



**SECURITIES AND EXCHANGE COMMISSION**

**[SEC File No. 270-667, OMB Control No. 3235-0745]**

**Submission for OMB Review; Comment Request; Extension: Rule 18a-5**

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”) has submitted to the Office of Management and Budget (“OMB”) a request for approval of extension of the previously approved collection of information provided for in Rule 18a-5, under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).

Rule 18a-5 enumerates the recordkeeping and reporting requirements for security-based swap dealers (“SBSDs”) and major security-based swap participants (“MSBSPs”). More specifically, Rule 18a-5 establishes recordkeeping requirements applicable to stand-alone SBSDs, stand-alone MSBSPs, bank SBSDs, and bank MSBSPs. Rule 18a-5 was modeled on Rule 17a-3 under the Exchange Act, which applies to broker-dealers, but Rule 18a-5 does not include a parallel requirement for every requirement in Rule 17a-3 because some of the requirements in Rule 17a-3 relate to activities that are not expected or permitted of SBSDs and MSBSPs. The collections of information under Rule 18a-5 include the following types of records that are required to be created: trade blotters, general ledger, ledgers for customers and non-customer accounts, stock record, memoranda of brokerage orders, memoranda of proprietary orders, confirmations, accountholder information, options positions, trial balances and computation of net capital, associated person’s employment application, account equity and margin calculations under Rule 18a-3, possession or control requirements for security-based

swap customers, customer reserve requirements for security-based swap customers, unverified transactions, political contributions, and compliance with business conduct requirements. The purpose of requiring stand-alone SBSBs, stand-alone MSBSBs, bank SBSBs, and bank MSBSBs to create the records specified in Rule 18a-5 is to enhance regulators' ability to protect investors. These records and the information contained therein are used by examiners and other representatives of the Commission to determine whether stand-alone SBSBs, stand-alone MSBSBs, bank SBSBs, and bank MSBSBs are in compliance with the Commission's anti-fraud and anti-manipulation rules, financial responsibility program, and other laws, rules, and regulations.

Not all types of records enumerated in Rule 18a-5 are required to be made by each of the entities to which Rule 18a-5 applies. For example, Rule 18a-5 requires thirteen types of records to be made and kept current by stand-alone SBSBs and stand-alone MSBSBs.<sup>1</sup> Rule 18a-5 also requires three types of records to be made and kept current by stand-alone SBSBs.<sup>2</sup> Rule 18a-5 requires 10 types of records to be made and kept current by bank SBSBs and bank MSBSBs, all of which are limited to the firm's business as an SBSB or MSBSB.<sup>3</sup> Further, Rule 18a-5 includes paragraphs (b)(9), (b)(10), and (b)(12) which requires bank SBSBs to make and keep current various records for security-based swaps.<sup>4</sup>

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<sup>1</sup> See Rule 18a-5 (paragraph (a)(1) (trade blotters); paragraph (a)(2) (general ledgers); paragraph (a)(3) (ledgers of customer and non-customer accounts); paragraph (a)(4) (stock record); paragraph (a)(5) (memoranda of proprietary orders); paragraph (a)(6) (confirmations); paragraph (a)(7) (accountholder information); paragraph (a)(8) (options positions); paragraph (a)(9) (trial balances and computation of net capital); paragraph (a)(10) (associated person's application); paragraph (a)(12) (Rule 18a-3 calculations); paragraph (a)(15) (unverified transactions); paragraph (a)(17) (compliance with business conduct standards)).

<sup>2</sup> See Rule 18a-5 (paragraph (a)(13) (compliance with Rule 18a-4 possession or control requirements); paragraph (a)(14) (Rule 18a-4 reserve account computations); and paragraph (a)(16) (political contributions)).

<sup>3</sup> See Rule 18a-5 (paragraph (b)(1) (trade blotters); paragraph (b)(2) (general ledgers); paragraph (b)(3) (stock record); paragraph (b)(4) (memoranda of brokerage orders); paragraph (b)(5) (memoranda of proprietary orders); paragraph (b)(6) (confirmations); paragraph (b)(7) accountholder information); paragraph (b)(8) (associated person's application); paragraph (b)(11) (unverified transactions); and paragraph (b)(13) (compliance with business conduct requirements)).

<sup>4</sup> See Rule 18a-5 (paragraph (b)(9) (possession or control requirements under Rule 18a-4); paragraph (b)(10) (customer reserve requirements under Rule 18a-4); and paragraph (b)(12) (political contributions)).

As of November 30, 2023, there are 11 stand-alone SBSBs, zero stand-alone MSBSBs, 29 bank SBSBs, and zero bank MSBSBs registered with the Commission. The Commission estimates that each recordkeeping provision of Rule 18a-5 imposes on each firm that is subject to the provision an initial burden and an ongoing annual burden. The total initial industry hour burden attributable to Rule 18a-5 is estimated to be 11,060 hours in the first year and the total industry ongoing hour burden attributable to Rule 18a-5 is estimated to be 13,825 hours per year (including the first year). Over a three-year period, the total estimated industry burden is estimated to be 52,535 hours, or about 17,511 hours per year when annualized. These burdens are recordkeeping burdens.

In addition, the Commission estimates that Rule 18a-5 causes a stand-alone SBSB or stand-alone MSBSB to incur an initial dollar cost of approximately \$1,000 to purchase recordkeeping system software and an ongoing dollar cost of \$4,650 per year to provide adequate physical space and computer hardware and software for storage. As of November 30, 2023, there are 11 respondents (11 stand-alone SBSBs and zero stand-alone MSBSBs), resulting in an estimated industry-wide initial burden of \$11,000 and an industry-wide ongoing burden of \$51,150 per year. Over a three-year period, the total estimated industry burden would be \$164,450, or about \$54,817 per year when annualized.

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.

The public may view background documentation for this information collection at the following website: [www.reginfo.gov](http://www.reginfo.gov). Find this particular information collection by selecting "Currently under 30-day Review - Open for Public Comments" or by using the search function. Written comments and recommendations for the proposed information collection should be sent by [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE **FEDERAL REGISTER**] to (i) [www.reginfo.gov/public/do/PRAMain](http://www.reginfo.gov/public/do/PRAMain) and (ii) David Bottom,

Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo,  
100 F Street, NE, Washington, DC 20549, or by sending an email to: PRA\_Mailbox@sec.gov.

Dated: March 18, 2024.

**Sherry R. Haywood,**

*Assistant Secretary.*

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