

SUPPORTING STATEMENT
For the Paperwork Reduction Act Information Collection Submission for
Rule 10b-10: Confirmation of Transactions
OMB Control # 3235-0444

A. JUSTIFICATION

1. Necessity of Information Collection

Rule 10b-10 under the Securities Exchange Act of 1934 (“Exchange Act”)¹ requires broker-dealers to disclose specified information to customers regarding their securities transactions. The information required by the rule includes the date and time of the transaction, the identity and number of shares bought or sold, and whether the broker-dealer acts as agent for the customer or as principal for its own account. In addition, depending on whether the broker-dealer acts as agent for the customer or as principal for its own account, the rule requires the disclosure of commissions and, under specified circumstances, mark-up and mark-down information. For transactions in debt securities (other than U.S. savings bonds and municipal securities) the rule requires the disclosure of redemption and yield information. For transactions in securities futures products in a futures account, the rule permits the disclosure of alternative information. This alternative information includes: the date the transaction was executed; the identity and number of shares bought or sold; the price, the delivery month, and the exchange on which the transaction was executed; the source and amount of any remuneration received or to be received by the broker-dealer in connection with the transaction; whether the broker receives payment for order flow for such transactions; and the fact that other specified information, including whether the broker-dealer is acting as agent or principal, will be available upon written request.

Rule 10b-10 also requires broker-dealers to inform their customers if they are not members of the Securities Investor Protection Corporation (“SIPC”). The purpose of this disclosure is to ensure that customers are not led to believe that their accounts are subject to SIPC protection when they are not. In addition, for transactions in any NMS stock, the rule requires broker-dealers to state whether they receive payment for order flow for transactions in such securities and that the source and nature of the compensation received in connection with particular transactions will be furnished upon written request.

The confirmation has long been a customary document in the securities industry, and it serves several functions, which include: broker-dealers use it as a billing statement; it serves as a customer invoice; it informs customers of the details of transactions and facilitates their checking for errors or misunderstandings; it provides information that helps investors evaluate the cost and quality of services provided by broker-dealers; it discloses conflicts of interest that may arise between investors and broker-dealers; and it safeguards against fraud by helping customers detect problems with transactions.

¹ 17 CFR 240.10b-10 (the “rule”).

2. Purpose and Use of the Information Collection

The purpose of Rule 10b-10 is to ensure that investors are given the necessary information to evaluate their securities transactions and the broker-dealers effecting those transactions. In the absence of the rule's requirements, investors may not be fully informed of important information relating to their securities transactions and the cost and quality of services they receive from broker-dealers.

3. Consideration Given to Information Technology

Most customer confirmations are generated by automated systems, which allow confirmations to be generated in a fraction of the time it would take to generate a confirmation manually. The Commission staff estimates the costs of producing and sending a paper confirmation, including postage, to be approximately 85 cents. The Commission staff also estimates that the cost of producing and sending a wholly electronic confirmation is approximately 40 cents. Based on informal discussions with industry participants as well as no-action positions taken in this area, the staff estimates that broker-dealers used electronic confirmations for approximately 35 percent of transactions.

4. Duplication

Not applicable; there is no duplication of information.

5. Effect on Small Entities

The requirements of Rule 10b-10 are not unduly burdensome on smaller broker-dealers.

6. Consequences of Not Conducting Collection

One of the primary purposes of Rule 10b-10 is to provide customers with immediate written notification of their securities transactions so that they can monitor the trading activity in their accounts. Less frequent dissemination of trade information to customers would substantially lessen the rule's investor protection functions.

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. No public comments were received.

9. Payment or Gift

Not applicable.

10. Confidentiality

Not applicable; respondents provide information to their customers about their own transactions.

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

Rule 10b-10 potentially applies to all the approximately 3,292 broker-dealers that are registered with the Securities and Exchange Commission and that effect transactions for or with customers. It is important to note, however, that the confirmation is a customary document used by the industry as a matter of good business practice, as well as for purposes under the laws of agency and contract.

Based on information provided by registered broker-dealers to the Commission in annual Form X-17a-5 Schedule I FOCUS Reports filed from January 1, 2022 to December 31, 2024, in response to Items 16a, 16b, and 16c on the form, the Commission staff estimates that on average, registered broker-dealers process approximately 36,202,574,610 order tickets per year for transactions for or with customers in: (a) equity securities transactions effected on a national securities exchange, (b) equity securities transactions effected other than on a national securities exchange, and (c) commodity, bond, option, and other transactions effected on or off a national securities exchange.² Each order ticket representing a transaction effected for or with a customer generally results in one confirmation. Therefore, the Commission staff estimates that approximately 36,202,574,610 confirmations are sent to customers annually.

The number of confirmations sent and the cost of the confirmations vary from firm to firm as smaller firms send fewer confirmations than larger firms because they effect fewer transactions. The Commission staff estimates from information provided by industry participants that it takes approximately 30 seconds to generate and send a confirmation. As a result, the Commission staff estimates that the annual burden to brokers-dealers to comply with the confirmation delivery

² 36,264,088,401 transactions were reported in 2022. 34,403,870,811 were reported in 2023. 37,939,764,619 were reported in 2024. $36,264,088,401 + 34,403,870,811 + 37,939,764,619 = 108,607,723,831$. $108,607,723,831 / 3 = 36,202,574,610.3$, rounded down to 36,202,574,610.

requirements of Rule 10b-10 would be approximately 301,688,122 hours.³ This is an ongoing, third-party disclosure burden.

SUMMARY OF ANNUAL TIME BURDEN

Burden Type	Number of Annual Responses	Time Per Response (Hours)	Total Annual Burden Per Burden Type (Hours)
Third-party disclosure	36,202,574,610	0.00833333333	301,688,122

13. Costs to Respondents

Since 1996, the Commission has permitted broker-dealers to comply with Rule 10b-10 by means of electronic communications. Informal discussions with securities industry representatives, as well as representations made in requests for exemptive and no-action letters, lead us to believe that broker-dealers use electronic confirmations as their sole confirmations for approximately 35 percent of transactions. For the remaining 65 percent of transactions, we believe that broker-dealers continue to send paper confirmations.

The Commission staff calculates that, as a result, approximately 23,531,673,497 paper confirmations are mailed to customers each year.⁴ According to information previously provided by industry participants, the Commission staff estimates that the average cost for paper confirmations, including postage, for a one-page confirmation is 85 cents.⁵ Based on these calculations, the Commission staff estimates that the total annual cost associated with generating and mailing paper confirmations would be approximately \$20,001,922,473.⁶

As explained above, the Commission staff estimates that approximately 35 percent of confirmations generated are sent by electronic means alone. This means that approximately 12,670,901,114 wholly electronic confirmations are sent each year.⁷ The Commission staff estimates that the cost of each wholly electronic confirmation is 40 cents. Based on these calculations, the Commission staff estimates that the total annual cost associated with generating and sending wholly electronic confirmations is approximately \$5,068,360,446.⁸

³ 36,202,574,610 confirmations at 0.5 minutes per confirmation = 18,101,287,305 minutes; 18,101,287,305 minutes/60 minutes per hour = 301,688,121.75 hours, rounded up to 301,688,122 hours.

⁴ 65 percent of 36,202,574,610 is 23,531,673,496.5, rounded up to 23,531,673,497.

⁵ As of September 30, 2025, this is the current cost for a postage stamp for mailing a domestic, one-ounce, First-Class Mail single-piece letter plus an envelope.

⁶ 23,531,673,497 paper confirmations at 85 cents per confirmation is \$20,001,922,472.5, rounded up to \$20,001,922,473.

⁷ 35 percent of 36,202,574,610 is 12,670,901,113.5, rounded up to 12,670,901,114.

⁸ 12,670,901,114 electronic confirmations at 40 cents per confirmation is \$5,068,360,445.6, rounded up to \$5,068,360,446.

Based upon discussions with industry participants, the Commission staff estimates that the total annual cost associated with generating and delivering to investors the information required under Rule 10b-10 would be \$23,423,065,774.⁹

SUMMARY OF COSTS TO RESPONDENTS

Type of Cost to Respondents	Number of Annual Responses	Cost Per Response	Annual Cost Per Burden Type
Paper third-party disclosure	23,531,673,497	\$0.85	\$20,001,922,473
Electronic third-party disclosure	12,670,901,114	\$0.40	\$5,068,360,446
Total Annual Costs			\$25,070,282,919

14. Costs to Federal Government

Rule 10b-10 does not require that any information be submitted to the Federal government, and thus no costs to the Federal government are imposed by the rule's requirement that broker-dealers disclose information to their customers.¹⁰

15. Changes in Burden

The estimated total annual hour burden associated with Rule 10b-10 increased by approximately 75,426,551 hours from 226,261,571 to 301,688,122 because, while the estimated time per response remained approximately 30 seconds (or 0.5 minutes) per response, and the number of respondents decreased from approximately 3,531 to approximately 3,292 the estimated total number of responses per year increased by approximately 9,051,186,100, from estimating approximately 27,151,388,510 in 2022 to approximately 36,202,574,610 in 2025.¹¹

The estimated total annual cost to respondents associated with generating and delivering to investors the information required under Rule 10b-10 increased by approximately \$9,444,658,831, from \$15,625,624,088 to \$25,070,282,919.¹² This increase is attributable to the estimated average cost of mailing a confirmation increasing from 67 cents in 2022 (including 60 cents for postage) to 85 cents in 2025 (including 78 cents for postage); to the estimated number of paper confirmations mailed to customers each year increasing by 5,883,270,965, from 17,648,402,532 to

⁹ \$20,001,922,473 + \$5,068,360,446 = \$25,070,282,919.

¹⁰ The record retention requirements for broker-dealer records, including copies of the customer confirmations required by the rule, are in Rule 17a-4 (OMB Control No. 3235-0279). Such records must be preserved for a period of not less than three years, the first two in an easily accessible place.

¹¹ 36,202,574,610 estimated responses per year in 2025 – 27,151,388,510 responses per year in 2022 = 9,051,186,100 more responses per year; 9,051,186,100 more responses per year x 0.5 minutes per response = 4,525,593,050 more minutes per year; 4,525,593,050 more minutes per year / 60 minutes per hour = 75,426,550.8333 more hours per year, rounded up to 75,426,550 more hours per year.

¹² \$25,070,282,919 in 2025 – \$15,625,624,088 in 2022 = \$9,444,658,831.

23,531,673,497,¹³ which means the estimated annual cost of mailing paper confirmations increased by approximately \$8,177,492,777, from \$11,824,429,696 to \$20,001,922,473;¹⁴ and to the estimated number of electronic confirmations sent to customers each year increasing by 3,167,915,135, from 9,502,985,979 to 12,670,901,114,¹⁵ which means the estimated annual cost of sending electronic confirmations increased by approximately \$1,267,166,054, from \$3,801,194,392 to \$5,068,360,446.¹⁶

The increase of \$8,177,492,777 for the annual cost for sending paper confirmations and the increase of \$1,267,166,054 for the annual cost for sending electronic confirmations caused the total annual cost of providing both paper and electronic confirmations to increase by approximately \$9,444,658,831.¹⁷

16. Information Collection Planned for Statistical Purposes

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

17. Approval to Omit OMB Expiration Date

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

18. Exceptions to Certification for Paperwork Reduction Act Submissions

This collection complies with the requirements in 5 CFR 1320.9.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.

¹³ 23,531,673,497 paper confirmations per year in 2025 - 17,648,402,532 paper confirmations per year in 2022 = 5,883,270,965 more paper confirmations per year.

¹⁴ 23,531,673,497 paper confirmations in 2025 x \$0.85 = \$20,001,922,472.5, rounded up to \$20,001,922,473; 17,648,402,532 paper confirmations in 2022 x \$0.67 = \$11,824,429,696.4, rounded down to \$11,824,429,696; \$20,001,922,473 - \$11,824,429,696 = \$8,177,492,777 more for mailing paper confirmations.

¹⁵ 12,670,901,114 electronic confirmations in 2025 - 9,502,985,979 electronic confirmations per year in 2022 = 3,167,915,135 more electronic confirmations per year.

¹⁶ 9,502,985,979 electronic confirmations in 2022 x \$0.40 = \$3,801,194,391.60, rounded up to \$3,801,194,392; 12,670,901,114 electronic confirmations in 2025 x \$0.40 = \$5,068,360,446; \$ 5,068,360,446 - \$3,801,194,392 = \$1,267,166,054.

¹⁷ \$8,177,492,777 more for mailing paper confirmations + \$1,267,166,054 more for sending electronic confirmations = \$9,444,658,831 total increase.