



SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235-0702]

Proposed Collection; Comment Request; Extension: Rule 18a-3

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 (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission (“Commission”) is soliciting comments on the proposed collection of information provided for in Rule 18a-3 (17 CFR 240.18a-3), under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) (“Exchange Act”).

Rule 18a-3 establishes minimum margin requirements for nonbank security-based swap dealers (“SBSDs”) and nonbank major security-based swap participants (“MSBSPs”) for non-cleared security-based swaps. Under Rule 18a-3(e), nonbank SBSBs are required to monitor the risk of each account that holds non-cleared security based swaps for a counterparty and to establish, maintain, and document procedures and guidelines for monitoring the risk of accounts as part of its risk management control system required under Exchange Act Rule 15c3-4. In addition, Rule 18a-3(d)(2) provides that a nonbank SBSB seeking approval to use a model to calculate initial margin will be subject to an application process consistent with Exchange Act Rule 15c3-1e and Exchange Act Rule 18a-1(d), as applicable, governing the use of internal models to compute net capital.¹

The total annual hour burden associated with Rule 18a-3 is approximately 1,030 hours calculated as follows:

The Commission staff estimates that there are 13 nonbank SBSBs that are subject to Rule 18a-3(e). The staff further estimates that each nonbank SBSB would spend an average

¹ While Rule 18a-3 contains requirements that apply to both nonbank SBSBs and MSBSPs, the particular requirements that constitute a collection of information relate only to nonbank SBSBs.

approximately 60 hours per year reviewing risks associated with its counterparties pursuant to the procedures and guidelines implemented by each nonbank SBSB, for an annual industry-wide ongoing burden of approximately 780 recordkeeping hours.²

With respect to Rule 18a-3(d)(2), Commission also estimates that one nonbank SBSB uses a model to calculate initial margin and that this nonbank SBSB will spend approximately 250 hours per year reviewing, updating, and back testing its initial margin model, resulting in a total industry-wide annual hour burden of approximately 250 recordkeeping hours.³

The total annual hour burden associated with Rule 18a-3 is thus approximately 1,030 hours (780 hours + 250 hours).

The Commission estimates that there is no annual cost burden associated with Rule 18a-3 as the previously estimated start-up costs have already been incurred.

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.

Written comments are invited on: (a) whether this proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information will have practical utility; (b) the accuracy of the Commission's estimate of the burden imposed by the proposed collection of information, including the validity of the methodology and the assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated, electronic collection techniques or other forms of information technology.

Please direct your written comment to Austin Gerig, Director/Chief Data Officer, Securities and Exchange Commission, c/o Tanya Ruttenberg, 100 F Street NE, Washington, DC 20549 and send it by e-mail to PaperworkReductionAct@sec.gov within 60 days of publication

² 13 nonbank SBSBs x 60 hours = 780 hours.

³ 1 nonbank SBSB x 250 hours = 250 hours.

of this notice, by **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE
FEDERAL REGISTER]**.

Dated: May 8, 2025.

Sherry R. Haywood,

Assistant Secretary.

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