



SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235-0413]

Agency Information Collection Activities; Submission for OMB Review; Comment

Request; Extension: Rule 17Ad-16

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 17Ad-16 (17 CFR 240.17Ad-16) under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*).

Rule 17Ad-16 requires a registered transfer agent to provide written notice to the appropriate qualified registered securities depository when assuming or terminating transfer agent services on behalf of an issuer or when changing its name or address. The appropriate qualified registered securities depository must deliver such notices to qualified registered securities depositories, and they must then deliver such notices to their own participants. In addition, transfer agents that provide such notices, and qualified registered securities depositories that receive such notices, shall maintain such notices for a period of at least two years, with the first six months in an easily accessible place. This rule addresses the problem of certificate transfer delays caused by transfer requests that are directed to the wrong transfer agent or the wrong address.

The Commission published a 60-day notice in the Federal Register soliciting comments on the existing collection of information provided for in Rule 17Ad-16.¹ The Commission received comments regarding the existing collection of information.²

In the 60-Day Notice, the Commission estimated that transfer agents submit approximately 16,412 Rule 17Ad-16 notices to appropriate qualified registered securities depositories; that the average amount of time necessary to create and submit each notice is approximately 15 minutes per notice; and that, accordingly, the estimated total industry burden is 4,103 hours per year (.25 hours multiplied by 16,412 notices filed annually).³

The Commission further estimated that the internal compliance cost⁴ to prepare and send a notice is approximately \$96 (.25 hours at \$385 per hour), based on hourly compliance cost estimates for an internal compliance manager's time. These internal cost estimates were derived from the Securities Industry and Financial Markets Association's Management & Professional Earnings in the Securities Industry 2013, as adjusted by Commission staff for inflation and other factors.⁵ This yielded an industry-wide internal compliance cost estimate of \$1,575,552 (16,412 notices multiplied by \$96 per notice).

One commenter stated that transfer agents submit approximately 20% more notices than the amount estimated by the Commission because transfer agents also send notices to securities depositories other than The Depository Trust Company ("DTC") (approximately 19,700 instead

¹ Proposed Collection; Comment Request; Extension: Rule 17Ad-16, 90 FR 11198 (Mar. 4, 2025) (60-Day Notice").

² See letters from Dale Baker, Vice President, American Bankers Association (May 5, 2025) ("ABA"); Douglas Hare, Senior Vice President, UMB Bank, N.A. (May 5, 2025) ("UMB"); and Twyla Lehto, Executive Vice President, Zions Bancorporation, N.A., (May 5, 2025) (Zions Bank").

³ 318 Respondents x 51.61 Responses/Year x .25 Hours/Response = 4,103 Hours/Year.

⁴ The "internal compliance cost" is the annualized cost to respondents for the hour burdens. The annualized cost to respondents for the hour burden is included for informational purposes and is not submitted to OMB for approval.

⁵ Hourly compliance cost estimates were derived from the Securities Industry and Financial Markets Association's Management & Professional Earnings in the Securities Industry 2013, modified by Commission staff to account for inflation and an 1,800-hour work-year, and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead.

of 16,412).⁶ However, while transfer agents may send notices to securities depositories other than DTC, such notices are not within the scope of the current collection of information. As noted above, Rule 17Ad-16 requires a registered transfer agent to provide written notice to the appropriate qualified registered securities depository. The appropriate qualified registered securities depository means the qualified registered securities depository that the Commission so designates by order.⁷ To date, DTC is the only appropriate qualified registered securities depository the Commission has designated.⁸ Thus, Rule 17Ad-16 requires a registered transfer agent to provide written notice to DTC but does not include in its scope written notices to other securities depositories. Accordingly, we are not including these notices in the estimate for Rule 17Ad-16.

This commenter also stated that, due to “internal counsel salaries, compliance infrastructure investments, and routine post-filing expenses,” the estimated internal cost of sending notice is “closer to” \$500 per notice. The commenter stated that the average internal counsel base salary for transfer agents is approximately \$200,000, resulting in estimated compliance costs “closer to” \$149 per notice. Moreover, the commenter stated that transfer agents routinely incur post-notice expenses.⁹ While we recognize that transfer agents may incur such expenses, we believe such expenses are outside of the scope of the information collection in Rule 17Ad-16. The rule concerns the notice creation, delivery, and record requirements and does not require or otherwise provide for a registered transfer agent to engage in the post-notice activities or other actions identified by the commenter. However, we appreciate the information provided by the commenter regarding the costs of compliance generally. The Commission

⁶ See ABA at 4.

⁷ 17 CFR 240.17Ad-16(f).

⁸ See Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Concerning Procedures Relating to Rule 17Ad-16 and Order Designating the Depository Trust Company as the Approved Qualified Registered Securities Depository, Exchange Act Release No. 35378 (Feb. 15, 1995), 60 FR 9875 (Feb. 22, 1995).

⁹ See ABA at 3.

originally estimated that the relevant functions would be completed by an internal compliance manager, at \$385 per hour. However, we now recognize the estimated annualized cost of the hour burden for Rule 17Ad-16 may be higher than the Commission's initial estimate and we estimate that notices would be prepared by an attorney, at \$517 per hour.¹⁰ Accordingly, the Commission is increasing its estimate of the cost per notice, from \$96 per notice to \$129.25 per notice (.25 hours at \$517 per hour). This yields an industry-wide internal compliance cost estimate of \$2,121,251 (16,412 notices multiplied by \$129.25 per notice).

Commenters further requested that the Commission issue guidance: (i) that Rule 17Ad-16 does not apply at a security's issuance; (ii) that examination sampling and testing should only be performed for a post-issuance change of a transfer agent and 90% compliance should be considered a "passing" score; and (iii) that Rule 17Ad-16 applies only to securities which are made eligible at issuance with a recognized depository or, alternatively, does not apply to privately placed securities unless they are made eligible at issuance with a recognized depository.¹¹ We appreciate the request for guidance; however, we are not addressing it in this PRA submission as it relates to an interpretation of the rule and not to the existing collection of information requirements.

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 and comment on this information collection request at:

https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202502-3235-009 or email comment to MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov within 30 days of the day after

¹⁰ Hourly compliance cost estimates were derived from the Securities Industry and Financial Markets Association's Management & Professional Earnings in the Securities Industry 2013, modified by SEC staff to account for inflation and an 1,800-hour work-year, and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead.

¹¹ See ABA at 2 and 4; see also UMB at 1-2 and Zions Bank at 1-2.

publication of this notice, by **[INSERT DATE 31 DAYS AFTER DATE OF PUBLICATION
IN THE FEDERAL REGISTER]**.

Dated: July 29, 2025.

Sherry R. Haywood,

Assistant Secretary.

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