SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission
for Rule 15c3-3 – Customer Protection—Reserves and Custody of Securities

3235-0078

A. JUSTIFICATION

1. Necessity of Information Collection

During the "Paperwork Crisis" of 1967–1970, many brokers-dealers mishandled and misused customer funds and securities because they had inadequate and inefficient record keeping and segregation systems. Furthermore, the 1969–1970 "bear market" caused many firms that lacked sufficient capital to utilize customer funds and securities to obtain financing for their continued operation. In order to rectify these problems, the Securities and Exchange Commission ("Commission") adopted Rule 15c3-3 under the Securities Exchange Act of 1934 ("Exchange Act") to provide increased protection for the funds and securities of customers.[1]

Rule 15c3-3 requires all broker-dealers that hold securities or cash belonging to customers to obtain and maintain possession or control of all the fully-paid and excess margin securities of their customers.[2] In addition, these broker-dealers must make a periodic computation ("reserve computation") to ascertain the amount of money being held that constitutes customer funds or funds obtained from the use of customer securities. If this amount – known as "customer credits" – exceeds the amount of money customers owe the firm ("customer debits"), the broker-dealer must deposit the excess in a special reserve bank account for the exclusive benefit of the firm's customers ("Special Reserve Bank Account").[3] In this way, Rule 15c3-3 protects customer assets by requiring firms to maintain possession or control of customer securities, and by permitting firms to use customer money only to the extent necessary to finance customer-related business.

Rule 15c3-3 requires broker-dealers to make the reserve computation on either a weekly or monthly basis. Broker-dealers are also required to: (1) maintain a description of the procedures utilized to comply with the possession and control requirements of Rule 15c3-3; (2) maintain a written notification from the bank where the Special Reserve Bank Account is located that all assets in the account are for the exclusive benefit of the broker-dealer's customers; and (3) give telegraphic notice to the Commission, and the appropriate designated examining authority ("DEA"), if they fail to make a required deposit in the Special Reserve Bank Account.

In addition, paragraph (o) of Rule 15c3-3 requires that a broker-dealer that effects transactions for customers in security futures products ("SFP") must: (1) establish written policies and procedures for determining whether customer SFPs will be placed in a securities

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1 *See Broker-dealers; Maintenance of Certain Basic Reserves*, Exchange Act Release No. 9856 (Nov. 10, 1972), 37 FR 25224 (Nov. 29, 1972).

2 17 CFR 240.15c3-3.

3 For purposes of this Paperwork Reduction Act ("PRA") submission, the term "Special Reserve Bank Account" includes accounts set up in accordance with both paragraph (e)(1) and (k)(2)(i) of Rule 15c3-3.

account or a futures account, and, if applicable, the process by which a customer may elect the type of account in which SFPs will be held; (2) provide each customer that plans to effect SFP transactions with a disclosure document containing certain information; (3) make a record of each change in account type; and (4) send each SFP customer notification of any change of account type.

In accordance with Section 764 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"),[4] which added section 15F to the Exchange Act,[5] on June 21, 2019,[6] the Commission adopted amendments to Rule 15c3-3 to establish segregation and notice requirements for broker-dealers, including broker-dealer security-based swap dealers ("SBSDs"), that are parallel to the requirements in Rule 18a-4[7] applicable to SBSDs that are not broker-dealers ("2019 Amendments"). Specifically, the Commission added new paragraph (p) to Rule 15c3-3 to establish segregation and notice requirements for broker-dealers with respect to their security-based swap activity.[8] The Commission codified the security-based swap segregation requirements for broker-dealers in Rule 15c3-3, as amended, rather than in Rule 18a-4, as adopted, in order to consolidate broker-dealer customer protection requirements in Rule 15c3-3.[9]

On December 20, 2024, the Commission adopted amendments to Rule 15c3-3 pursuant to its authority under Section 15(c)(3)(A) of the Exchange Act[10] that require carrying broker-

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4 *See Dodd-Frank Wall Street Reform and Consumer Protection Act*, Public Law 111-203, 124 Stat. 1376 (2010).

5 *See* 15 U.S.C. 78o-10(e)(2)(B).

6 *See Capital, Margin, and Segregation Requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants and Capital Requirements for Broker-Dealers*, Exchange Act Release No. 86175.

7 OMB No. 3235-0700. This rule was submitted to OMB for its review at the proposing stage.

8 *See* paragraph (p) to Rule 15c3-3, as amended.

9 The hour burdens for the collection of information related to Rule 15c3-3, as amended, in the final rule release were included in the collection of information for Rule 18a-4, as proposed to be adopted, in the proposing release. *See Capital, Margin, and Segregation Requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants and Capital Requirements for Broker-Dealers; Proposed Rule*, Exchange Act Release No. 68071, 77 FR 70214 (Nov. 23, 2012). These hours were moved to the existing collection of information in Rule 15c3-3, as amended, as a result of changes made to the final rule in response to comments to require that broker-dealers comply with the segregation requirements of paragraph (p) to Rule 15c3-3, as amended, with respect to their security-based swap activities (rather than the requirements of Rule 18a-4, as adopted). For more information about the comments, *see infra* note 15.

10 *See Daily Computation of Customer and Broker-Dealer Reserve Requirements under the Broker-Dealer Customer Protection Rule,* Final Rule, Exchange Act Release 102022 (Dec. 20, 2024), [90 FR 2790 (Jan. 13, 2025)] ("2024 Amendments"). In addition to the amendments to Rule 15c3-3, the Commission also adopted amendments to Rule 15c3-1 (17 CFR 240.15c3-1). Under Rule 15c3-1, the minimum net capital requirement for broker-dealers is the greater of a fixed-dollar amount and an amount determined by applying one of two financial ratios: the 15-to-1 aggregate indebtedness to net capital ratio ("basic method") or the 2% of aggregate debit items ratio ("alternative method"). A carrying broker-dealer using the alternative method must reduce aggregate debit items by 3% when performing its customer reserve computation under Rule 15c3-3. This can increase the amount the carrying broker-dealer must lock up in its customer reserve bank account. The amendments to Rule 15c3-1 permit carrying broker-dealers that use

dealers[11] with average total credits[12] that equal or exceed $500 million (the "$500 million threshold") to compute the reserve computation on a daily basis, instead of weekly as the rule generally otherwise requires.[13] Carrying broker-dealers subject to the daily reserve computation requirement must also make a deposit of any excess of credits over debits to the Special Reserve Bank Accounts following each computation in accordance with the timelines prescribed in the rule, and are required to maintain a record of each such computation made. Carrying broker-dealers subject to the daily reserve computation requirement must continue performing daily reserve computations for at least 60 days after falling below the $500 million threshold and providing notification to the broker-dealer's designated examining authority in writing.[14] A carrying broker-dealer that does not exceed the $500 million threshold is permitted to voluntarily perform daily customer reserve computations and apply the 2% debit reduction in lieu of the 3% debit reduction, provided that the carrying broker-dealer notifies its designated examining authority, in writing, at least 30 calendar days prior to beginning the daily customer reserve computation.[15]

2. Purpose and Use of the Information Collection

Rule 15c3-3 is an integral part of the Commission's financial responsibility program for broker-dealers. Its purpose is to protect the rights of customers to promptly obtain their property from a broker-dealer. Rule 15c3-3's reserve and notice requirements facilitate the process by which the Commission and the various DEAs monitor how broker-dealers are fulfilling their custodial responsibilities to investors. With the exception of the telegraphic notice requirement, governmental agencies do not regularly receive any of the information described above. Instead,

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the alternative method and are above the $500 million threshold (i.e., that perform a daily customer reserve computation) to reduce their aggregate debit items by 2% rather than 3%.

The Commission also adopted technical amendments to Form X-17A-5 Part II (the "FOCUS Report Part II) to conform the reporting obligations with the adopted amendments lowering the debit reduction from 3% to 2% for carrying broker-dealers that use the alternative method and perform daily reserve computations. This supporting statement addresses only the changes to the information collection burdens associated with Rule 15c3-3 as a result of the 2024 amendments. The amendment to Rule 15c3-1 to lower the debit reduction from 3% to 2% is not associated with an information collection requirement, and the technical amendments to Part II of the FOCUS Report add only two additional lines to a lengthy form and will not affect the current estimated burden for the related information collection. Consequently, the Commission is not revising any existing burdens, and is not proposing any new burdens, in connection with the 2024 amendments to Rule 15c3-1 and Part II of the FOCUS Report.

11 For the purposes of the adopted amendments to Rule 15c3-3, a carrying broker-dealer is a broker-dealer that holds securities and cash on behalf of customers and other broker-dealers ("PAB account holders").

12 For the purposes of this requirement, "average total credits" means the arithmetic mean of the sum of Total Credits in the Customer Reserve Bank Account computation and the PAB Reserve Bank Account computation reported in the 12 most recently filed month-end Forms X-17A-5. *See* 17 C.F.R. 240.15c3-3(e)(3)(i)(B)(1).

13 *See* 17 C.F.R. 240.15c3-3(e)(3)(i)(A). Small broker-dealers that are not exempt from Rule 15c3-3 can make the required computation monthly as long as they have aggregate indebtedness not exceeding 800% of net capital and carry aggregate customer funds not exceeding $1,000,000. *See* 17 C.F.R. 240.15c3-3(e)(3)(i)(C).

14 *See* 17 C.F.R. 240.15c3-3(e)(3)(i)(B)(2).

15 *See* 17 C.F.R. 240.15c3-3(e)(3)(v).

the information is stored by the broker-dealer and made available to the various securities regulatory authorities as required to facilitate examinations and investigations. If broker-dealers were not required to create and maintain this information, the Commission's ability to fulfill its statutory directive to protect investors would be diminished.

Rule 15c3-3 also requires that a broker-dealer provide each customer that wishes to engage in SFP activities with a disclosure document and notification of any change of account type. Without these disclosures and notifications, in the event of a liquidation, customers may be uncertain or confused as to which regulatory scheme is applicable to their account.

The 2019 Amendments are integral to the Commission's financial responsibility program for broker-dealers and broker-dealer/SBSDs as they are designed to protect the rights of security-based swap customers and their ability to promptly obtain their property from a broker-dealer. The collection of information requirements in the rule facilitates the process by which the Commission and its staff monitor how broker-dealers are fulfilling their custodial responsibilities to security-based swap customers. The 2019 Amendments also require that a broker-dealer provide certain notices to its counterparties.[16] These notices alert counterparties to the alternatives available to them with respect to segregation of non-cleared security-based swaps. The Commission and its staff will use the collection of information in the 2019 Amendments to confirm registrants are providing the requisite notice to counterparties.

The 2024 Amendments are also integral to the Commission's financial responsibility program as they address the risk that—for a period of days—the net amount of cash owed to customers and PAB account holders could be greater than the amounts held in the carrying broker-dealer's Special Reserve Bank Accounts. By requiring daily, instead of weekly, computations the 2024 Amendments more quickly apply the protective measures of the Rule 15c3-3 reserve requirements to the cash of customers and PAB account holders that is newly deposited into the carrying broker-dealer, and as a result will reduce the risk that the failure of a carrying broker-dealer may be unable to promptly return cash and securities to customers and PAB account holders through an orderly self-liquidation.

3. Consideration Given to Information Technology

Rule 15c3-3 does not prevent a broker-dealer from using computers or other mechanical devices to generate, obtain, disclose or maintain the records and information required under the rule. Currently, most firms utilize automated systems to comply with Rule 15c3-3. The Commission is not aware of any technical or legal obstacle to reducing the burden through the use of improved information technology.

4. Duplication

There are no similar rules that are duplicative of Rule 15c3-3. Copies of notices required to be filed with the Commission under paragraph (i) of Rule 15c3-3 must also be filed with the

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[16] *See* paragraphs (p)(1) and (p)(3) of Rule 15c3-3, as amended.

regulatory authority that examines the broker-dealer for compliance with financial responsibility, helping to avoid duplication.

5. Effects on Small Entities

Paragraph (k) of Rule 15c3-3 has the effect of exempting most small broker-dealers from the rule's requirements. Small broker-dealers that are not exempt from Rule 15c3-3 can make the required computation monthly as long as they have aggregate indebtedness not exceeding 800% of net capital and carry aggregate customer funds not exceeding $1,000,000. The Commission estimates that, as of 2025 year-end, approximately 27 broker-dealers were such small entities that performed a customer reserve computation pursuant to Rule 15c3-3.[17] In addition, the information collections required under the 2019 Amendments do not place burdens on small entities. The broker-dealer SBSDs subject to the information collections under the rule are not expected to be small entities. Additionally, the 2024 Amendments do not place burdens on small entities. The 2024 Amendments require carrying broker-dealers to perform daily reserve computations if they exceed the $500 million threshold, as discussed above. The carrying broker-dealers subject to the daily reserve computation requirement are not small entities.

6. Consequences of Not Conducting Collection

If the required information were not conducted or were conducted less frequently, the level of protection afforded to the counterparties and the U.S. financial system by Rule 15c3-3 would be diminished.

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 of gifts have been provided to respondents.

10. Confidentiality

The information collected by the Commission under Rule 15c3-3, as amended, is kept confidential to the extent permitted by the Freedom of Information Act (5 U.S.C. § 552 *et seq.*).

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17 This estimate is based on the number of firms that, as of December 31, 2025, indicated on Part II their FOCUS reports (OMB Control Number 3235-0123) that they make their 15c3-3 computations monthly (line 4334).

11. Sensitive Questions

The Information Collection does not collect information about individuals, therefore a PIA, SORN, and PAS are not required.

12. Burden of Information Collection

The Commission estimates that the aggregate annual hour burden associated with Rule 15c3-3 is approximately 1,459,681 hours calculated as described below.

The Commission estimates that, as of December 31, 2025, there were approximately 201 broker-dealers fully subject to Rule 15c3-3 (*i.e.*, broker-dealers that cannot claim any of the exemptions enumerated in paragraph (k)), of which approximately 11 made daily computations (on a voluntary basis), 163 made weekly, and 27 made monthly, reserve computations.[18] The 2024 Amendments require broker-dealers with $500 million or more in average total credits to make required reserve computations daily, instead of weekly. The Commission estimates that there are approximately 49 broker-dealers that would have average total credits equal to or exceeding $500 million. Of these 49 broker-dealers, the Commission estimates that 9 already perform the customer reserve computation daily. As a result, the Commission estimates that 40 broker-dealers will be required to shift from weekly to daily customer reserve computations. Thus, the Commission estimates that 51 broker-dealers will perform customer reserve computations daily (11 existing broker-dealers plus the 40 broker-dealers performing weekly computations that would be required to perform a computation daily), 123 will perform computations weekly, and 27 will perform computations monthly.

Paragraph (e)(3) of Rule 15c3-3 requires each broker-dealer to make a record of each such computation.[19] Based on staff experience, the Commission estimates that it takes between one and five hours to make a record of each reserve computation, and that the average time spent across all the firms is 2.5 hours. Accordingly, the Commission estimates that the aggregate annual recordkeeping burden for all daily, weekly, and monthly reserve computations is approximately 48,675 hours (31,875 hours for daily computations + 15,990 hours for weekly computations + 810 for hours for monthly computations). [20]

Furthermore, paragraph (e) of Rule 15c3-3 also requires a PAB[21] reserve computation. The Commission estimates that approximately 96 broker-dealers perform a PAB reserve

[18] This estimate is based on the number of firms that, as of December 31, 2025, indicated on Part II of their FOCUS reports that they make their 15c3-3 computations daily (line 4332), weekly (line 4333), or monthly (line 4334).

[19] 17 CFR 240.15c3-3(e)(3).

[20] (2.5 hours x 250 computations annually x 51 respondents that calculate daily) + (2.5 hours x 52 computations annually x 123 respondents that calculate weekly) + (2.5 hours x 12 computations annually x 27 respondents that calculate monthly) = 48,675 hours.

[21] The term PAB account means a proprietary securities account of a broker or dealer (which includes a foreign broker or dealer, or a foreign bank acting as a broker or dealer) other than a delivery-versus-payment account or a receipt-versus-payment account. The term does not include an account that has been subordinated to the claims of creditors of the carrying broker or dealer. 17 C.F.R. 240.15c3-3(a)(16).

computation.[22] The Commission also estimates that as of December 31, 2025, of the 96 broker-dealers required to perform a PAB reserve computation, approximately 11 performed this computation daily, 81 performed the PAB reserve computation on a weekly basis, and 4 broker-dealers performed it on a monthly basis. In connection with the 2024 Amendments described above, the Commission estimates that of the 49 broker-dealers with average total credits equal to or exceeding $500 million, 42 perform a PAB reserve computation, with 9 of these broker-dealers already performing the PAB reserve computation daily. As a result, the Commission estimates that 33 broker-dealers will be required to switch from a weekly PAB reserve computation to a daily PAB reserve computation. Thus, the Commission estimates that 44 broker-dealers will perform PAB reserve computations daily (11 existing broker-dealers plus the 33 broker-dealers performing weekly PAB computations that would be required to perform daily computations), 48 will perform computations weekly, and 4 will perform computations monthly.

The Commission estimates that broker-dealers will spend, on average, approximately 2.5 hours to complete the PAB reserve computation in order to make a record of such computation pursuant to paragraph (e) of Rule 15c3-3. Accordingly, the Commission estimates that the aggregate annual recordkeeping burden for all daily, weekly, and monthly PAB reserve computations is approximately 33,860 hours (27,500 hours for daily computations + 6,240 hours for weekly computations + 120 hours for monthly computations).[23]

As noted above, paragraph (e) of Rule 15c3-3 requires broker-dealers with average total credits equal to or exceeding $500 million to perform the required reserve computations daily instead of weekly, until the broker-dealer's average total credits fall below $500 million. A broker-dealer can then elect under paragraph (e)(3)(i)(B)(2) to revert to a weekly reserve computation, but must notify its designated examining authority in writing of its election and continue to perform a daily reserve computation for at least 60 calendar days after providing the written notification. Based on a review of FOCUS Report data for the 2025 calendar year, the Commission estimates that one broker-dealer per year would provide notice to the broker-dealer's designated examining authority that the broker-dealer's average total credits have fallen below have fallen below the $500 million threshold and that the broker-dealer would revert to a weekly reserve computation. Based on its experience with other notification requirements, the Commission estimates that it would take a broker-dealer 30 minutes to prepare and send the notification regarding its election to perform weekly reserve computations to its designated examining authority. As a result, the Commission estimates that one broker-dealer per year would send the notice for a burden of 0.5 hours per year.

Additionally, paragraph (e)(3)(v) to Rule 15c3-3 permits a carrying broker-dealer that elects to voluntarily perform the reserve computations daily and reduce aggregate debit items in the customer reserve computation by 2% instead of 3%.[24] Such carrying broker-dealers must

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[22] This estimate is based on the number of brokers-dealers that have, as of December 31, 2025, identified that they perform a PAB computation daily (line 2315), weekly (line 2320), or monthly (line 2330) on either Part II or Part II CSE of their FOCUS Reports.

[23] (44 daily filers x 250 business days per year x 2.5 hours per computation) + (48 weekly filers x 52 weeks x 2.5 hours per computation) + (4 monthly filers x 12 months x 2.5 hours per computation) = 33,860 total hours.

[24] See paragraph (e)(3)(v) of Rule 15c3-3.

provide notification to their designated examining authority 30 calendar days prior to beginning daily reserve computations. Based on a review of FOCUS Report data for the calendar year 2025, the Commission estimates that 9 carrying broker-dealers currently perform daily customer reserve computations voluntarily, and that these 9 carrying broker-dealers will notify their designated examining authority of their intent to continuing to perform daily customer reserve computations voluntarily pursuant to paragraph (e)(3)(v) of Rule 15c3-3. Additionally, the Commission estimates that an additional 6 carrying broker-dealers that have significant debit balances may voluntarily elect to perform daily customer reserve computations in order to deduct 2% of aggregate debit items instead of 3% in connection with the computation. Consequently, the Commission estimates that there are 15 respondents associated with this collection of information: 9 in the first year; 3 in the second year; and 3 in the third year or, alternatively, 5 respondents per year on average.

Based on its experience with other notification requirements, the Commission estimates that it will take a carrying broker-dealer 30 minutes to prepare and send the notification regarding its election to voluntarily perform a daily reserve computation. Consequently, the Commission estimates that this will result in a total one-time reporting burden of 7.5 hours, and an annualized burden of approximately 2.5 hours per year.[25]

Paragraph (a)(16) of Rule 15c3-3 excludes from its definition of "PAB account," an account that "has been subordinated to the claims of creditors of the carrying broker or dealer."[26] The Commission understands that most PAB account holders that enter into a subordinated loan agreement with a broker-dealer that maintains custody of customer securities and cash ("carrying broker-dealer") in order to not be treated as PAB accounts under paragraph (a)(16) likely will be affiliates of the broker-dealer. The Commission estimates that broker-dealers that carry PAB accounts will initially enter into an average of 11 subordination agreements under paragraph (a)(16) and it will take a carrying broker-dealer approximately 20 hours to draft a subordination agreement. Therefore, the Commission estimates that the total one-time recordkeeping burden for the estimated 3 additional broker-dealers that carry PAB accounts[27] will be approximately 660 hours, or approximately 220 hours per year on an annualized basis.[28]

Further, the Commission staff estimates that each of the 96 broker-dealers that carry PAB accounts will enter into an average of one additional subordination agreement annually, and it will take a carrying broker-dealer approximately 20 hours to draft a subordination agreement.

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25 (9 responses in year 1 x 0.5 hours per response) + (3 responses in year 2 x 0.5 hours per response) + (3 responses in year 3 x 0.5 hours per response) or 4.5 hours + 1.5 hours + 1.5 hour = 7.5 hours. Over three years the annualized burden would be 7 hours / 3 years = 2.5 hours per year. Alternatively, (5 respondents per year x 0.5 hours per response) = 2.5 hours per year.

26 For purposes of this supporting statement, the term "PAB account" references accounts held at carrying broker-dealers that hold the proprietary securities and cash of other broker-dealers.

27 (An estimated 96 broker-dealers that carry PAB accounts as of December 31, 2025 – the previously approved estimate of 93 broker-dealers that carried PAB accounts as of December 31, 2022) = an estimated 3 additional broker-dealers that carry PAB accounts above the prior Commission estimate.

28 3 additional broker-dealers carrying PAB accounts x 11 accounts x 20 hours = 660 hours. The total annualized burden over the three-year approval period is 220 hours (660 / 3 = 220, with an average of 73 hours per respondent (220 / 3 broker-dealers = 73.333, rounded down to 73).

Therefore, the Commission estimates that the annual recordkeeping burden to broker-dealers[29] arising from the requirement will be approximately 1,920 hours.[30]

Paragraph (b)(5) of Rule 15c3-3 requires carrying broker-dealers to provide PAB account holders with written notice that the account holder's non-margin securities may be used in the ordinary course of its business. As noted above, the Commission estimates that approximately 96 broker-dealers carry PAB accounts. The Commission further estimates that, on average, a firm will spend approximately 10 hours of employee resources drafting or updating a standard notice template, for a total one-time recordkeeping burden of approximately 960 hours, or approximately 320 hours per year on an annualized basis.[31] The Commission also estimates that there are approximately 851 existing PAB customers[32] and approximately 5% of those customers (approximately 43 customers) will be affected by this requirement as they have not yet received the required written notice from their broker-dealer.[33] Therefore, broker-dealers will have to send approximately 43 written notices, spending approximately 10 minutes per account sending out the required written notice, for a total one-time disclosure burden of 7.16 hours, or approximately 2 hours per year on an annualized basis.[34]

Further, the Commission estimates that the 96 firms that carry PAB accounts will have to amend or update their standard PAB agreement template. The Commission estimates a firm will spend, on average, approximately 20 hours of employee resources on this task, for a total one-time recordkeeping burden of approximately 1,920 hours, or approximately 640 hours per year on an annualized basis.[35]

Paragraph (f) of Rule 15c3-3 prescribes that a broker-dealer required to maintain a Special Reserve Bank Account must obtain and retain a written notification from each bank in which it has a Special Reserve Bank Account to evidence the bank's acknowledgement that assets deposited in the account are being held by the bank for the exclusive benefit of the broker-dealer's customers.[36] As stated above, 201 broker-dealers are estimated to be fully subject to Rule 15c3-3. In addition, 265 broker-dealers operate in accordance with the exemption provided

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29 This annual burden will affect all of the estimated 96 broker-dealers that carry PAB accounts.

30 96 broker-dealers that carry PAB accounts x 1 subordination agreement x 20 hours = 1,920 hours.

31 96 firms x 10 hours = 960 hours. The one-time burden annualized over the three-year approval period is 320 hours (960 / 3 = 320, hours), with an average per 96 broker-dealers of 3 hours (320 / 96 = 3.333, rounded down to 3).

32 This estimate is based on the number of firms that, as of December 31, 2025, have account numbers on either lines 418, 419, 420, or 424 of Part IIA of the FOCUS report.

33 851 PAB account holders x 5% = 42.55 PAB account holders, rounded down to 43 PAB account holders.

34 43 PAB account holders x 10 minutes = 430 minutes. 430 minutes / 60 minutes = 7.16, rounded to 7 hours. For purposes of this supporting statement, the one-time burden annualized over the three-year approval period is 2.388 hours (7.16 / 3 = 2.388, rounded to 2 hours).

35 96 firms x 20 hours = 1,920 hours. The one-time burden annualized over the three-year approval period is 640 hours (1,920 / 3 = 640), with an average hour burden of 6.67 hours per broker-dealer (640 / 96 = 6.666, rounded to 6.67).

36 17 CFR 240.15c3-3(f).

in paragraph (k)(2)(i),[37] which also requires that a broker-dealer maintain a special reserve account. Broker-dealers generally maintain longstanding relationships with banks where they hold their Special Reserve Bank Accounts and thus do not need to obtain these letters frequently. The Commission estimates that of the total number of broker-dealers that must comply with Rule 15c3-3, only 25%, or approximately 117 broker-dealers,[38] must obtain one new letter each year.[39] The Commission estimates that it will take a broker-dealer approximately one hour to obtain this written notification from a bank regarding a Special Reserve Bank Account.[40] Therefore, the Commission estimates a total annual recordkeeping burden of approximately 117 hours to obtain these written notifications.[41]

Paragraph (i) of Rule 15c3-3 requires a broker-dealer to immediately notify the Commission and its DEA if it fails to make a required deposit in its Special Reserve Bank Account.[42] We anticipate broker-dealers will file approximately 9 such notices each year.[43] The Commission estimates that it will take a broker-dealer approximately 30 minutes to file the required notice, resulting in a total annual reporting burden of approximately 5 hours.[44]

Paragraph (j)(1) of Rule 15c3-3 includes a condition that a broker-dealer must establish adequate procedures that will impose a paperwork burden if a broker-dealer wishes to accept or use any free credit balance from the account of any customer of the broker-dealer. The requirement that broker-dealers establish adequate procedures with regard to free credit balances will result in one-time and annual hours burdens for broker-dealers subject to the requirements of paragraph (j)(1) to Rule 15c3-3 for the 143 broker-dealers that carry free credit balances.[45] Most firms already have such procedures in place. Therefore, the Commission estimates that a broker-dealer will spend approximately 10 hours per year reviewing and updating its procedures, for an annual recordkeeping burden of approximately 1,430 hours.[46]

Paragraph (j)(2) of Rule 15c3-3 requires a broker-dealer to obtain written affirmative consent from a new customer before including a customer's free credit balances in a Sweep

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37 This estimate is based on the number of firms that, as of December 31, 2025, indicated on line 4560 of Part II or Part II CSE of their FOCUS reports that they are subject to the Rule 15c3-3(k)(2)(i) exemption.

38 (201 + 265) x 25% = 116.50, rounded to 117 broker-dealers.

39 The Commission notes that a broker-dealer will need to obtain a letter from its bank regarding its Special Reserve Bank Account because either the broker-dealer changed the type of business it does and became subject to paragraph (e)(3) or (k)(2)(i) of Rule 15c3-3 or the broker-dealer established a new Special Reserve Bank Account.

40 The language in these letters is largely standardized.

41 117 broker-dealers x 1 hour = 117 hours.

42 17 CFR 240.15c3-3(i).

43 Broker-dealers filed 9 such notices with the Commission, on average, in the past three calendar years of 2023, 2024, and 2025.

44 9 notices x 0.5 hours = 4.5 hours rounded up to 5.

45 This estimate is based on the number of firms that, as of December 31, 2025, had free credit balances on line 4340 of Part II of their FOCUS reports.

46 143 broker-dealers x 10 hours = 1,430 hours.

Program, as defined in paragraph (a)(17), as well as to provide certain disclosures and notices to all customers with regard to the broker-dealer's Sweep Program. These requirements will result in one-time and annual burdens to those broker-dealers subject to paragraph (a)(17)'s provisions. However, these requirements apply only to firms that carry customer free credit balances and opt to have the ability to change how their customers' free credit balances are treated. The Commission is including in its estimate all 143 broker-dealers that carry free credit balances to reflect the fact that these firms may have to update their systems to comply with these requirements. The Commission further estimates that these firms will spend, on average, approximately 200 hours of employee resources per firm updating their current systems (including processes for generating customer account statements) to comply with the rule. Therefore, the Commission estimates that the total one-time recordkeeping burden to broker-dealers arising from this requirement will be approximately 28,600 hours, or approximately 9,533 hours per year on an annualized basis.[47]

With respect to the annual burden associated with paragraph (j)(2) of Rule 15c3-3, the Commission estimates that there are 329,176,434 customer accounts[48] of which 5% (approximately 16,458,822) will be impacted each year.[49] This equates to an average of approximately 115,097 accounts per broker-dealer.[50] The Commission further estimates that a broker-dealer will spend, on average, four minutes of employee resources to process a written affirmative consent for new customers, as well as disclosures required under paragraph (j) to Rule 15c3-3. Therefore, the Commission estimates that the annual recordkeeping burden to broker-dealers[51] arising from the requirement will be approximately 1,097,255 hours.[52]

Paragraph (o)(2)(i) of Rule 15c3-3 requires a broker-dealer that effects transactions for customers in SFPs to provide each customer that engages in SFP transactions with a disclosure document containing certain information. The Commission estimates that 8% of the accounts held by broker-dealers that are also registered as FCMs, or 3,815,338 accounts, may engage in SFP transactions.[53] This equates to an average of approximately 26,681 accounts per broker-

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47 143 broker-dealers x 200 hours per firm = 28,600 hours. For purposes of this supporting statement, this one-time burden annualized over the three-year approval period is approximately 9,533 hours (28,600 / 3 = 9,533.333, rounded to 9,533), with an average hour burden per broker-dealer of approximately 66.67 hours (9,533.333 / 143 broker-dealers = 66.6666667, rounded up to 66.67).

48 This estimate is based on the total number of public customer accounts listed on line 8080 of firms' FOCUS reports, as of December 31, 2025.

49 The Commission estimates approximately 16,458,822 accounts (329,176,434 x 5% = 16,458,821.7, rounded to 16,458,822) will be impacted annually.

50 16,458,822 ÷ 143 = 115,096.66 rounded up to 115,097.

51 This annual burden will affect the 143 broker-dealers that carry free credit balances.

52 (16,458,822 accounts x 4 minutes per account) / 60 minutes = 1,097,254.8, rounded up to 1,097,255 hours. For purposes of this supporting statement, the Commission divided the total annual hour burden by 163 respondents for an average annual burden per firm of approximately 6,732 hours (1,097,254.80 / 163 = 6,731.62, rounded up to 6,732).

53 47,691,724 accounts x 8% = 3,815,337.92, rounded up to 3,815,338 accounts. The Commission derived its 8% estimate from the number of active options accounts and conversations with industry representatives.

dealer.[54] The Commission estimates that it will take approximately 3 minutes to create each record.[55] Thus, the total annual disclosure burden associated with the requirements of paragraph (o)(2)(i) will be approximately 190,767 hours.[56]

Paragraph (o)(3) of Rule 15c3-3 requires a broker-dealer that effects transactions in SFPs for customers to make a record of each change in account type and to provide certain customers with disclosure documents containing certain information about SFP products.[57] The Commission estimates that broker-dealers that were also registered as futures commission merchants ("FCMs") maintained approximately 47,691,724 customer accounts.[58] The Commission estimates that 8% of these customers may engage in SFP transactions,[59] and that of that 8%, 20% per year may change account type, requiring a broker-dealer to promptly notify the customer in writing on the date that change became effective.[60] Thus, broker-dealers may be required to create these records for approximately 763,068 accounts.[61] This equates to an average of approximately 5,336 accounts per broker-dealer.[62] The Commission estimates that it will take approximately 3 minutes to create each record.[63] Thus, the total annual recordkeeping and disclosure burden associated with the requirements of paragraph (o)(3) will be approximately 38,153 hours.[64]

A broker-dealer that is determining whether a registered clearing or derivatives organization meets the requirements of Note G to Exhibit A to Rule 15c3-3 may not rely on the credit rating of that organization to determine whether the broker-dealer can keep customer's positions in security future products with the organization for purposes of the reserve

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54 3,815,338 ÷ 143 = 26,680.69 rounded up to 26,681.

55 The Commission estimates that most firms will have this process automated. To the extent that no person need be involved in the generation of this record, the burden will be very minimal.

56 3,815,338 accounts x (3 minutes/60 minutes) = 190,766.9 hours rounded up to 190,767.

57 More specifically, a broker-dealer that changes the type of account in which a customer's SFPs are held must create a record of each change in account type that includes the name of the customer, the account number, the date the broker-dealer received the customer's request to change the account type, and the date the change in account type took place.

58 This estimate is based on the number of accounts that, as of December 31, 2025, were listed on line 8080 of Schedule 1 of firms' FOCUS reports provided that those firms also had a dollar amount greater than 0 listed on line 7465 of Part II of their FOCUS reports.

59 47,691,724 accounts x 8% = 3,815,337.92, rounded to 3,815,338 accounts. The Commission derived its estimate from the number of active options accounts and conversations with industry representatives.

60 Broker-dealers that engage in an SFP business may choose not to allow customers to change account type because it may be costly to facilitate such conversions. In addition, once a customer has researched the issue and made a choice as to account type, it may be unlikely for the customer to change his or her account type.

61 3,815,338 accounts x 20% = 763,067.6, rounded to 763,068 accounts.

62 763,068 ÷ 143 = 5,336.14 rounded to 5,336.

63 The Commission estimates that most firms will have this process automated. To the extent that no person need be involved in the generation of this record, the burden will be very minimal.

64 763,068 accounts x (3min / 60min) = 38,153.4 hours, rounded to 38,153 hours.

computation. Thus, broker-dealers that previously relied on ratings for the purposes of Note G use another method for assessing the creditworthiness of registered clearing or derivatives organizations. The Commission believes that approximately 26 broker-dealers will be required to change or update how they assess the creditworthiness of registered clearing or derivatives organizations under Note G.[65] The Commission believes that broker-dealers will spend approximately 0.25 hours determining whether a clearing or derivatives organization meets the requirements of Note G, resulting in an annual recordkeeping burden of approximately 7 hours.[66] The Commission further believes that broker-dealers will spend approximately one hour changing or reviewing their methods for determining whether a clearing or derivatives clearing organization meets the requirements of Note G, resulting in a one-time recordkeeping burden of approximately 26 hours, or approximately 9 hours per year on an annualized basis.[67] The aggregate Note G related recordkeeping burden is thus approximately 16 hours per year (7+9).

Paragraph (p) of Rule 15c3-3, as amended, establishes segregation requirements for registered broker-dealers and broker-dealer SBSDs with respect to their security-based swap activities and notifications requirements for broker-dealers that are either SBSDs or MSBSPs. These requirements include three collections of information with recordkeeping burdens and five collections of information with third-party disclosure burdens, as explained in the following discussion.

<u>Special Accounts (Rule 15c3-3(p)(1))</u>

SBSDs are required to establish special accounts with banks and obtain written acknowledgements from, and enter into written contracts with, the banks. These special accounts include: (1) the qualified clearing agency account;[68] (2) the qualified SBSD account;[69] and (3) the special account for the exclusive benefit of security-based swap customers.[70] The Commission estimates that, as of December 31, 2025 there were 8 broker-dealer SBSDs registered with the Commission,[71] approximately 11 broker-dealers subject to Rule 15c3-3

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65 The number 26 comes from reviewing the members of the Options Clearing Corporation ("OCC") listed in the member directory on the OCC's website, *available at* https://www.theocc.com/company-information/member-directory. Of the list of members, the Commission looked only at those who trade in futures. Of the list of members that trade in futures, the Commission deleted any members who had the exact same firm name but different firm numbers.

66 26 broker-dealers x 0.25 hours = 6.5 hours rounded to 7.

67 26 broker-dealers x 1 hour = 26 hours. 26 ÷ 3 = 8.667 rounded to 9. The average hour burden per broker-dealer is approximately .333 hours (8.667/26 broker-dealers = .333). The staff believes that broker-dealers will be subject to a one-time cost associated with reviewing the standards a broker-dealer uses to determine whether a registered clearing or derivatives organization meets the requirements of Note G.

68 Paragraph (p) (1)(iii) of Rule 15c3-3, as amended.

69 Paragraph (p) (1) (iv) of Rule 15c3-3, as amended.

70 Paragraph (p)(1)(vii) of Rule 15c3-3, as amended.

71 This estimate is based on the number of entities that have, as of December 31, 2025, identified that they are a broker-dealer registered as an SBSD (line 12001) on Part II of their FOCUS Reports.

engaged in security-based swap activities but not required to register as an SBSD or MSBSP,[72] and no broker-dealer MSBSPs.[73]

This represents an increase of 5 broker-dealer SBSDs above the previously approved estimate, and no change to either the number of broker-dealers subject to Rule 15c3-3 engaged in security-based swap activities but not required to register as an SBSD or MSBSP, or to the number of broker-dealer MSBSPs. Staff further estimates that each broker-dealer SBSD, broker-dealer subject to Rule 15c3-3 engaged in security-based swap activities but not required to register as an SBSD or MSBSP, and broker-dealer MSBSP establishes 6 special accounts at banks (2 for each type of special account) in order to comply with paragraph (p)(1). Further, based on staff experience with Rule 15c3-3, the Commission staff estimates that each SBSD and broker-dealer will spend approximately 30 hours to draft and obtain the written acknowledgement and agreement for each account. These estimates result in an industry-wide, initial one-time hour burden of approximately 900 hours, or approximately 300 hours per year on an annualized basis.[74]

The Commission staff estimates that 25 percent[75] of the 8 broker-dealer SBSDs and 11 broker-dealers (a total of approximately 5) will establish a new special account each year because, for example, they change their banking relationship, for each type of special account. Therefore, the Commission staff estimates an industry-wide ongoing annual hour burden of approximately 450 recordkeeping hours.[76]

Customer Reserve Computation (Rule 15c3-3(p)(3)(iii))

Paragraph (p)(3) of Rule 15c3-3 requires broker-dealer SBSDs and broker-dealers engaged in security-based swap activities to maintain a special account for the exclusive benefit of security-based swap customers and have on deposit in the account at all times an amount of

72 This estimate is based on taking the number of entities that have, as of December 31, 2025, both identified that they are a broker-dealer not registered as an SBSD or MSBSP (line 12000) on Part II of their FOCUS Reports and also indicated on Part II, Schedule 1 of their FOCUS Reports that they had Long/Bought and/or Short/Sold positions in cleared or uncleared security-based swaps (lines 12106, 12107, 12114, and 12115), and then removing any entity that also identified on Part II of their FOCUS Reports that it is an OTC derivatives dealer (line 12005) or that it claims an exemption from Rule 15c3-3 under paragraph (k) (lines 4550, 4560, 4570, and 4580).

73 This estimate is based on the number of entities that have, as of December 31, 2025, identified that they are a broker-dealer registered as an MSBSP (line 12002) on Part II of their FOCUS Reports.

74 (5 additional broker-dealer SBSDs + 0 additional broker-dealers engaged in security-based swap activities but not required to register as an SBSD or MSBSP + 0 additional broker-dealer MSBSPs) x 6 special accounts x 30 hours = 900 hours. For purposes of this supporting statement, this one-time burden annualized over the three-year approval period is 300 hours (900 / 3 = 300), with an average hour burden per respondent of 60 hours (300 / 5 respondents = 60).

75 This number is based on the currently approved PRA collection for Rule 15c3-3. *See* Commission, *Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 15c3-3*.

76 5 additional broker-dealer SBSDs + 0 additional broker-dealers engaged in security-based swap activities but not required to register as an SBSD or MSBSP + 0 additional broker-dealer MSBSPs)x 3 types of special accounts x 30 hours = 450 hours.

cash and/or qualified securities determined through a computation using the formula in Exhibit B to Rule 15c3-3. Paragraph (p)(3)(iii) of Rule 15c3-3 provides that the computations necessary to determine the amount required to be maintained in the special bank account must be made on a weekly basis.[77]

Variation in size and complexity between these SBSDs and broker-dealers makes it very difficult to develop a meaningful figure for the amount of time required to calculate each reserve computation. Based on experience with the Rule 15c3-3 reserve computation PRA burden hours and with the OTC derivatives industry, the Commission staff estimates that it will take between 1 and 5 hours to compute each reserve computation, and that the average time spent across all the broker-dealer SBSDs will be approximately 2.5 hours. Accordingly, the Commission staff estimates that the resulting annual recordkeeping hour burden for paragraph (p)(3)(iii) of Rule 15c3-3 is approximately 2,470 hours.[78]

<u>Counterparty Notice (Rule 15c3-3(p)(4)(i))</u>

Paragraph (p)(4)(i) of Rule 15c3-3 requires that broker-dealer SBSDs and broker-dealer MSBSPs provide a notice to a counterparty pursuant to section 3E(f) of the Exchange Act prior to the execution of the first non-cleared security-based swap transaction with the counterparty occurring after the compliance date of the new rule.[79]

The number of notices sent will depend on the number of counterparties with which each broker-dealer SBSD or broker-dealer MSBSP engages in security-based swap transactions. The number of counterparties an SBSD and MSBSP has will vary depending on the size and complexity of the firm and its operations. The Commission staff estimates that each broker-dealer SBSD would have approximately 1,000 counterparties at any given time.[80] Therefore, the

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77 A commenter requested that the Commission require a weekly SBS Customer Reserve Account computation rather than a daily computation. The commenter stated that calculating the reserve account formula is an onerous process that is operationally intensive and requires a significant commitment of resources. The commenter further stated that the Commission can achieve its objective of decreasing liquidity pressures on SBSDs while limiting operational burdens by requiring weekly computations and permitting daily computations. *See* Letter from Kenneth E. Bentsen, Jr., Executive Vice President, Securities Industry and Financial Markets Association (Feb. 22, 2013). In response to comments, the Commission modified its final rules to require a weekly SBS Customer Reserve Account computation. The final rules further provide that stand-alone broker-dealers or SBSDs may perform daily computations if they choose to do so.

78 (8 broker-dealer SBSDs + 11 broker-dealers engaged in security-based swap activities but not required to register as an SBSD or MSBSP + 0 broker-dealer MSBSPs) x 52 weeks x 2.5 hours/week = 2,470 hours.

79 *See* paragraph (p)(4)(i) of Rule 15c3-3, as amended.

80 The Commission previously estimated that there are approximately 10,900 market participants in security-based swap transactions. *See Business Conduct Release*, 81 FR at 30089. Based on the 10,900 market participants and Commission staff experience relative to the securities and OTC derivatives industry, the Commission staff estimates that each broker-dealer SBSD and MSBSP will have 1,000 counterparties at any given time. The number of counterparties may widely vary depending on the size of the SBSD or MSBSP. A large firm may have thousands or counterparties at one time, while a smaller firm may have substantially less than 1,000. The Commission staff also estimates, based on staff experience, that these

Commission staff estimates that approximately 5,000 notices will be sent in the first year by each of the 5 additional broker-dealer SBSDs.[81] The Commission staff estimates that each of the 5 broker-dealer SBSDs will spend approximately 10 minutes sending out the notice. These estimates result in an industry-wide one-time, initial third-party hour burden of approximately 833 hours, or approximately 278[82] hours per year on an annualized basis.[83]

The Commission staff further estimates that the 8 broker-dealer SBSDs will establish account relationships with 200 new counterparties per year. Therefore, the Commission staff estimates that approximately 1,600 notices will be sent annually.[84] These estimates result in an industry-wide annual third-party hour burden of approximately 267 hours.[85]

Subordination Agreements (Rule 15c3-3(p)(4)(ii))

Under paragraph (p)(4)(ii) of Rule 15c3-3, a broker-dealer SBSD is required to obtain agreements from counterparties that do not choose to require segregation of funds or other property pursuant to Section 3E(f) of the Exchange Act or paragraph (p)(3)(iii) of Rule 15c3-3, as amended, in which the counterparty agrees to subordinate all of its claims against the broker-dealer to the claims of customers and security-based swap customers of the broker-dealer.[86]

The Commission staff estimates that each additional broker-dealer SBSD will spend, on average, approximately 200 hours in an initial, one-time burden to draft and prepare standard subordination agreements. These estimates result in an industry-wide one-time third-party hour burden of approximately 1,000 hours, or approximately 333 hours per year on an annualized basis.[87]

As discussed above, the Commission staff estimates that each broker-dealer SBSD would have approximately 1,000 counterparties at any given time. The Commission staff further estimates that approximately 50 percent of these counterparties will either elect individual

entities will establish account relationships with approximately 200 new counterparties a year, or approximately 20 percent of a firm's existing counterparties.

81 (5 additional broker-dealer SBSDs) x 1,000 counterparties = 5,000 notices.

82 166.67 rounded to 167.

83 (5,000 notices x 10 minutes) / 60 minutes = 833.33, rounded to 833 hours. For purposes of this supporting statement, this one-time burden annualized over the three-year approval period is approximately 278 hours (833/ 3 = 277.667, rounded to 278), with an average hour burden per respondent of approximately 56 hours (278 / 5 respondents = 55.6).

84 8 broker-dealer SBSDs x 200 counterparties = 1,600 notices.

85 (1,600 notices x 10 minutes) / 60 minutes = 266.67, rounded to 267 hours.

86 *See* paragraph (p)(4)(ii) of Rule 15c3-3, as amended.

87 200 hours x 5 additional broker-dealer SBSDs = 1,000 hours. For purposes of this supporting statement, this one-time burden annualized over the three-year approval period is approximately 333 hours per year (1,000/ 3 = 333.333, rounded to 333), with an average hour burden per broker-dealer SBSD of approximately 66.67 hours (333.333 / 5 additional broker-dealer SBSDs = 66.667, rounded to 66.67).

segregation or waive segregation altogether.[88] The Commission staff estimates that a broker-dealer SBSD will spend 20 hours per counterparty in an initial, one-time burden to enter into a written subordination agreement. These estimates result in an industry-wide one-time hour burden for the 5 additional broker-dealer SBSDs of approximately 50,000 hours, or approximately 16,667 hours per year on an annualized basis.[89]

Further, as discussed above, the Commission staff estimates that each of the 8 broker-dealer SBSDs will establish account relationships with 200 new counterparties per year. The Commission staff further estimates that 50 percent or 100 of these counterparties will either elect individual segregation or waive segregation altogether. These estimates result in an industry-wide annual third-party hour burden of approximately 16,000 hours.[90]

Consequently, the Commission estimates that the aggregate annual hour burden associated with Rule 15c3-3, is approximately 1,459,681 hours.[91]

Summary of Hourly Burdens

Name of Information Collection	Type of Burden	Number of Entities Impacted	Annual Responses per Entity	Initial Burden per Entity per Response	Initial Burden Annualized per Entity per Response	Ongoing Burden per Entity per Response	Annual Burden Per Entity per Response	Total Annual Burden Per Entity	Total Industry Burden	Small Business Entities Affected
Rule 15c3-3(e)(3) – daily computations for customer reserve account	Recordkeeping	51	250	0.00	0.00	2.50	2.50	625.00	31,875	0
Rule 15c3-3(e)(3) – weekly computations for customer reserve account	Recordkeeping	123	52	0.00	0.00	2.50	2.50	130.00	15,990	0
Rule 15c3-3(e)(3) monthly computations for customer reserve account	Recordkeeping	27	12	0.00	0.00	2.50	2.50	30.00	810	27
Rule 15c3-3(e) – weekly computations for PAB reserve account	Recordkeeping	48	52	0.00	0.00	2.50	2.50	130.00	6,240	0
Rule 15c3-3(e) - monthly computations for PAB reserve account	Recordkeeping	4	12	0.00	0.00	2.50	2.50	30.00	120	4

88 Based on discussions with market participants, the Commission staff understands that many large buy-side financial end users currently ask for individual segregation and the Commission staff assumes that many of these end users will continue to do so. However, Commission staff believes that some smaller end users may not choose to incur additional cost that may come with individual segregation. Therefore, the Commission staff estimates that approximately 50 percent of counterparties will either elect individual segregation or waiver segregation altogether.

89 5 additional broker-dealer SBSDs x 500 counterparties x 20 hours = 50,000 hours. For purposes of this supporting statement, this one-time burden annualized over the three-year approval period is approximately 16,667 hours (50,000/ 3 = 16,666.667, rounded to 16,667, with an average hour burden per broker-dealer SBSD of approximately 3,333.33 hours (16,666.667 / 5 broker-dealer SBSDs = 3,333.33).

90 8 broker-dealer SBSDs x 100 counterparties x 20 hours = 16,000 hours.

91 31,875 hours + 15,990 hours + 810 hours + 6,240 hours + 120 hours + 27,500 hours + 220 hours + 1,920 hours + 320 hours + 2 hours + 640 hours + 117 hours + 5 hours + 1,430 hours + 9,533 hours + 1,097,255 hours + 190,767 hours + 38,153 hours + 7 hours + 9 hours + 0.50 hours + 300 hours + 450 hours + 2,470 hours + 278 hours + 267 hours + 333 hours + 16,667 hours + 16,000 hours + 2.5 hours = 1,459,681 hours.

Rule 15c3-3(e) - daily computations – for PAB reserve account	Recordkeeping	44	250	0.00	0.00	2.50	2.50	625.00	27,500	0
Rule 15c3-3(a)(16) (Initial)[92]	Recordkeeping	3	11	20.00	6.667	0.00	6.67	73.33	220	0
Rule 15c3-3(a)(16) (Ongoing)[93]	Recordkeeping	96	1	0.00	0.00	20.00	20.00	20.00	1,920	0
Rule 15c3-3(b)(5) – drafting/updating notice	Recordkeeping	96	1	10.00	3.33	0.00	3.33	3.33	320	0
Rule 15c3-3(b)(5) – notices to affected customers	Third-Party	43	1	0.17	0.0566	0.00	0.0566	0.0566	2	0
Rule 15c3-3(b)(5) – amend/update agreement	Recordkeeping	96	1	20.00	6.67	0.00	6.67	6.67	640	0
Rule 15c3-3(f) - obtain new letter	Recordkeeping	117	1	0.00	0.00	1.00	1.00	1.00	117	0
Rule 15c3-3(i) - notice[94]	Reporting	466	0.0193	0.00	0.00	0.50	0.50	0.50	5	0
Rule 15c3-3(j)(1) - annual	Recordkeeping	143	1	0	0.00	10.00	10.00	10.00	1,430	0
Rule 15c3-3(j)(2) - initial	Recordkeeping	143	1	200.00	66.6666667	0.00	66.6666667	66.66666667	9,533	0
Rule 15c3-3(j)(2) - annual	Recordkeeping	143	115,096.6573	0.00	0.00	0.066666666	0.066666666	0.066666666	1,097,255	0
Rule 15c3-3(o)(2)(i)	Third-Party	143	26,680.69	0.00	0.00	0.05	0.05	0.05	190,767	0
Rule 15c3-3(o)(3)	Third-Party	143	5,336.1398	0.00	0.00	0.05	0.05	0.05	38,153	0
Rule 15c3-3, Note G (annual)	Recordkeeping	26	1	0.00	0.00	0.25	0.25	0.25	7	0
Rule 15c3-3, Note G (initial)	Recordkeeping	26	1	1.00	0.333	0.00	0.333	0.333	9	0
Rule 15c3-3(e)(3)(i)(B)(*2*) notification	Reporting	1	1	0.00	0.00	0.50	0.50	0.50	0.50	0
Rule 15c3-3(p)(1) (Special Accounts) (initial)[95]	Recordkeeping	5	6	30.00	10.00	0.00	10.00	60.00	300	0
Rule 15c3-3(p)(1) (Special Accounts) (ongoing)[96]	Recordkeeping	5	3	0.00	0.00	30.00	30.00	90.00	450	0
Rule 15c3-3(p)(3)(iii) (Customer Reserve Computation)	Recordkeeping	19	52	0.00	0.00	2.50	2.50	130.00	2,470	0

92 In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is "Rule 15c3-3(a)(16)." The Commission is revising the title of this collection of information in order to clarify that this initial burden is distinct from the collection of information related to the ongoing burden depicted in the new row below.

93 In the most recently approved supporting statement for Rule 15c3-3, the collection of information is pertaining to Rule 15c3-3(a)(16) did not address subsequent ongoing burdens of broker-dealers pertaining to estimates of additional subordination agreements the broker-dealer will enter into during its ongoing business activities. The Commission is adding this collection of information in order to more accurately depict this burden.

94 In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is "Rule 15c3-3(f) – notice." The Commission is revising the title of this collection of information in order to correct a prior typographical error and appropriately refer to paragraph (i) of Rule 15c3-3.

95 In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is "Rule 15c3-3(p)(1) (Special Accounts)." The Commission is revising the title of this collection of information in order to clarify that it is distinct from the collection of information related to ongoing burdens for paragraph (p)(1) under Rule 15c3-3, which currently shares the same title.

96 In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is "Rule 15c3-3(p)(1) (Special Accounts)." The Commission is revising the title of this collection of information in order to clarify that it is distinct from the collection of information related to initial burdens for paragraph (p)(1) under Rule 15c3-3, which currently shares the same title.

Rule 15c3-3(p)(4)(i) (Counterparty Notice) (initial)[97]	Third-Party	5	1,000	0.16666667	0.05555556	0.00	0.05555556	55.55	278	0
Rule 15c3-3(p)(4)(i) (Counterparty Notice) (annual)[98]	Third Party	8	200	0.00	0.00	0.16666667	0.16666667	33.35	267	0
Rule 15c3-3(p)(4)(ii) (Subordination Agreements – Preparing Standard Agreements)[99]	Third-Party	5	1	200.00	66.67	0.00	66.67	66.67	333	0
Rule 15c3-3(p)(4)(ii) (Subordination Agreements – Entering into Agreements)[100]	Third-Party	5	500	20.00	6.66666667	0.00	6.66666667	3,333.3	16,667	0
Rule 15c3-3(p)(4)(ii) (Subordination Agreements – New Account Relationships)[101]	Third-Party	8	100	0.00	0.00	20.00	20.00	2,000.00	16,000	0
Rule 15c3-3(e)(3)(v) notification	Reporting	15	1	0.5	0.16666667	0.00	0.16666667	0.16666667[102]	2.5	0
								TOTAL HOURLY BURDEN FOR ALL RESPONDENTS	1,459,681	

13. Costs to Respondents

The Commission estimates that the aggregate annual cost burden associated with Rule 15c3-3 is approximately $5,076,465 calculated as described below.

Paragraph (b)(5) of Rule 15c3-3 will require a broker-dealer to incur postage costs when sending out the required written notice to customers. The Commission estimates that there are

97 In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is "Rule 15c3-3(p)(4)(i) (Counterparty Notice)." The Commission is revising the title of this collection of information in order to clarify that it is distinct from the collection of information related to annual burdens for paragraph (p)(4)(i) under Rule 15c3-3, which currently shares the same title.

98 In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is "Rule 15c3-3(p)(4)(i) (Counterparty Notice)." The Commission is revising the title of this collection of information in order to clarify that it is distinct from the collection of information related to initial burdens for paragraph (p)(4)(i) under Rule 15c3-3, which currently shares the same title.

99 In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is "Rule 15c3-3(p)(4)(ii) (Subordination Agreements)." The Commission is revising the title of this collection of information in order to clarify that it is distinct from the separate collections of information related to entering into such agreements and forming new account relationships, which currently share the same title.

100 In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is "Rule 15c3-3(p)(4)(ii) (Subordination Agreements)." The Commission is revising the title of this collection of information in order to clarify that it is distinct from the separate collections of information related to preparing standard agreements and forming new account relationships, which currently share the same title.

101 In the most recently approved supporting statement for Rule 15c3-3, the title of this collection of information is "Rule 15c3-3(p)(4)(ii) (Subordination Agreements)." The Commission is revising the title of this collection of information in order to clarify that it is distinct from the separate collections of information related to entering into such agreements and forming new account relationships, which currently share the same title.

102 We estimate that 15 or fewer respondents will be required to meet the notification requirement over three years. We divided the estimated burden of .5 hours by 3 for purposes of entering an annual number into ROCIS.

approximately 851 existing PAB customers and approximately 5% of those customers will be affected by this requirement as they have not yet received the required written notice from their broker-dealer.[103] Therefore, broker-dealers will have to send approximately 43 written notices. These carrying broker-dealers will likely use the least expensive method to comply with this requirement and may include this notification with other mailings sent to PAB account holders. The Commission, however, conservatively estimates that the postage cost or each notification, using the current price of first-class postage, will be approximately $0.82 per document sent. Therefore, the Commission estimates that the total one-time third-party disclosure cost associated with sending the required written notification to PAB account holders will be approximately $35.26, or approximately $12 per year on an annualized basis.[104]

Additionally, the Commission estimates that the 96 broker-dealers carrying PAB accounts likely will engage outside counsel to review the required notice, as well as the standard PAB template agreement under the final rule amendments to Rule 15c3-3. As a result, the Commission estimates that each of these 96 broker-dealers will likely incur approximately $2,520 in one-time legal costs,[105] for a total one-time recordkeeping cost to the industry of approximately $241,920, or approximately $80,640 per year on an annualized basis,[106] to review and comment on these materials.

The Commission also estimates that broker-dealers will consult with outside counsel in making system changes, particularly with respect to the language in the disclosures and notices under paragraph (j)(2) to Rule 15c3-3 related to the treatment of free credit balances. As a result, the Commission estimates that the average one-time recordkeeping cost to a broker-dealer will be approximately $25,200[107] and the average one-time recordkeeping cost to all broker-dealers will be approximately $3,603,600, or approximately $1,201,200 per year on an annualized basis.[108]

Rule 15c3-3(o)(2)(i) requires a broker-dealer that effects transactions for customers in SFPs to provide each customer that engages in SFP transactions with a disclosure document containing certain information. The costs of printing and sending the disclosure document to customers will be based on the number of customer accounts that will be opened by customers to effect transactions in SFPs. As applied in section 12 above, the Commission estimates that 8% of the accounts held by broker-dealers that are also registered as FCMs, or 3,815,338 accounts,

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103 851 PAB account holders x 5% = 42.55 PAB account holders, rounded to 43 PAB account holders.

104 43 notices x $0.82 = $35.26, or about $11.75 annualized over three years rounded up to 12.

105 5 hours x $504 per hour = $2,520. The Commission estimates the review of the notice and standard PAB template will require 5 hours of outside counsel time, which is the same estimate used for outside counsel review in another recent release. Based on Commission experience with the PAIB Letter and the application of Rule 15c3-3, the Commission estimates the outside counsel review related to the PAB amendments will take a comparable amount of time.

106 96 firms x $2,520 legal cost = $241,920. This is $80,640 on an annualized basis ($241,920 / 3 = $80,640).

107 $504 per hour x 50 hours = $25,200. The Commission estimates that the average hourly cost for an outside counsel will be approximately $504 per hour.

108 143 broker-dealers x $25,200 = $3,603,600 , or $1,201,200 annualized over three years.

may engage in SFP transactions.[109] This equates to an average of approximately 26,681 accounts per broker-dealer.[110] The Commission also estimates that the cost of printing and sending each disclosure document will be approximately $0.82 per document sent, based on the price of first class postage. Therefore, the Commission estimates that the annual recordkeeping and disclosure cost burden associated with this rule requirement is approximately $3,128,577.[111]

Rule 15c3-3(o)(3)(ii) requires a broker-dealer that changes the type of account in which a customer's SFPs are held to promptly notify the customer in writing of the date that change became effective. The Commission estimates that 763,068 accounts[112] may change account type per year, thus broker-dealers will be required to send this notification to 763,068 customers. This equates to an average of approximately 5,336 accounts per broker-dealer.[113] The Commission notes that firms will likely use the least expensive method to comply with these requirements, and may include this notification with other mailings, such as customer account statements, sent to the customer. Therefore, the Commission estimates that the cost of printing and posting each notification will be approximately $0.82 per document sent, resulting in an annual recordkeeping and disclosure burden of approximately $625,716.[114]

Counterparty Notice (Rule 15c3-3(p)(4)(i))

Paragraph (p)(4)(i) of Rule 15c3-3, as amended, requires that broker-dealer SBSDs and broker-dealer MSBSPs are required to provide a notice to a counterparty pursuant to section 3E(f) of the Exchange Act prior to the execution of the first non-cleared security-based swap transaction with the counterparty.[115] All broker-dealer SBSDs and broker-dealer MSBSPs are required to provide these notices to their counterparties. The Commission staff estimates that the 8 broker-dealer SBSDs will engage outside counsel to draft and review the notice at a cost of $504 per hour for an average of 10 hours per respondent. These estimates result in a one-time third-party cost burden of approximately $40,320 for all of these 8 entities, or approximately $13,440 per year on an annualized basis.[116]

Subordination Agreements (Rule 15c3-3(p)(4)(ii))

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[109] 47,691,724 accounts x 8% = 3,815,337.92, rounded up to 3,815,338 accounts. The Commission derived its 8% estimate from the number of active options accounts and conversations with industry representatives.

[110] 3,815,338 ÷ 143 = 26,680.69 rounded up to 26,681.

[111] 3,815,338 accounts x $0.82 = $3,128,577.16 rounded down to $3,128,577.

[112] 3,815,338 accounts x 20% = 763,067.60 accounts, rounded to 763,068 accounts.

[113] 763,068 ÷ 143 = 5,336.14 rounded down to 5,336.

[114] 763,068 accounts x $0.82 = $625,715.76, rounded to $625,716.

[115] *See* paragraph (p)(4)(i) of Rule 15c3-3, as amended.

[116] 8 broker-dealer SBSDs x $504 per hour x 10 hours = $40,320. The Commission expects that these functions will likely be performed by outside counsel with an expertise in financial services law to help ensure that counterparties are receiving the proper notice under the statutory requirement. The Commission is annualizing the one-time costs over the three-year approval period to reflect an annualized cost of approximately $13,440 per year ($40,320/3 = $13,440, or approximately $1,680 per respondent ($13,440/8 = $1,680)).

Under paragraph (p)(4)(ii) of Rule 15c3-3, a broker-dealer SBSD is required to obtain agreements from counterparties that do not choose to require segregation of funds or other property pursuant to Section 3E(f) of the Exchange Act or paragraph (p)(3)(iii) of Rule 15c3-3, as amended, in which the counterparty agrees to subordinate all of its claims against the broker-dealer to the claims of customers and security-based swap customers of the broker-dealer.[117] Because the broker-dealer SBSD will enter into these agreements with security-based swap customers after the broker-dealer SBSD prepares a standard subordination agreement in-house, the Commission staff also estimates that a broker-dealer SBSD will have outside counsel review the standard subordination agreements and that the review will take approximately 20 hours at a cost of approximately $504 per hour. As a result, the Commission staff estimates that each broker-dealer SBSD will incur one-time third-party costs of approximately $10,080.[118] These estimates result in an industry-wide one-time third-party cost of approximately $80,640, or approximately $26,880 per year on an annualized basis.[119]

Consequently, the Commission estimates the aggregate annual cost burden associated with Rule 15c3-3 is thus approximately $5,076,465.[120]

Summary of Dollar Costs										
Name of Information Collection	**Type of Burden**	**Number of Entities Impacted**	**Annual Responses per Entity**	**Initial Cost per Entity per Response**	**Initial Cost Annualized per Entity per Response**	**Ongoing Cost per Entity per Response**	**Annual Cost Per Entity per Response**	**Total Annual Cost Per Entity**	**Total Industry Cost**	**Small Business Entities Affected**
Rule 15c3-3(b)(5)	Third-party disclosure	43	1	$0.82	$0.27	0	$0.27	$0.27	$12	0
Rule 15c3-3(b)(5)	Recordkeeping	96	1	$2,520.00	$840	0	$840	$840	$80,640	0
Rule 15c3-3(j)(2)	Recordkeeping	143	1	$25,200	$8,400	0	$8,400	$8,400	$1,201,200	0
Rule 15c3-3(o)(2)(i)	Third-party disclosure	143	26,680.69	$0.00	$0.00	$0.82	$0.82	$0.82	$3,128,577	0
Rule 15c3-3(o)(3)(ii)	Third-party disclosure	143	5,336.14	$0.00	$0.00	$0.82	$0.82	$0.82	$625,716	0
Rule 15c3-3(p)(4)(i) (Counterparty Notice)	Third-Party	8	1	$5,040	$1680	0	$1,680	$1,680	$13,440	0
Rule 15c3-3(p)(4)(ii) (Subordination Agreements)	Third-Party	8	1	$16,800	$3360	0	$3,360	$3,360	$26,880	0
TOTAL COST FOR ALL RESPONDENTS									**$5,076,465**	

14. Costs to Federal Government

The staff does not anticipate this information collection to impose additional costs to the Federal Government.

117 *See* paragraph (p)(4)(ii) of Rule 15c3-3, as amended.

118 $504 x 20 hours = $10,080.

119 $10,080 x 8 broker-dealer SBSDs = $80,640. The Commission is annualizing the one-time costs over the three-year approval period to reflect an annualized cost of $26,880 per year ($80,640/3 = $26,880), or approximately $3,360 per respondent ($26,880/8 = $3,360).

120 $12 + $80,640 + $1,201,200 + $3,128,577 + $625,716 + $13,440 + $26,880 = $5,076,465.

15. Changes in Burden

As specified in the chart below, the changes in the hourly burden are due to a variety of factors, including a change in the number of broker-dealers and customer accounts subject to particular burdens, the Commission's adoption of the 2024 Amendments, and an increase in the cost of postage and outside counsel.

Name of Information Collection	Revised Annual Industry Burden	Annual Industry Burden Previously Reviewed	Change in Burden	Reason for Change
Rule 15c3-3(e)(3) – daily computations for customer reserve account – Hour Burden	31,875	34,375	(2,500)	Decrease in the number of respondents
Rule 15c3-3(e)(3) – weekly computations for customer reserve account – Hour Burden	15,990	15,730	260	Increase in the number of respondents
Rule 15c3-3(e)(3) – monthly computations for customer reserve account – Hour Burden	810	930	(120)	Decrease in the number of respondents
Rule 15c3-3(e) – weekly computations for PAB reserve account – Hour Burden	6,240	5,460	780	Increase in the number of respondents
Rule 15c3-3(e) - monthly computations for PAB reserve account – Hour Burden	120	150	(30)	Decrease in the number of respondents
Rule 15c3-3(e) - daily computations for PAB reserve account – Hour Burden	27,500	28,750	(1,250)	Decrease in the number of respondents
Rule 15c3-3(a)(16) (Initial) – Hour Burden	220	6,820	(6,600)	Decrease in number of respondents incurring initial burden

Rule 15c3-3(a)(16) (Ongoing) – Hour Burden	1,920	N/A	1,920	Separate information collection showing ongoing burden following initial burden
Rule 15c3-3(b)(5) – drafting/updating notice – Hour Burden	320	310	10	Increase in the number of respondents
Rule 15c3-3(b)(5) – notices to affected customers – Hour Burden	2	3	(1)	Decrease in the number of respondents
Rule 15c3-3(b)(5) – amend/update agreement – Hour Burden	640	620	20	Increase in the number of respondents
Rule 15c3-3(f) - obtain new letter – Hour Burden	117	139	(22)	Decrease in the number of respondents
Rule 15c3-3(f) – notice – Hour Burden	5	8	(3)	Decrease in the number of respondents
Rule 15c3-3(j)(1) – annual – Hour Burden	1,430	1,420	10	Increase in the number of respondents
Rule 15c3-3(j)(2) – initial – Hour Burden	9,533	9,467	66	Increase in the number of respondents
Rule 15c3-3(j)(2) – annual – Hour Burden	1,097,255	855,838	241,417	Increase in the number of accounts
Rule 15c3-3(o)(2)(i) – Hour Burden	190,767	155,504	35,263	Increase in the number of accounts
Rule 15c3-3(o)(3) – Hour Burden	38,153	31,101	7,052	Increase in the number of accounts
Rule 15c3-3, Note G (annual) – Hour Burden	7	8	(1)	Decrease in the number of respondents
Rule 15c3-3, Note G (initial) – Hour Burden	9	10	(1)	Decrease in the number of respondents
Rule 15c3-3(p)(1) (Special Accounts) (initial) – Hour Burden	300	840	(540)	Decrease in the number of respondents

Rule 15c3-3(p)(1) (Special Accounts) (ongoing) – Hour Burden	450	360	90	Increase in the number of respondents
Rule 15c3-3(p)(3)(iii) (Customer Reserve Computation) – Hour Burden	2,470	1,820	650	Increase in the number of respondents
Rule 15c3-3(p)(4)(i) (Counterparty Notice) – Hour Burden	278	167	111	Increase in the number of respondents
Rule 15c3-3(p)(4)(i) (Counterparty Notice) – Hour Burden	267	100	167	Increase in the number of respondents
Rule 15c3-3(p)(4)(ii) (Subordination Agreements – Preparing Standard Agreements) – Hour Burden	333	200	133	Increase in the number of respondents
Rule 15c3-3(p)(4)(ii) (Subordination Agreements – Entering into Agreements) – Hour Burden	16,667	10,000	6,667	Increase in the number of respondents
Rule 15c3-3(p)(4)(ii) (Subordination Agreements – New Account Relationships) – Hour Burden	16,000	6,000	10,000	Increase in the number of respondents
Rule 15c3-3(b)(5) – Cost Burden	$80,640	$71,610	$9,030	Increase in the number of respondents and increase in the cost of outside counsel
Rule 15c3-3(j)(2) – Cost Burden	$1,201,200	$1,093,400	$107,800	Increase in the number of respondents and increase in the cost of outside counsel
Rule 15c3-3(o)(2)(i) – Cost Burden	$3,128,577	$1,959,349	$1,169,228	Increase in the number of accounts and the cost of postage
Rule 15c3-3(o)(3)(ii) – Cost Burden	$625,716	$391,870	$233,846	Increase in the number of accounts and increase in the cost of postage
Rule 15c3-3(p)(4)(i) (Counterparty Notice) – Cost Burden	$13,440	$4,620	$8,820	Increase in the number of respondents and increase in the cost of outside counsel

Rule 15c3-3(p)(4)(ii) (Subordination Agreements) – Cost Burden	$26,880	$9,240	$17,640	Increase in the number of respondents and increase in the cost of outside counsel

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.