



8011-01p
SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request, Copies Available From:
Securities and Exchange Commission
Office of FOIA Services
100 F Street, NE
Washington, DC 20549-2736

Extension: Rule 17a-4

SEC File No. 270-198, OMB Control No. 3235-0279

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (“PRA”) (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission (“Commission”) is soliciting comments on the collection of information provided for in Rule 17a-4 (17 CFR 240.17a-4), under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.). The Commission plans to submit this existing collection of information to the Office of Management and Budget (“OMB”) for extension and approval.

Rule 17a-4 requires exchange members, brokers and dealers (“broker-dealers”) to preserve for prescribed periods of time certain records required to be made by Rule 17a-3. In addition, Rule 17a-4 requires the preservation of records required to be made by other Commission rules and other kinds of records which firms make or receive in the ordinary course of business. These include, but are not limited to, bank statements, cancelled checks, bills receivable and payable, originals of communications, and descriptions of various transactions. Rule 17a-4 also permits broker-dealers to employ, under certain conditions, electronic storage media to maintain records required to be maintained under Rules 17a-3 and 17a-4.

There are approximately 4,104 active, registered broker-dealers. The staff estimates that the average amount of time necessary to preserve the books and records as required by Rule 17a-4 is 254 hours per broker-dealer per year. In addition, the Commission is moving into this information collection the annual burden hours for paragraph (b)(11) of Rule 17a-4, which requires any broker-dealer that sponsors an internal broker-dealer system to maintain certain records relating to such system for at least three years. The Commission estimates that paragraph (b)(11) of Rule 17a-4 imposes an annual burden of 3 hours per year to maintain the requisite records. The Commission estimates that there are approximately 150 internal broker-dealer systems, resulting in an annual recordkeeping burden of 450 hours. Therefore, the Commission estimates that compliance with Rule 17a-4 requires 1,042,866 hours each year ((4,104 broker-dealers x 254 hours) + (150 broker-dealers x 3 hours)). These burdens are recordkeeping burdens.

The staff believes that compliance personnel would be charged with ensuring compliance with Commission regulation, including Rule 17a-4. The staff estimates that the hourly salary of a Compliance Clerk is \$65 per hour.¹ Based upon these numbers, the total internal cost of compliance for 4,104 respondents is the dollar cost of approximately \$67.8 million (1,042,416 yearly hours x \$65). The total burden hour decrease of 242,062 is due to a decrease in the number of respondents from 5,057 to 4,104.

Based on conversations with members of the securities industry and the Commission's experience in the area, the staff estimates that the average broker-dealer spends approximately \$5,000 each year to store documents required to be retained under Rule 17a-4. Costs include the

¹ This figure is based on SIFMA's *Office Salaries in the Securities Industry 2016*, modified by Commission staff to account for an 1,800-hour work-year multiplied by 2.93 to account for bonuses, firm size, employee benefits, and overhead.

cost of physical space, computer hardware and software, etc., which vary widely depending on the size of the broker-dealer and the type of storage media employed. The Commission estimates that the annual reporting and recordkeeping cost burden is \$20,520,000. This cost is calculated by the number of active, registered broker-dealers multiplied by the reporting and recordkeeping cost for each respondent (4,104 active, registered broker-dealers x \$5,000).

Written comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

Please direct your written comments to: Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street, NE, Washington, DC 20549, or send an email to : PRA_Mailbox@sec.gov.

Brent J. Fields
Secretary

August 19, 2016