



PAPERWORK REDUCTION ACT SUPPORTING STATEMENT

for the Extension of
Rule 204-2
OMB Control Number 3235-0278

The U.S. Securities and Exchange Commission (“Commission” or SEC) submits this information collection request (ICR) pursuant to the Paperwork Reduction Act of 1995 (PRA), 44 U.S.C. Section 3501 et seq., with the following justification.

1. Necessity of Information Collection

Section 204 of the Investment Advisers Act of 1940 (the “Advisers Act”) provides that investment advisers required to register with the Securities and Exchange Commission (the “Commission” or “SEC”) must make and keep certain records for prescribed periods, and make and disseminate certain reports.¹ Advisers Act rule 204-2 sets forth mandatory requirements for maintaining and preserving specified books and records.² The records that an adviser must keep in accordance with rule 204-2 must generally be retained for not less than five years.³ These requirements constitute a mandatory “collection of information,” within the meaning of the Paperwork Reduction Act.

The collection of information under rule 204-2 is necessary for the Commission staff to use in its regulatory and examination program. The collection has been previously approved and subsequently extended under Office of Management and Budget (“OMB”) control number 3235-0278 (expiring May 31, 2026), is found at 17 CFR 275.204-2, and is mandatory. 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 number.

¹ 15 U.S.C. 80b-4.

² 17 CFR 275.204-2.

³ *See id.*, at 275.204-2(e). The standard retention period required for books and records under rule 204-2 is five years, in an easily accessible place, the first two years in an appropriate office of the investment adviser.

2. Purpose and Use of Information Collection

The purpose of the information collection in rule 204-2 is to assist the Commission's examination and oversight program in determining compliance with the Advisers Act and corresponding rules. The respondents are investment advisers registered with the Commission. Responses provided to the Commission in the context of its examination and oversight program are generally kept confidential subject to applicable law.⁴

3. Use and Consideration of Information Technology

The Commission's use of computer technology in connection with this information collection, which has been previously approved by OMB, would not change. The Commission currently permits advisers to maintain records required by the rule through electronic media.

4. Identifying and Minimizing Duplication

The collection of information requirements of the rule are not duplicated elsewhere

5. Effect on Small Entities

The requirements of the rule are the same for all investment advisers registered with the Commission, including those that are small entities. OMB has previously approved the effect of this collection on all investment advisers in general, including advisers that are small entities. Moreover, it would defeat the purpose of the rule to exempt small entities from these requirements. 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.

⁴ See section 210(b) of the Advisers Act [15 U.S.C. 80b-10(b)].

6. Consequences of Not Conducting Collection and Obstacles to Reducing Burden

Less frequent information collection will be incompatible with the objectives of the rule and would hinder the Commission's oversight and examination program for investment advisers and thereby reduce the protection to investors.

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

The collection requirements under rule 204-2 generally require advisers to maintain documents for five years, and in some cases longer. Although this period exceeds the three-year guideline for most kinds of records under 5 CFR 1320.5(d)(2)(iv), OMB has previously approved the collection with this retention period. The retention periods in rule 204-2 are warranted because the recordkeeping requirements in rule 204-2 of the Advisers Act are designed to contribute to the effectiveness of the Commission's examination and inspection program. Because the period between examinations may be as long as five years, it is important that the Commission have access to records that cover the entire period between examinations.

8. Public Comment and Consultations Outside the Agency

The SEC did not receive public comment during the 60-day notice and comment period. The Commission and the staff of the Division of Investment Management continue to participate in an ongoing dialogue with representatives of the investment adviser industry through public conferences, meetings and informal exchanges. These various forums provide the Commission and the staff with a means of ascertaining and acting upon paperwork burdens facing the industry. The Commission requested public comment on these collections of information requirements before it submitted this request for extension and approval to OMB.

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality and Privacy

Responses provided to the Commission pursuant to rule 204-2 in the context of the Commission's examination and oversight program are generally kept confidential).

11. Collection Questions of a Sensitive Nature

Not applicable.

12. Estimated Time Burden and its Cost Equivalent

The respondents to this collection of information are investment advisers registered or required to be registered with the Commission. The total annual collection of information burden currently approved by OMB for rule 204-2 is 2,803,536 hours, with total internal monetized costs of \$179,000,834. This currently approved annual aggregate burden is based on an estimate of 15,160 total registered advisers, or approximately 184.9298 hours per registered adviser.⁵

As of December 31, 2024, there were 15,906 SEC registered advisers required to maintain copies of certain books and records relating to their advisory business.⁶ This is an increase of 746 SEC registered advisers over the previously approved burden. Therefore, we estimate that the total burden under rule 204-2 will increase by approximately 137,958 hours⁷ for a total of 2,941,493.4 hours.⁸

An adviser will likely use a combination of compliance clerks and general clerks to make and keep the information and records required under the rule. The Commission staff estimates the hourly wage for compliance clerks to be \$86 per hour, including benefits, and the hourly wage for general

⁵ 2,803,536 hours / 15,160 registered advisers = 184.9298 hours per registered adviser

⁶ We estimate there were 15,906 total registered advisers as of December 31, 2024, based on Form ADV filings received through the Investment Adviser Registration Depository (IARD) through April 27, 2025.

⁷ 746 registered advisers x 184.9298 hours per adviser = 137,958 hours.

⁸ 15,906 registered advisers x 184.9298 hours per adviser = 2,941,493.4 hours.

clerks to be \$77 per hour, including benefits.⁹ A blended hourly rate is therefore \$81.5 per hour.¹⁰ For each adviser, 184.9298 burden hours will be required to make and keep the information and records required under the rule. The total cost per respondent therefore will be an estimated \$15,071.8,¹¹ for an estimated total burden cost of \$239,732,050.8.¹²

Information Collection	Annual No. of Responses			Annual Time Burden (Hrs.)			Annual Cost Burden (\$)		
	<i>Previously approved</i>	<i>Requested</i>	<i>Change</i>	<i>Previously approved</i>	<i>Requested</i>	<i>Change</i>	<i>Previously approved</i>	<i>Requested</i>	<i>Change</i>
Rule 204-2	15,160	15,906	746	2,803,536	2,941,494	137,958	0	0	0

13. Estimated Additional Cost Burden

There is no cost burden other than the cost of the hour burden described above.

14. Annual Cost to the Federal Government

Not applicable. There is no requirement to report the information collection(s) to the SEC.

15. Reasons for Changes in Burden

As noted above, the approved annual aggregate burden for rule 204-2 is currently 2,803,536 hours, based on an estimate of 15,160 registered advisers, with total internal monetized costs of \$179,000,834. We estimate that the increase in our estimate of the number of respondents subject to the rule will result in an aggregate increase in the collection of information burden estimate by 137,958

⁹ The hourly wage rates used in our estimates are based on data from SIFMA's *Office Salaries in the Securities Industry 2013*, modified by SEC staff to account for an 1800-hour work-year and inflation, and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead.

¹⁰ $(\$86 + \$77) \div 2 = \$81.5$ per hour.

¹¹ $\$81.5$ per hour x 184.9298 hours per adviser = \$15,071.8

¹² $\$15,071.8$ per adviser x 15,906 advisers = \$239,732,050.8

hours. This would yield an annual estimated aggregate burden of 2,941,493.4 hours under rule 204-2 for all registered advisers, with total monetized costs of \$239,732,050.8.

16. Plans for Publishing Results

Not Applicable.

17. Approval to Omit Display of OMB Expiration Date

Not Applicable.

18. Exceptions to the Certification for Paperwork Reduction Act Submissions

Not Applicable.