SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission for
Rule 17a-10 – Report on Revenue and Expenses
OMB Control No. 3235-0122

A. JUSTIFICATION

1. Necessity of Information

Paragraph (a)(1) of Rule 17a-10 (17 CFR 240.17a-10) under the Securities Exchange Act of 1934[1] ("Exchange Act") generally requires broker-dealers that are exempted from the filing requirements of paragraph (a) of Exchange Act Rule 17a-5 (17 CFR 240.17a-5) to file with the Commission the Facing Page, Statement of Income (Loss), and balance sheet from Part IIA of Form X-17A-5 (17 CFR 249.617),[2] and Schedule I of Form X-17A-5 (17 CFR 249.617) not later than 17 business days after the end of each calendar year. Paragraph (a)(2) of Rule 17a-10 requires a broker-dealer subject to paragraph (a) of Rule 17a-5 to submit Schedule I of Form X-17A-5 with its Form X-17A-5 for the calendar quarter ending December 31 of each year.

Paragraph (b) of Rule 17a-10 provides that the provisions of paragraph (a) do not apply to members of national securities exchanges or registered national securities associations that maintain records containing the information required by Form X-17A-5 and which transmit to the Commission copies of the records pursuant to a plan, the procedures and provisions of which have been declared effective by the Commission. As a result, filings of Schedule I are generally made with FINRA electronically through its eFOCUS system.

The primary purpose of Rule 17a-10 is to obtain the economic and statistical data necessary for an ongoing analysis of the securities industry. The Commission adopted Rule 17a-10 pursuant to sections 15(c)(3), 17(a), and 23(a) of the Exchange Act, 15 U.S.C. sections 78o(c)(3), 78q(a), and 78w(a), respectively.

2. Purpose and Use of Information Collection

The information submitted under Rule 17a-10 is used to identify which broker-dealers engage in various securities-related activities and to determine the amount of revenue derived by such broker-dealers from these activities. These data are needed by the Commission to evaluate the effects of economic events and public policies on various segments of the securities industry. Only the most current information will assist the Commission in its ongoing analysis of securities industry revenue sources and related expenses.

3. Consideration Given to Information Technology

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1 15 U.S.C. 78a et seq.

2 Form X-17A-5 is the Financial and Operational Combined Uniform Single Report ("FOCUS Report"), which is used by broker-dealers to provide certain required information to the Commission.

The compilation and filing of the required information reflect the complexity of the broker-dealer's business. The increasing use by the Commission and broker-dealers of computerized systems for information gathering and compilation has minimized the burden associated with Rule 17a-10 to the extent possible at this time.

4. Duplication

Rule 17a-10 is the only rule that requires the submission of Schedule I of Form X-17A-5. Because no similar information is available, no duplication exists.

5. Effect on Small Entities

The required reports are not extensive, and therefore the collection of information is not unduly burdensome for small entities.

6. Consequences of Not Conducting Collection

If this information were collected less frequently, the Commission could not maintain and formulate effective policies regarding the securities industry.

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

Paragraph (c) of Rule 17a-10 provides that the reports filed under the rule are to be considered non-public information, except in cases where the Commission determines that it is in the public interest to direct otherwise.

11. Sensitive Questions

The information collection collects basic elements of Personally Identifiable Information ("PII") including name, job title, and work address that is covered by the EDGAR PIA. No information of a sensitive nature, including social security numbers, will be required under this collection of information. Additionally, the agency has determined that the information collection does not constitute a system of record for purposes of the Privacy Act. Information is not retrieved by a personal identifier.

12. Information Collection Burden

The staff estimates that for the 12 months ended December 31, 2025, approximately 3,223 broker-dealers filed Schedule I under paragraph (a)(2) of Rule 17a-10, and that while no broker-dealer filed Schedule I and the Facing Page, Statement of Income (Loss), and balance sheet from Part IIA of Form X-17A-5 under paragraph (a)(1) of Rule 17a-10, the Commission conservatively estimates that there is one respondent that files in this category.

The staff estimates that, on average, the amount of time required to file Schedule I is approximately 12 hours per response. This estimate is based on staff experience in this area. Each broker-dealer is required to make one filing per year, resulting in an industry-wide total reporting burden of approximately 38,676 hours per year (3,223 responses times one response per year times 12 hours per response).

The staff estimates that, on average, the amount of time required to file the Facing Page, Statement of Income, and balance sheet from Part IIA of Form X-17A-5 is approximately 12 hours, resulting in an industry-wide total reporting burden of 12 hours (1 respondent times one response per year times 12 hours per response).

The burden hours are summarized in the table below.

Name of Information Collection	Burden Type	Number of Respondents	Number of Annual Reponses Per Respondent	Ongoing Burden Per Response	Total Industry Burden for Information Collection	Small Business Entities Affected
Schedule I	Reporting	3,223	1	12	38,676	1,290
File Form X-17A-5 facing page, income statement, and balance sheet	Reporting	1	1	12	12	1
Total Hour Burden					38,688	

13. Costs to Respondents

Not applicable. It is not anticipated that respondents will have to incur capital or start-up costs to comply with Rule 17a-10. The cost burden is estimated to be $0 for both forms due to electronic filing by respondents.

14. Costs to Federal Government

The SEC is in the process of revising its methodologies to estimate annualized costs to the Federal government for all its relevant collections of information. The SEC anticipates that future extensions of this collection of information will reflect the revised methodologies.

15. Changes in Burden

The annual reporting burden decreased as a result of a reduction in the number of respondents from 3,740 to 3,223 respondents. This resulted in a burden hour decrease from 44,880 to 38,676 hours (3,223 respondents times 12 hours per year)]. There is no change in the hour burden of filing the Form X-17A-5 Facing Page, Statement of Income, and balance sheet, which continues to be 12 hours. There is also no change in the cost burden, which continues to be $0.

The changes in hour burdens are summarized in the table below.

Name of Information Collection	Current Annual Industry Burden	Revised Annual Industry Burden	Change in Burden	Reason for Change
Schedule I	44,880	38,676	(6,204)	Reduction in number of respondents

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. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.