communicating amended relationship summaries. \$434,994,846 / 2,234 broker-dealers = \$194,715.69, rounded up to \$194,716 per broker-dealer.

### 13. Costs to Respondents

We anticipate that some newly registered broker-dealers may incur a one-time initial cost for outside legal and consulting fees in connection with the initial preparation of the relationship summary. In the aggregate, we estimate approximately 138 newly registered broker-dealers would incur total costs of approximately \$427,455 or \$3,098 per broker-dealer.<sup>30</sup> When amortized over three years, the total estimated costs are approximately \$142,485 per year (\$427,455 ÷ 3).

Although broker-dealers subject to the relationship summary requirement may vary widely in terms of the size, complexity and nature of their businesses, the amount of disclosure required will not vary substantially among broker-dealers. Accordingly, the amount of time, and thus cost, required for outside legal and compliance review is unlikely to vary substantially among those broker-dealers who elect to obtain outside assistance.<sup>31</sup> Most of the information required in the relationship summary is readily available to broker-dealers because the information required pertains largely to broker-dealer's own business practices, and thus the information is likely more readily available to the broker-dealer than to external legal or compliance consultants. As a result, we anticipate that only half of newly registered broker-dealers will seek the help of outside legal services and half will seek the help of compliance consulting services in connection with the initial preparation of the relationship summary. We estimate that the initial per broker-dealer cost for legal services related to the preparation of the relationship summary will be \$2,895.<sup>32</sup> We estimate that the initial per broker-dealer cost for compliance consulting services related to the preparation of the relationship summary will be \$3,300.<sup>33</sup>

Accordingly, we estimate that 138 newly registered broker-dealers will use outside legal services, for a total initial aggregate cost burden of \$199,755,<sup>34</sup> and 138 newly registered broker-dealers will use outside compliance consulting services, for a total initial aggregate cost burden of \$227,700,<sup>35</sup> resulting in a total initial aggregate cost burden among all respondents of \$427,455 (\$142,485 per year when amortized over three years), or \$3,098 per broker-dealer (\$1,032.666, rounded up to \$1,033, per broker dealer when amortized over three years), for outside legal and

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<sup>30</sup> \$199,755 + \$227,700 = \$427,455. \$427,455 / 138 newly registered broker-dealers = \$3,097.5, rounded up to \$3,098 per broker-dealer.

<sup>31</sup> We estimate that an external service provider would spend 5 hours helping a newly registered broker-dealer prepare an initial relationship summary.

<sup>32</sup> External legal fees are in addition to the projected hour per broker-dealer burden discussed above. Based on data from the SIFMA Management and Professional Earnings Report, modified in 2025 by Commission staff to account for, among other things, inflation, we expect that an assistant general counsel cost approximately \$579 per hour. \$579 per hour for legal services x 5 hours per broker-dealer = \$2,895.

<sup>33</sup> External compliance consulting fees are in addition to the projected hour per broker-dealer burden discussed above. Based on data from the SIFMA Management and Professional Earnings Report, modified in 2025 by Commission staff to account for, among other things, inflation, we expect that a chief compliance officer cost approximately \$660 per hour. \$660 per hour for chief compliance officer x 5 hours per broker-dealer = \$3,300.

<sup>34</sup> 50% x 138 newly registered broker-dealers = 69 newly registered broker-dealers. \$2,895 for assistant general counsel x 69 newly registered broker-dealers = \$199,755.

<sup>35</sup> 50% x 138 newly registered broker-dealers = 69 newly registered broker-dealers. \$3,300 for chief compliance officer x 69 newly registered broker-dealers = \$227,700.

compliance consulting fees related to preparation of the relationship summary.<sup>36</sup>

We do not expect ongoing external legal or compliance consulting costs for the relationship summary. Although broker-dealers will be required to amend the relationship summary within 30 days whenever any information becomes materially inaccurate, we expect that the amendments will require relatively minimal wording changes, given the relationship summary's page limitation and summary nature. We believe that broker-dealers will be more knowledgeable about the information to include in the amendments than outside legal or compliance consultants and will be able to make these revisions in-house. Therefore, we do not expect that broker-dealers will need to incur ongoing external costs for the preparation and review of relationship summary amendments.

### **SUMMARY OF ANNUAL COST BURDEN**

| <b>Burden Type</b>                                                                  | <b>Number of Annual Respondents</b> | <b>Number of Annual Responses Per Respondent</b> | <b>Cost Per Response (Dollars)</b> | <b>Total Burden Per Burden Type (Dollars)</b> |
|-------------------------------------------------------------------------------------|-------------------------------------|--------------------------------------------------|------------------------------------|-----------------------------------------------|
| Initial Preparation, of the Relationship Summary by Newly Registered Broker-Dealers | 138                                 | 1                                                | \$1,033                            | \$142,554                                     |
| <b>Total Aggregate Burden</b>                                                       |                                     |                                                  |                                    | \$142,554                                     |

### **14. Costs to the 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. The Commission anticipates that future extensions of this collection of information will reflect the revised methodologies.

### **15. Changes in Burden**

Even though the Commission has decreased its estimate of currently registered broker-dealers from 2,550 to 2,234 and each of these existing registered broker-dealers has already incurred its one-time initial hour burdens, the total burden has increased from 6,098,916 to 7,424,299. The increase in hour burden is due to growth in the customer base of broker-dealers with retail activity, as well as an increase in the number of retail customer accounts. The estimated annual cost burden decreased from \$181,194 to \$142,554 because the Commission estimates that only about 138 new registrants will incur initial start-up costs over the next three years.

### **16. Information Collection Planned for Statistical Purposes**

Not Applicable. The information is not used for statistical purposes.

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<sup>36</sup> \$199,755 + \$227,700 = \$427,455. \$427,455/ 138 newly registered broker-dealers = \$3,097.5, rounded up to \$3,098 per newly registered broker-dealer.

**17. Approval to Omit OMB Expiration Date**

We request authorization to omit the expiration date on the electronic version of the form, although the OMB control number will be displayed. Including the expiration date on the electronic version of this form will result in increased costs, because the need to make changes to the form may not follow the application's scheduled version release dates.

**18. Exceptions to Certification for Paperwork Reduction Act Submission**

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.