



## SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-489, OMB Control No. 3235-0541]

### Submission for OMB Review; Comment Request; Extension: Rule 606 of Regulation NMS

Upon Written Request, Copies Available From:

Securities and Exchange Commission

Office of FOIA Services

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Washington, DC 20549-2736

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) (“PRA”), the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget (“OMB”) a request for approval of extension on the previously approved collection of information provided for in Rule 606 of Regulation NMS (“Rule 606”) (17 CFR 242.606), under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*).

Rule 606 (formerly known as Rule 11Ac1-6) requires require disclosure by broker-dealers of, (1) pursuant to Rule 606(a)(1), a quarterly aggregated public report on the handling of orders in NMS stocks that are submitted on a held basis and orders in NMS securities that are option contracts with a market value less than \$50,000; (2) pursuant to Rule 606(b)(1), a report, upon request of a customer, on the routing of that customer’s orders in NMS stocks that are submitted on a held basis; orders in NMS stocks that are submitted on a not held basis and do not qualify for two de minimis exceptions; and orders in NMS securities that are option contracts, containing certain information on the broker-dealer’s routing of such orders for that customer for the prior six months; and (3) pursuant to Rule 606(b)(3), a report, upon request of a customer that places with the broker-dealer, directly or indirectly, NMS stock orders of any size that are submitted on a not held basis (subject to two de minimis exceptions), containing certain

information on the broker-dealer's handling of such orders for that customer for the prior six months.

The Commission estimates that out of the currently 3,399 broker-dealers that are subject to the collection of information obligations of Rule 606(a)(1), clearing brokers bear a substantial portion of the burden of complying with the reporting and recordkeeping requirements of Rule 606 on behalf of small to mid-sized introducing firms. There currently are approximately 179 clearing brokers. In addition, there are approximately 61 introducing brokers that receive funds or securities from their customers. Because at least some of these firms also may have greater involvement in determining where customer orders are routed for execution, they have been included, along with clearing brokers, in estimating the total burden of Rule 606(a)(1).

As described in more detail, below, the total annual time burden associated with rule 606 is approximately 183,000 hours per year and the total annual cost burden is approximately \$1,300,000 per year.

The Commission staff estimates that each firm significantly involved in order routing practices incurs an average burden of 40 hours to prepare and disseminate the quarterly report required by Rule 606(a)(1), or a burden of 160 hours per year. With an estimated 240 broker-dealers significantly involved in order routing practices, the total industry-wide burden per year to comply with the quarterly reporting requirement in Rule 606 is estimated to be 38,400 hours (160 x 240). Additionally, for each of the 240 broker-dealers subject to disclosure requirements of Rule 606(a)(1), the Commission estimates the annual burden under Rule 606(a)(1)(iv) to monitor payment for order flow and profit-sharing relationships and potential self-regulatory organization rule changes that could impact their order routing decisions and incorporate any new information into their reports to be 10 hours and the annual burden for each broker-dealers to describe and update any terms of payment for order flow arrangements and profit-sharing relationships with a Specified Venue that may influence their order routing decisions to be 15

hours, for a total annual burden of 6,000 hours (25 x 240). Therefore, the estimated total annual burden to comply with Rule 606(a)(1) is 44,400 hours.

Clearing brokers generally bear the burden of responding to individual customer requests under Rule 606(b)(1) for order handling information. The Commission staff estimates that an average clearing broker incurs an annual burden of 400 hours (2000 responses x 0.2 hours/response) to prepare, disseminate, and retain responses to customers required by Rule 606. With an estimated 179 clearing brokers subject to Rule 606(b)(1), the total industry-wide burden per year to comply with the customer response requirement in Rule 606 is estimated to be 71,600 hours (179 x 400).

The Commission estimates that approximately 200 broker-dealers are involved in routing orders subject to the disclosure requirements of Rule 606(b)(3). The Commission believes that some such broker-dealers will respond to requests for customer-specific reports in house, while others will engage a third-party service provider to do so. The Commission estimates that approximately 135 broker-dealers will respond in-house to individual customer requests for information on order handling under Rule 606(b)(3), and that for each, the individual annual burden will be 400 hours (200 responses x 2 hours/response), with a total annual burden of 54,000 hours (400 x 135).

The Commission estimates that approximately 65 broker-dealers will engage a third party to respond to individual customer requests, and that for each, the individual annual burden will be 200 hours (200 responses x 1 hour/response), with a total annual burden of 13,000 hours (200 x 65). The total annual cost burden associated with engaging such third parties is approximately \$1,300,000 (65 x 200 annual requests x \$100 per request to engage a third-party service provider). Therefore, the estimated total annual burden to comply with Rule 606(b)(3) is 67,000 hours and \$1,300,000.

The public may view and comment on this information collection request at:

[https://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=202411-3235-001](https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202411-3235-001) or send an email

comment to MBX.OMB.OIRA.SEC\_desk\_officer@omb.eop.gov within 30 days of the day after publication of this notice by [INSERT DATE 31 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

Dated: January 8, 2025.

**Vanessa A. Countryman,**

*Secretary.*

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