



SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235-0701]

Proposed Collection; Comment Request; Extension: Rule 18a-1

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 (“SEC” or “Commission”) is soliciting comments on the proposed collection of information in Rule 18a-1.

Rule 18a-1, 17 CFR 240.18a-1, establishes net capital requirements for nonbank security-based swap dealers that are not also broker-dealers registered with the Commission (“stand-alone SBSDs”). First, under paragraphs (a)(2) and (d) of Rule 18a-1, a stand-alone SBSD may apply to the Commission to be authorized to use internal value-at-risk (“VaR”) models to compute net capital, and a stand-alone SBSD authorized to use internal models must review and update the models it uses to compute market and credit risk, as well as back-test the models. Second, under paragraph (f) of Rule 18a-1, a stand-alone SBSD is required to comply with certain requirements of Exchange Act Rule 15c3-4 (17 CFR 240.15c3-4). Rule 15c3-4 requires OTC derivatives dealers and firms subject to its provisions to establish, document, and maintain a system of internal risk management controls to assist the firm in managing the risks associated with business activities, including market, credit, leverage, liquidity, legal, and operational risks. Third, for purposes of calculating “haircuts” on credit default swaps, paragraph (c)(1)(vi)(B)(1)(iii) of Rule 18a-1 requires stand-alone SBSDs that are not using internal models to use an industry sector classification system that is documented and reasonable in terms of grouping types of companies with similar business activities and risk characteristics. Fourth, under paragraph (h) of Rule 18a-1, stand-alone SBSDs are required to provide the Commission with certain written notices with respect to equity withdrawals. Fifth, under paragraph (c)(5) of

Appendix D to Rule 18a-1 (17 CFR 240.18a-1d), stand-alone SBSBs are required to file with the Commission two copies of any proposed subordinated loan agreement (including nonconforming subordinated loan agreements) at least 30 days prior to the proposed execution date of the agreement. Finally, under paragraph (c)(1)(ix)(C) of Rule 18a-1, a nonbank SBSB may treat collateral held by a third-party custodian to meet an initial margin requirement of a security-based swap or swap customer as being held by the nonbank SBSB for purposes of the capital in lieu of margin charge provisions of the rule if certain conditions are met. In particular, the SBSB must execute an account control agreement and must maintain written documentation of its analysis that in the event of a legal challenge the account control agreement would be held to be legal, valid, binding, and enforceable under the applicable law.

The collection of information is mandatory and is designed to ensure that stand-alone SBSBs maintain sufficient liquidity at all times to meet all unsubordinated obligations of their customers and counterparties and, should a nonbank SBSB fail, that there are sufficient resources for an orderly liquidation. These information collections facilitate the monitoring of the financial condition of nonbank SBSBs by the Commission. The information collected by the Commission under Rule 18a-1, as adopted, is kept confidential to the extent permitted by the Freedom of Information Act (5 U.S.C. § 552 *et seq*).

The annual aggregate initial burden for all respondents is estimated to be 4,310 hours. The aggregate initial cost burden for all respondents is estimated to be \$2,772,334. The aggregate annual burden for all respondents is estimated to be 28,933 hours. The aggregate annual cost burden for all respondents is estimated to be \$3,732,600.

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 SEC, including whether the information will have practical utility; (b) the accuracy of the SEC'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 comments on this 60-Day Collection Notice to Austin Gerig, Director/Chief Data Officer, Securities and Exchange Commission, c/o Tanya Ruttenberg via e-mail to PaperworkReductionAct@sec.gov by **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. There will be a second opportunity to comment on this SEC request following the *Federal Register* publishing a 30-Day Submission Notice.

Dated: July 11, 2025.

Sherry R. Haywood,

Assistant Secretary.

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