



SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-325, OMB Control No. 3235-0385]

Proposed Collection; Comment Request; Extension: Rule 15g-9

Upon Written Request, Copies Available From:

Securities and Exchange Commission

Office of FOIA Services

100 F Street NE

Washington, DC 20549-2736

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 existing collection of information provided for in Rule 15g-9 (17 CFR 240.15g-9) (the “Rule”), under the Securities Exchange Act of 1934 (15 U.S. C. 78a *et seq.*) (the “Exchange Act”). The Commission plans to submit this existing collection of information to the Office of Management and Budget (“OMB”) for extension and approval.

Section 15(c)(2) of the Exchange Act (15 U.S.C. authorizes the Commission to promulgate rules that prescribe means reasonably designed to prevent fraudulent, deceptive, or manipulative practices in connection with over-the-counter (“OTC”) securities transactions. Pursuant to this authority, the Commission in 1989 adopted Rule 15c2-6, which was subsequently redesignated as Rule 15g-9, 17 CFR 240.15g-9. The Rule requires broker-dealers to produce a written suitability determination for, and to obtain a written customer agreement to, certain recommended transactions in penny stocks that are not registered on a national securities exchange, and whose issuers do not meet certain minimum financial standards. The Rule is intended to prevent the indiscriminate use by broker-dealers of fraudulent, high pressure telephone sales campaigns to sell penny stocks to unsophisticated customers.

The Commission staff estimates that approximately five percent of registered broker-

dealers, or 175 broker-dealers,¹ are subject to the Rule (5% x approximately 3,497 registered broker-dealers = 175 broker-dealers). As indicated above, the burden of the Rule on a respondent varies widely depending on the frequency with which new customers are solicited. On average, for all respondents, the staff has estimated that respondents process three new customers per week, or approximately 156 new customers requiring suitability determinations per year. We also estimate that a broker-dealer would take approximately one-half hour per new customer in obtaining, reviewing, and processing (including transmitting to the customer) the information required by Rule 15g-9, and each respondent would consequently spend 78 hours annually (156 new customers x .5 hours) obtaining the information required in the Rule. This would result in 27,300 annual responses per year for all respondents (175 respondents x 156 new customer suitability determinations per year). We determined, based on the estimate of 175 broker-dealer respondents, that the annual hour burden of Rule 15g-9 is 13,650 hours (175 respondents x 78 hours).

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 estimates 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 by [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION OF IN THE **FEDERAL REGISTER**].

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

¹ As of July 1, 2023, there are 3,497 registered broker-dealers. 5% of 3,497 is 174.85, rounded up to 175.

Please direct your written comments to: David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street NE, Washington, DC 20549, or send an email to: PRA_Mailbox@sec.gov.

Dated: September 8, 2023.

Sherry R. Haywood,

Assistant Secretary.

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