SUPPORTING STATEMENT FOR REVISED INFORMATION COLLECTIONS

OMB Control Number 3038-XXXX

Requirements for Designated Contract Markets, Swap Execution Facilities, Derivatives Clearing Organizations, and Intermediaries Regarding Affiliated Relationships

Summary:

The Commission is proposing amendments to its rules to its existing regulations for futures commission merchants ("FCMs"), swap execution facilities ("SEFs"), designated contract markets ("DCMs"), and derivatives clearing organizations ("DCOs"). The proposal addresses requirements relating to financial oversight of FCMs by self-regulatory organizations ("SROs") and designated self-regulatory organizations ("DSROs"), as well as disclosure requirements by FCMs regarding affiliate relationships that the FCM has with a SEF, DCM, or DCO. The Proposal also includes disclosure requirements regarding the existence of certain affiliated relationships and financial resource disclosure requirements when a SEF, DCM, or DCO receives funding from a parent, affiliate, or other third party to comply with existing regulations.

Justification

1. **Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

   The Commission is proposing amendments to its rules for futures commission merchants FCMs, SEFs, DCMs, and DCOs. These amendments affect several information collections, as described in this Supporting Statement. The proposal would (i) amend § 1.55 of the Commission's regulations, 17 CFR 1.55, to require FCMs to include disclosures about material risks arising from affiliate relationships with DCMs, SEFs, or DCOs; (ii) amend § 1.52, 17 CFR 1.52, and related Joint Audit Program provisions to reflect new supervisory-structure requirements—including third-party DSRO arrangements, election of NFA as DSRO, and updated reporting and notification elements —and ensure that the information flows supporting the joint-audit framework align with the new independence, reporting-line, and information-barrier rules; and (iii) amend Appendix B to Part 38, 17 CFR 38, to require DCMs that have affiliate market participants to disclose the existence of those affiliates prominently in their rulebooks, websites, and participant-onboarding portals.

   The proposal would also introduce new reporting or availability requirements for affiliated-entity financial information. Specifically, it would amend § 38.852, 17 CFR 38.852, to require boards of trade with affiliate principal trading firms to make those affiliates' financial statements available annually and upon request, and would amend § 37.1306, 17 CFR 37.1306, to require SEFs to provide the Commission, upon request, with the financial statements of any third party providing financial support. Collectively, these changes expand the Commission's visibility into affiliate structures and associated risks while ensuring that registrants' public disclosures and supervisory-program documentation reflect the affiliation-related safeguards embedded throughout the broader proposal.

2. Indicate how, by whom, and for what purpose the data would be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

The Commission will use the information collected pursuant to the proposed rules to enhance its oversight of market integrity, conflicts-management, and financial surveillance across SEFs, DCMs, DCOs, and FCMs. The information to be collected is necessary to understand, verify, and monitor potential conflicts of interest related to the virtually integrated structures and commercial affiliations between these entities and their Self-Regulatory Organizations (SROs). The required reporting and disclosure requirements are designed to provide the Commission with greater visibility into whether a registered entity's decision-making, surveillance, and rule-enforcement functions remain impartial despite commercial affiliations. This includes visibility into information-barrier controls, separations of staff and systems, how registrants surveil affiliated participants, and how they ensure non-preferential access and treatment.

The proposed rules also require covered entities to disclose the financial statements of their affiliate to support ongoing financial-condition surveillance. These disclosures will ensure Commission staff can evaluate whether a SEF, DCM, DCO, or board of trade can meet its obligations without undue reliance on affiliated support and whether affiliate relationships could create risks to customers, clearing members, or the broader market. In addition, enhanced disclosures required of FCMs and data produced through DSRO oversight reforms will assist the Commission in assessing whether supervisory programs are independent, whether non-public information is protected from misuse, and whether vertically integrated entities are complying with limitations designed to mitigate systemic risk and preserve market fairness.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

All required submissions to the Commission must be submitted electronically.

4. **Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

In crafting the proposed rules, the Commission sought to avoid duplication of existing information collections by proposing collections only when the necessary information is not addressed under current SRO, DCM, SEF, DCO, and FCM frameworks. Rather than replicating existing information collection requirements, the proposal adds narrowly tailored obligations to address the concerns raised by vertically integrated structures—such as affiliate access to non-public information, impartiality concerns in self-regulatory decision-making, and oversight of affiliate FCMs or market participants. The proposed information collection requirements are narrowly tailored to complement, rather than overlap with, current Core Principles and reporting regimes, through the use of a principles-based framework instead of prescriptive requirements. In addition, the proposal relies upon supervisory programs (e.g., § 1.52 and § 38.604 of the Commission's regulations) except where affiliate relationships make additional information collection requirements necessary.

5. **If the collection of information involves small business or other small entities, describe the methods used to minimize burden.**

The proposed information collections do not involve small businesses or other small entities.

6. **Describe the consequence to the Federal Program or policy activities if the collection were conducted less frequently as well as any technical or legal obstacles to reducing burden.**

The proposed information collections are necessary to support the Commission's ability to conduct effective oversight of market participants that have adopted vertically integrated structures. The proposed information collections build upon existing reporting frameworks to ensure the Commission obtains adequate information about relevant corporate affiliations rather than imposing new requirements. As a result, the proposed collections do not add materially to the frequency of required reporting but instead supplement and occur on the same cadence as existing reporting and disclosure frameworks. Less frequent information collections would impair the Commission's oversight capabilities and harm the Commission's stated mission to foster open, transparent, competitive, and financially sound markets.

7. **Explain any special circumstances that require the collection to be conducted in a manner:**

- **requiring respondents to report information to the agency more often than quarterly;**

The proposed information collections require respondents to report information to the Commission annually and on occasion when specific reporting triggers are met. The proposed regulations do not require respondents to report information to the Commission more often than quarterly.

- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it:**

In order for the Commission to adequately assess compliance with Commission regulations and ensure adequate market oversight, reporting entities may be required to prepare a written response to a collection of information in fewer than 30 days depending on the exigency of the situation.

- **requiring respondents to submit more than an original and two copies of any document;**

Reporting entities are required to submit only single copies of required reports.

- **requiring respondents to retain records other than health, medical, government contract, grant-in-aid, or tax records, for more than three years;**

Commission rule 1.31 requires that all books and records required to be kept by the Commodity Exchange Act or by Commission regulations shall be kept for a period of five years from the date thereof and shall be readily accessible during the first 2 years of the 5-year period. All such books and records shall be open to inspection by any representative of the Commission or the U.S. Department of Justice. 17 C.F.R. § 1.31.

Regulation 3.21(e) requires the certifying firm to maintain a record that a criminal background check was performed and the nature of the results. 17 C.F.R. § 3.21(e).]

- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**

The collection does not involve statistical surveys.

- **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**

The requirements do not involve use of any statistical data classification.

- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**

The requirements do not involve a pledge of confidentiality regarding the collection of data.

- **requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

The Commission has procedures to protect the confidentiality of an applicant's or registrant's data. These are set forth in the Commission's regulations at parts 145 and 147 of Title 17 of the Code of Federal Regulations.

8. If applicable, provide a copy and identify the date and page number of publication in the *Federal Register* of the agency's notice required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping disclosure, or reporting format (if any, and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years - even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

As part of the rulemaking process, the Commission published a notice of proposed rulemaking ("NPRM") in the Federal Register. The NPRM seeks comment on all aspects of the proposed information collections and the Commission's associated burden estimates.

9. Explain any decision to provide any payment or gift to respondents, other than renumeration of contractors or grantees.

The Commission does not provide any payment or gift to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulations, or agency policy.

The Commission does not provide respondents with an assurance of confidentiality beyond that provided by applicable law. The Commission fully complies with section 8(a)(1) of the Commodity Exchange Act, which strictly prohibits the Commission, unless specifically authorized by the Commodity Exchange Act, from making public "data and information that would separately disclose the business transactions or market positions of any person and trade secrets or names of customers." The Commission has procedures to protect the confidentiality of an applicant's or registrant's data. These are set forth in the Commission's regulations at parts 145 and 147 of the Code of Federal Regulations.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

This question does not apply. None of the required information is sensitive, as that term is used in Question 11.

12. Provide estimates of the hour burden of the collection of information. The Statement should:

- **Indicate the number of respondents, frequency of response, annual hour burden and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than ten) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**

- **If the request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens.**

- **Provide estimates of annualized cost to respondents for the hours burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection**

activities should not be included here. Instead, this cost should be included in Item 13.

See Attachment A.

As described below, the proposed amendments to the Commission's rules contain both disclosure and reporting requirements applicable to registered entities with covered affiliate relationships:

Disclosure Requirements

Proposed Commission Regulation 1.52 would require that a SEF disclose the existence of affiliate market participants in both its rulebook and in a clear, prominent, and readily available manner on its website and on any application portal or similar means by which a designated contract market directly or indirectly connects electronically with its market participants. The Commission anticipates that this disclosure requirement will entail limited additional costs for registered SEFs with affiliate market participants. To comply, SEFs will be required to include this information in their rulebooks and to update their websites to reflect the affiliate relationships.

Commission Regulation 37.201, 17 CFR 37.201, and related part 37 requirements already require SEFs to establish and provide access to their rulebooks and, based on existing practice, SEFS regularly provide information on their websites regarding changes to their rulebooks and to post such information on its website. Accordingly, the Commission anticipates that the proposed amendments will add minimal burden for SEFs with affiliates. The Commission does not have specific data establishing how many SEFs have covered affiliate relationships, so for purposes of its PRA analysis, the Commission is estimating that an estimated 5 SEFs will have such relationships.

If adopted, the Commission estimates the annual burden associated with the proposed regulation as follows:

Estimated number of respondents: 5.
Estimated frequency/timing of responses: On occasion.
Estimated number of annual responses per respondent: 1.
Estimated number of annual responses for all respondents: 5.
Estimated annual burden hours per response: 1 hour.
Estimated total annual burden hours per respondent: 1.
Estimated total annual burden hours for all respondents: 5.
Estimated total annual labor costs for all respondents: $1,250.

The Commission does not anticipate that the proposed amendments will result in additional capital and start-up or operations and maintenance costs. Affected market participants already have in place systems and processes for updating their rulebooks and their websites and any similar application portals to update any information required in the normal course of business. Accordingly, the Commission anticipates that affected market participants can leverage these existing systems and processes and will not be required to purchase new systems or undertake other capital improvements to comply with this disclosure requirement.

Proposed Commission Regulations 1.52(d)(2)(i)(A) would require an FCM that chooses to elect NFA as its self-regulatory organization to make such an election in writing and provide that election to the Joint Audit Committee. The Commission anticipates that the proposed amendments would entail only minimal burden for FCMs that choose to elect NFA as their SRO. The Commission has not mandated the format or content of such an election, leaving substantial flexibility to DCMs. Instead, the proposal would merely require a simple written election. Accordingly, the Commission estimates that the burden associated with preparing the written election will total only about 1 hour.

The Commission has estimated that approximately 10 FCMs will have qualifying affiliate relationships that may make them subject to the proposed amendments. Assuming for the purposes of this analysis that all 10 DCMs may elect NFA as their SRO (an assumption that may overstate the number of FCMs subject to this obligation), the Commission estimates that the burden associated with this requirement will total 5 burden hours (5 FCMs × 1 response × 1 hour per response).

If adopted, the Commission estimates the annual burden associated with the proposed regulation as follows:

*Estimated number of respondents:*10.
Estimated frequency/timing of responses: On occasion.
Estimated number of annual responses per respondent: 1.
Estimated number of annual responses for all respondents: 10.
Estimated annual burden hours per response: 1.
Estimated total annual burden hours per respondent: 1.
Estimated total annual burden hours for all respondents: 10.
Estimated total annual labor costs for all respondents: $2,500.

The Commission does not anticipate that the proposed amendments will result in additional capital and start-up or operations and maintenance costs. The Commission does not expect that affected FCMs will be required to undertake additional capital expenditures to draft the required election.

The proposed amendments to Commission Regulation 1.55 would require FCMs to disclose the existence of any affiliate relationships with SEFs, DCMs, or DCOs and the material risks associated with such relationships. To comply, FCMs will be required to assess the material risks associated with covered affiliate relationships in the public disclosure materials they already prepare to comply with Commission Regulation 1.55.[1] The Commission anticipates that the

[1] Section 1.55, 17 CFR 1.55, already requires an FCM to provide public disclosures of material risks to its customers. The Commission has previously estimated that these public disclosure requirements entail an estimated 1,180 burden hours (59 respondents × 1 annual response per respondent × 20 burden hours per response = 1,180 burden hours (rounded)). The associated labor costs total an estimated $1,180 (59 respondents × 20 burden hours per response × $100 per hour labor costs.)

proposed amendments will add only minimal burden to these existing requirements for the limited number of FCMs with affiliates, who are already subject to requirements to disclose material risks. Accordingly, the Commission is adopting new burden estimates to address the potential burden associated with disclosing material risks related to affiliates.

The Commission does not have definitive data on the number of FCMs with covered affiliate relationship, but estimates for purposes of its PRA analysis, that 10 FCMs have such relationships and would be subject to this requirement. As noted, these FCMs are already required to disclose material risks pursuant to Commission Regulation 1.55. Nonetheless, to ensure it is adequately accounting for the potential burden of the proposed amendments, the Commission estimates that covered FCMs will likely expend some limited additional time to provide the additional disclosures.

If adopted, the Commission estimates the annual burden associated with the proposed regulation as follows:

Estimated number of respondents: 10.
Estimated frequency/timing of responses: On occasion.
Estimated number of annual responses per respondent: 1.
Estimated number of annual responses for all respondents: 10.
Estimated annual burden hours per response: 2.
Estimated total annual burden hours per respondent: 2.
Estimated total annual burden hours for all respondents: 20.
Estimated total annual labor costs for all respondents: $5,000.

The Commission does not anticipate that the proposed amendments will result in additional capital and start-up or operations and maintenance costs. Affected market participants already have in place systems and processes for updating their rulebooks and their websites and any similar application portals to update any information required in the normal course of business. Accordingly, the Commission anticipates that affected market participants can leverage these existing systems and processes and will not be required to purchase new systems or undertake other capital improvements to comply with this disclosure requirement.

Proposed Commission Regulation 38.652(b)(2) would require that a DCM disclose the existence of affiliate market participants in both its rulebook and in a clear, prominent, and readily available manner on its website and on any application portal or similar means by which a designated contract market directly or indirectly connects electronically with its market participants. The Commission anticipates that this disclosure requirement will entail limited additional costs for registered DCMs with affiliate market participants. To comply, DCMs will be required to include this information in their rulebooks and to update their websites to reflect the affiliate relationships.

Commission Regulations 38.401(c) and (d), 17 CFR 38.401(c), (d), already require a DCM to provide information on their websites regarding changes to their rulebooks and to post such information on its website concurrent with the filing of such information or submission to the Commission, and to ensure that the rulebook posted on its website is accurate, complete, current and readily accessible to the public.[2] The Commission anticipates that the proposed amendments will add minimal burden for DCMs with affiliates who must already comply with these existing disclosure requirements. The Commission does not have specific data establishing how many DCMs have covered affiliate relationships, so for purposes of its PRA analysis, the Commission is estimating that an estimated 5 DCMs will have such relationships.

If adopted, the Commission estimates the annual burden associated with the proposed regulation as follows:

Estimated number of respondents: 5.
Estimated frequency/timing of responses: On occasion.
Estimated number of annual responses per respondent: 1.
Estimated number of annual responses for all respondents: 5.
Estimated annual burden hours per response: 1 hour.
Estimated total annual burden hours per respondent: 1.
Estimated total annual burden hours for all respondents: 5.
Estimated total annual labor costs for all respondents: $1,250.

The Commission does not anticipate that the proposed amendments will result in additional capital and start-up or operations and maintenance costs. Affected market participants already have in place systems and processes for updating their rulebooks and their websites and any similar application portals to update any information required in the normal course of business. Accordingly, the Commission anticipates that affected market participants can leverage these existing systems and processes and will not be required to purchase new systems or undertake other capital improvements to comply with this disclosure requirement.

Proposed Commission Regulation 38.852(b)(1)(v) would require that a DCM disclose the existence of affiliate market participants in both its rulebook and in a clear, prominent, and readily available manner on its website and on any application portal or similar means by which a DCM directly or indirectly connects electronically with its market participants. The Commission anticipates that this disclosure requirement will entail limited additional costs for registered DCMs with affiliate market participants. To comply, DCMs will be required to include this information in their rulebooks and to update their websites to reflect the affiliate relationships.

Commission Regulations 38.401(c) and (d), 17 CFR 38.401(c), (d), already require a DCM to provide information on their websites regarding changes to their rulebooks and to post such

[2] The Commission has previously estimated that the requirement for website publication requirement for rule and product filings entails an estimated 34 burden hours (21 respondents × 95 annual response per respondent × 1.6 burden hours per response = 34 burden hours (rounded)). The associated labor costs total an estimated $3,024 (21 respondents × 1.6 burden hours per response × $90 per hour labor cost). Likewise, the Commission estimated that the website publication requirement for rulebook updates entails an additional 34 burden hours (21 respondents × 95 annual response per respondent × 1.6 minutes pers response = 34 burden hours (rounded)). The associated labor costs total an estimated $3,024 (21 respondents × 1.6 burden hours per response × $90 per hour labor cost). For information, *see* OMB Control No. 3038-0052, ICR Ref. No: 202503-3038-001 (concluded Sept. 5, 2025).

information on its website concurrent with the filing of such information or submission to the Commission, and to ensure that the rulebook posted on its website is accurate, complete, current and readily accessible to the public.[3] The Commission anticipates that the proposed amendments will add minimal burden for DCMs with affiliates who must already comply with these existing disclosure requirements. The Commission does not have specific data establishing how many DCMs have covered affiliate relationships, so for purposes of its PRA analysis, the Commission is estimating that an estimated 5 DCMs will have such relationships.

If adopted, the Commission estimates the annual burden associated with the proposed regulation as follows:

Estimated number of respondents: 5.

Estimated frequency/timing of responses: On occasion.

Estimated number of annual responses per respondent: 1.

Estimated number of annual responses for all respondents: 5.

Estimated annual burden hours per response: 1 hour.

Estimated total annual burden hours per respondent: 1.

Estimated total annual burden hours for all respondents: 25.

Estimated total annual labor costs for all respondents: $1,250.

The Commission does not anticipate that the proposed amendments will result in additional capital and start-up or operations and maintenance costs. Affected market participants already have in place systems and processes for updating their rulebooks and their websites and any similar application portals to update any information required in the normal course of business. Accordingly, the Commission anticipates that affected market participants can leverage these existing systems and processes and will not be required to purchase new systems or undertake other capital improvements to comply with this disclosure requirement.

Proposed Commission Regulation 38.852(c)(3) would require that, where a DCM permits an affiliate principal trading firm to trade on the DCM, the DCM must disclose, on a per-session basis, the existence of, and the DCM's relationship with, the affiliate principal trading firm. The notice would disclose the affiliate relationship and the conditions imposed on the affiliate,

[3] The Commission has previously estimated that the requirement for website publication requirement for rule and product filings entails an estimated 34 burden hours (21 respondents × 95 annual response per respondent × 1.6 burden hours per response = 34 burden hours (rounded)). The associated labor costs total an estimated $3,024 (21 respondents × 1.6 burden hours per response × $90 per hour labor cost). Likewise, the Commission estimated that the website publication requirement for rulebook updates entails an additional 34 burden hours (21 respondents × 95 annual response per respondent × 1.6 minutes pers response = 34 burden hours (rounded)). The associated labor costs total an estimated $3,024 (21 respondents × 1.6 burden hours per response × $90 per hour labor cost). For information, *see* OMB Control No. 3038-0052, ICR Ref. No: 202503-3038-001 (concluded Sep. 5, 2025).

including that the affiliate's orders are filled after those of non-affiliated members at the same price.

The Commission anticipates that this proposed amendment will require covered DCMs with affiliate principal trading firms to expend time to prepare such notices as well as to ensure the automated delivery of the required disclosures. Specifically, the proposed rule would require that covered DCMs deliver these notices at the beginning of each trading session . The Commission anticipates that an estimated 5 covered DCMs with covered affiliate relationships will incur a one-time cost to draft such notices and modify their systems to deliver the notices, yielding a one-time initial burden of 100 hours. This estimate is derived based on an estimate that 10 hours will be required for internal review and development of a compliant notice and an additional 10 hours will be required to modify systems to deliver the notices. The Commission estimates that the total associated labor cost will total \$25,000 (100 hours × \$250 hour per burden hour).

Accordingly, if adopted, the Commission estimates the annual burden associated with the proposed regulation as follows:

Estimated number of respondents: 5.
Estimated frequency/timing of responses: On occasion.
Estimated number of annual responses per respondent: 1.
Estimated number of annual responses for all respondents: 12.
Estimated annual burden hours per response: 20.
Estimated total annual burden hours per respondent: 20.
Estimated total annual burden hours for all respondents: 100.
Estimated total annual labor costs for all respondents: \$25,000.

In addition, the Commission anticipates that covered DCMs will incur costs associated with the delivery of individual disclosures. The Commission anticipates that the burden associated with each notice will be minimal, or no more than 5 seconds per notice, because such notices will be highly automated. Given the requirement that affiliated DCMs deliver an automated click-through disclosure notice about its affiliate relationships each time a customer begins a trading session, the Commission anticipates that covered DCMs will be required to deliver a large volume of notices. The Commission anticipates that covered DCMs may be required to deliver on average 250,000 notices annually. The Commission estimates that this will yield an overall burden of 10,417 hours (5 DCMs × 250,000 notices annually × 5 seconds per notice). The Commission estimates that the total associated labor cost will total \$100,000 (10,417 hours × \$250 hour per burden hour).

Estimated number of respondents: 5.
Estimated frequency/timing of responses: On occasion.
Estimated number of annual responses per respondent: 250,000.
Estimated number of annual responses for all respondents: 1,250,000.
Estimated annual burden hours per response: 5 seconds.
Estimated total annual burden hours per respondent: 347 hours.
Estimated total annual burden hours for all respondents: 1,736 hours.

Estimated total annual labor costs for all respondents: $433,750.

The Commission does not anticipate that the proposed amendments will result in additional capital and start-up or operations and maintenance costs. DCMs already have in place sophisticated automated systems to comply with required disclosures and perform trading functions. Accordingly, the Commission anticipates that affected market participants can leverage these existing systems and processes and will not be required to purchase new systems or undertake other capital improvements to comply with this disclosure requirement.

The Commission proposes to add a new Commission Regulation 39.21(c)(9) requiring a DCO to make publicly available on its website the existence of, and the DCO's relationship with, any affiliate clearing member. The Commission anticipates that this requirement will entail only limited burden for DCOs with affiliate clearing members. The information required to be posted will be readily known to covered DCOs and such entities already have in place websites and means to provide other required disclosures to their customers via their websites. Accordingly, the Commission anticipates the burden associated with this required disclosure will be minimal.

The Commission does not possess definitive data estimating the total number of DCOs with affiliate clearing members. Accordingly, for purposes of its PRA analysis, the Commission estimates that 6 DCOs will be subject to these disclosure requirements relating to affiliate clearing members. The Commission estimates that these 6 DCOs will be required to expend approximately 2 hours to update their websites to provide the required disclosures. This yields an overall burden estimate of 12 annual burden hours (6 respondents × 1 response per respondent × 2 hours per response = 24 burden hours).

If adopted, the Commission estimates the annual burden associated with the proposed regulation as follows:

Estimated number of respondents: 6.
Estimated frequency/timing of responses: On occasion.
Estimated number of annual responses per respondent: 1.
Estimated number of annual responses for all respondents: 6.
Estimated annual burden hours per response: 2.
Estimated total annual burden hours per respondent: 2.
Estimated total annual burden hours for all respondents: 12.
Estimated total annual labor costs for all respondents: $3,000.

Reporting Requirements

Proposed Commission Regulation 38.852(c)(2)(iii) would require DCMs to annually certify to the Commission that the affiliate principal trading firm satisfies the conditions specified in section 38.852(c)(1), including that the DCM ensures that its trading matching system, including any price/time priority matching algorithm, does not favor the affiliate principal trading firm, and that any market maker or incentive program filed under Part 40 that applies to the affiliate principal trading firm enumerates the affiliate principal trading firm's market making or liquidity providing obligations, the performance standards applicable to those obligations, and the consequences of any failure to satisfy them, on terms no less favorable to the DCM than those offered to non-affiliated members participating in a comparable program.

The Commission anticipates that preparation of the required annual certifications will require an estimated 5 DCMs with qualifying affiliate relationships to expend an estimated 20 hours to review and prepare the required certifications. This estimate includes the time necessary to review and confirm the accuracy of its certification and to complete and submit the required certification. Accordingly, the Commission estimates the associated burden will entail an annual burden of 100 hours (5 DCMs × 1 annual response × 20 hours).

If adopted, the Commission estimates the annual burden associated with the proposed regulation as follows:

Estimated number of respondents: 5.
Estimated frequency/timing of responses: Annual.
Estimated number of annual responses per respondent: 1.
*Estimated number of annual responses for all respondents:*1.
Estimated annual burden hours per response: 20 hours.
Estimated total annual burden hours per respondent: 20.
Estimated total annual burden hours for all respondents: 100.
Estimated total annual labor costs for all respondents: $25,000.

The Commission does not anticipate that the proposed amendments will result in additional capital and start-up or operations and maintenance costs. The Commission does not expect that affected market participants will be required to put in place any specific information systems or make other capital expenditures to facilitate the preparation of the required certifications.

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

- **The cost estimate should be split into two components; (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major costs factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software, monitoring, sampling, drilling and testing equipment, and record storage facilities.**

- **If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate, agencies may consult with a sample of respondents (fewer than ten), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.**

- **Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.**

The proposed information collections will not involve new capital start-up or operational and maintenance costs. Affected respondents already have in place effective systems for fulfilling existing reporting, recordkeeping, and disclosure requirements. The Commission anticipates that respondents will be able to leverage these existing systems and processes to comply with the proposed requirements and will not be required to undertake additional capital expenditures.

14. Provide estimates of the annualized costs to the Federal Government. Also provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing and support staff), and any other expense that would not have been incurred without this collection of information. Agencies may also aggregate cost estimates from Items 12, 13, and 14 in a single table.

The Commission does not anticipate new annualized costs to the Commission in connection with the proposed information collections.

15. Explain the reasons for any program changes or adjustments.

As described in its responses to Questions 1 and 12, the Commission is proposing changes to its rules under parts 1, 37, 38, and 39. These changes including new collections of information that would result in the following new burdens, as described in the response to Question 12 and Attachment A:

	Total Annual Respondents	**Total Annual Responses**	**Total Annual Burden Hours**	**Total Annual Labor Costs**
Collection 3038-XXXX	64	1,250,046	1,998	$498,000

16. For collection of information whose results are planned to be published for statistical use, outline plans for tabulation, statistical analysis, and publication. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

Not applicable, the results of this collection of information are not planned to be published for statistical use.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

Not applicable, the Commission is not seeking such approval.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions."

Not applicable, the Commission is not seeking any exceptions to the required certification statement.

<u>**ATTACHMENT A**</u>

<u>**OMB Control Number 3038-XXXX**</u>

Requirements for Designated Contract Markets, Swap Execution Facilities, Derivatives Clearing Organizations, and Intermediaries Regarding Affiliated Relationships

DISCLOSURE BURDEN:

1.	**2.**	**3.**	**4.**	**5.**	**6.**	**7.**	**8.**	**9.**	**10.**
Regulation(s) – *Description* (Applicable Registrant)	**Estimated Number of Respondents**	**Estimated Number of Reports by Each Respondent**	**Estimated Average Number of Burden Hours per Response**	**Annual Number of Burden Hours per Respondent (3×4)**	**Estimated Average Burden Hour Cost**	**Total Average Hour Burden Cost Per Respondent (5×6)**	**Total Annual Responses (2×3)**	**Total Annual Number of Burden Hours (2×5)**	**Total Annual Burden Hour Cost of All Responses (2×7)**
§ 1.52 Affiliate disclosures on website (SEFs)	5	1	1	1	$250	$250	5	5	$1,250
§ 1.52(d)(2)(i) Written Election of NFA as SRO (FCM)	10	1	1	1	$250	$250	10	10	$2,500
§ 1.55 Disclosure of Material Risks (FCMs)	10	1	2	2	$250	$500	10	20	$5,000
38.652(b)(2) Rulebook disclosures of affiliates (DCMs)	5	1	1	1	$250	$250	5	5	$1,250
38.852(b)(1)(v) Rulebook and	5	1	1	1	$250	$250	5	5	$1,250

website disclosures of affiliates (DCMs)									
§ 38.852(c)(3) Drafting point-of-transaction notice of affiliate relationship (DCMs) (one-time cost)	5	1	20	20	$250	$5,000	5	100	$25,000
§ 38.852(c)(3) Delivery of point-of-transaction notice of affiliate relationship (DCMs)	5	250,000	5 seconds	347 hours (rounded)	$250	$86,750	1,250,000	1,736 (rounded)	$433,750
§ 39.21 Affiliate disclosures on websites (DCOs)	6	1	2	2	$250	$500	6	12	$3,000
TOTAL DISCLOSURE BURDEN	59[4]						1,250,046	1,898	$473,000

[4] The estimated total number of respondents is 59, consisting of 35 FCMs, 12 DCMs, and 12 DCOs with covered affiliate relationships.

REPORTING BURDEN

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
Regulation(s) – *Description* (Applicable Registrant)	**Estimated Number of Respondents**	**Estimated Number of Reports by Each Respondent**	**Estimated Average Number of Burden Hours per Response**	**Annual Number of Burden Hours per Respondent (3×4)**	**Estimated Average Burden Hour Cost**	**Total Average Hour Burden Cost Per Respondent (5×6)**	**Total Annual Responses (2×3)**	**Total Annual Number of Burden Hours (2×5)**	**Total Annual Burden Hour Cost of All Responses (2×7)**
§ 38.852(c)(2)(iii) Annual certification (DCMs)	5	1	20	20	$250	$5,000	5	100	$25,000
TOTAL REPORTING BURDEN	5						5	100	$25,000

Total Estimated Burden for Information Collection 3038-XXXX

Estimated number of respondents: 64.

Estimated total annual number of responses:1,250,046.

Estimated total annual burden hours: 1,998.

Estimated total annual burden cost: $498,000.