**SUPPORTING STATEMENT**
**for the Paperwork Reduction Act Information Collection Submission for**
**Rule 15c1-7**
**OMB Control No. 3235-0134**

# A. JUSTIFICATION

## 1. Necessity of Information Collection

The Commission adopted Rule l5c1-7 in 1937 (17 CFR 240.l5c1-7) to protect the public from broker-dealers that transact unauthorized trades. The rule provides that any act of a broker-dealer designed to effect securities transactions with or for a customer account over which the broker-dealer (directly or through an agent or employee) has discretion will be considered a fraudulent, manipulative, or deceptive practice under the federal securities laws, unless a record is made of the transaction immediately by the broker-dealer. The record must include: (1) the name of the customer, (2) the name, amount, and price of the security, and (3) the date and time when such transaction took place.[1]

The Commission is statutorily authorized by Section 15 of the Securities Exchange Act of 1934 ("Exchange Act") (15 U.S.C. 78o(c)(2)) to adopt rules and regulations that define and prescribe means reasonably designed to prevent such acts and practices as are fraudulent, deceptive, or manipulative. Further statutory authority is found in Section 23(a) of the Exchange Act (15 U.S.C. 78w).

## 2. Purpose and Use of Information Collection

The information required by the rule is necessary for the execution of the Commission's mandate under the Exchange Act to prevent fraudulent, manipulative, and deceptive acts and practices by broker-dealers. This is used by the Commission and the various self-regulatory organizations in compliance examinations to determine whether such trades have occurred.

## 3. Consideration Given to Information Technology

The compilation of this information must be done on an individual basis for each potential investor. Thus, improved information technology would not reduce the burden.

## 4. Duplication

While similar information is required by Exchange Act Rule 17a-3 (17 CFR 240.17a-3), Commission staff have determined that it is neither desirable nor feasible at this time to eliminate the record-making function of Rule 15c1-7 and rely instead on Rule 17a-3 for such information.

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[1] The record retention requirements for broker-dealer records, including records required by Rule 15c1-7, 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.

### 5. Effect on Small Entities

The rule requirements are not unduly burdensome on smaller broker-dealers. Most small broker-dealers do not have discretionary accounts, and thus would not be subject to the rule.

### 6. Consequences of Not Conducting Collection

Failure to collect the information may limit the Commission's ability to prevent fraudulent, manipulative, and deceptive acts and practices by broker-dealers.

### 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

No payments or gifts were provided to respondents.

### 10. Confidentiality

Because the information is gathered by the Commission during compliance examinations, it is accorded confidential treatment pursuant to Regulation 200.80(b)(7) under the Freedom of Information Act (17 CFR 200.80(b)(7)).

### 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

As of May 1, 2026, there are 3,248 registered broker-dealers. Of the 3,248 registered broker-dealers, approximately 10% (or 325 registered broker-dealers) would need to comply with Rule 151-7. The Commission estimates that it takes approximately 5 minutes per transaction to comply with the rule. The Commission estimates that approximately 400,000 transactions are effected in discretionary accounts annually, or approximately 1,231 transactions per respondent (400,000 transactions / 325 respondents =1,230.77 rounded up to 1,231). Thus, the Commission estimates that respondents incur an aggregate annual total time burden of approximately 33,333 hours per year (400,000 transactions per year x 5 minutes per transaction x 1 hour per 60 minutes) or 103 hours per respondent per year (33,333 total hours / 325 respondents) to comply with the rule.

| **Burden Type** | **Number of Respondents** | **Number of Transactions Per Respondent** | **Time Per Response for Respondent (Minutes)** | **Total Burden (Minutes)** | **Total Burden (Hours)** |
|---|---|---|---|---|---|
| Recordkeeping | 325 | 1,231 | 5 | 2,000,000 | 33,333 |
| **Total Burden** | | | | | 33,333 hours |

**13. Cost to Respondents**

There is no cost burden imposed by the collection of information.

**14. Costs to Federal Government**

Not applicable. There is no requirement to report the information collections to the SEC.

**15. Changes in Burden**

The overall time burden of 33,333 hours per year remained the same as the previous submission. The estimated number of total transactions remains the same at 400,000 but the estimated number of transactions per respondent and the estimated number of burden hours per respondent of collecting information pursuant to Rule 15c1-7 has increased because the number of registered broker-dealers subject to the rule has decreased from 350 to 325.

**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.