

**SUPPORTING STATEMENT for the Paperwork Reduction Act Information Collection
Submission for Definition of “Covered Clearing Agency” under Rule 17Ad-22**

Partial Revision to 3235-0695

This submission is being made pursuant to the Paperwork Reduction Act of 1995, 44 U.S.C. 3501 et seq.

A. JUSTIFICATION

1. Necessity of Information Collection

Legal Requirements

i. Exchange Act

Section 17A of the Securities Exchange Act of 1934 (“Exchange Act”) directs the Securities and Exchange Commission (“Commission”) to facilitate the establishment of (i) a national system for the prompt and accurate clearance and settlement of securities transactions and (ii) linked or coordinated facilities for clearance and settlement of securities transactions.¹ In facilitating the establishment of the national clearance and settlement system, the Commission must have due regard for the public interest, the protection of investors, the safeguarding of securities and funds, and maintenance of fair competition among brokers and dealers, clearing agencies, and transfer agents.²

Clearing agencies are broadly defined in the Exchange Act and undertake a variety of functions.³ Under Section 17A of the Exchange Act and Rule 17Ab2-1 under the Exchange Act, an entity that meets the definition of a clearing agency is required to register with the Commission or obtain from the Commission an exemption from registration prior to performing the functions of a clearing agency.⁴ To grant registration to a clearing agency, the Exchange Act requires the Commission to determine that the rules and operations of the applicant clearing agency meet the standards set forth in Section 17A of the Exchange Act.⁵ Specifically, Section

¹ See 15 U.S.C. 78q-1(a)(2); see also Report of the Senate Committee on Banking, Housing & Urban Affairs, S. Rep. No. 94-75, at 4 (1975) (urging that “[t]he Committee believes the banking and security industries must move quickly toward the establishment of a fully integrated national system for the prompt and accurate processing and settlement of securities transactions”).

² See 15 U.S.C. 78q-1(a)(2)(A).

³ See 15 U.S.C. 78c(a)(23)(A) (providing the definition of “clearing agency”); see also Exchange Act Release No. 34-71699 (Mar. 12, 2014), 79 FR 16865 (Mar. 26, 2014), corrected at 79 FR 29507, 29510–11 (May 22, 2014) (“2014 Proposing Release”); Exchange Act Release No. 34-68080 (Oct. 22, 2012), 77 FR 66219, 66221–22 (Nov. 2, 2012) (discussing the same) (“2012 Adopting Release”).

⁴ See 15 U.S.C. 78q-1; 17 CFR 240.17Ab2-1.

⁵ See 15 U.S.C. 78q-1(b)(3)(A) through(I) (identifying nine determinations that the Commission must make regarding the rules and structure of a clearing agency to grant registration). In 1980, the Commission published a statement of the views and positions of Commission staff regarding the requirements of Section 17A. See Exchange

17A(b)(3) provides that a clearing agency shall not be registered unless the Commission determines that the clearing agency's rules are consistent with the Exchange Act. In so doing, the Commission must determine that, among other things, (i) the clearing agency is so organized and has the capacity to be able to facilitate the prompt and accurate clearance and settlement of securities transactions and to safeguard securities or funds in its custody or control, (ii) the rules of the clearing agency assure a fair representation of its members and participants in the selection of its directors and administration of its affairs, (iii) the rules of the clearing agency provide for the equitable allocation of reasonable dues and fees, and (iv) the rules of the clearing agency are designed to promote the prompt and accurate clearance and settlement of securities transactions.⁶

Following this registration process, the Commission supervises registered clearing agencies using various tools. One of these tools is the rule filing process for self-regulatory organizations ("SROs"), set forth in Section 19(b) of the Exchange Act and rules and regulations thereunder.⁷ A registered clearing agency is required to file with the Commission any proposed rule or proposed change in, addition to, or deletion from the registered clearing agency's rules.⁸ The Commission publishes all proposed rule changes for comment and reviews them. Proposed rule changes are generally required to be approved by the Commission prior to going into effect.⁹ When reviewing a proposed rule change, the Commission considers the submissions of the clearing agency together with any comments received on the proposed rule change in making a determination of whether the proposed rule change is consistent with the requirements of the Exchange Act. In addition, Section 17A of the Exchange Act further provides the Commission with authority to adopt rules as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act and prohibits a clearing agency from engaging in any activity in contravention of such rules and regulations.¹⁰

In addition, Commission staff conducts examinations of registered and exempt clearing agencies to assess, among other things, existing and emerging risks, compliance with applicable statutory and regulatory requirements (including any terms and conditions set forth in an order granting registration or an exemption from registration), and a clearing agency's oversight of compliance by its participants with its rules. Section 21(a) of the Exchange Act provides the

Act Release No. 16900 (June 17, 1980), 45 FR 41920 (June 23, 1980).

⁶ See 15 U.S.C. 78q-1(b)(3)(A), (C), (D), (F).

⁷ Upon registration, registered clearing agencies are SROs under Section 3(a)(26) of the Exchange Act. See 15 U.S.C. 78c(a)(26).

⁸ An SRO must submit proposed rule changes to the Commission for review and approval pursuant to Rule 19b-4 under the Exchange Act. A stated policy, practice, or interpretation of an SRO, such as its written policies and procedures, would generally be deemed to be a proposed rule change. See 15 U.S.C. 78s(b)(1); 17 CFR 240.19b-4.

⁹ See 15 U.S.C. 78s(b)(3)(A) (setting forth the types of proposed rule changes that take effect upon filing with the Commission). The Commission may temporarily suspend those rule changes within 60 days of filing and institute proceedings to determine whether to approve or disapprove the rule changes. See 15 U.S.C. 78s(b)(3)(C).

¹⁰ See 15 U.S.C. 78q-1(d).

Commission with authority to initiate and conduct investigations to determine if there have been violations of the federal securities laws.¹¹ Section 19(h) of the Exchange Act also provides the Commission with authority to institute civil actions seeking injunctive and other equitable remedies and/or administrative proceedings arising out of such investigations.¹²

ii. Dodd-Frank Act

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) provides the Commission with authority to regulate certain over-the-counter (“OTC”) derivatives. Specifically, Title VII added provisions to the Exchange Act that (i) require entities performing the functions of a clearing agency with respect to security-based swaps (“security-based swap clearing agencies”) to register with the Commission, and (ii) direct the Commission to adopt rules with respect to security-based swap clearing agencies.¹³

In addition, the Payment, Clearing, and Settlement Supervision Act of 2010 (“Clearing Supervision Act”), enacted in Title VIII of the Dodd-Frank Act, provides for the enhanced regulation of certain financial market utilities (“FMUs”).¹⁴ FMUs include clearing agencies that manage or operate a multilateral system for the purpose of transferring, clearing, or settling payments, securities, or other financial transactions among financial institutions or between financial institutions and the FMU.¹⁵ The Financial Stability Oversight Council (“FSOC”) has designated certain FMUs as systemically important or likely to become systemically important (“SIFMUs”).¹⁶ The Commission is the supervisory agency for four SIFMUs: DTC, FICC,

¹¹ See 15 U.S.C. 78u(a).

¹² See 15 U.S.C. 78s(h).

¹³ See 15 U.S.C. 78q-1(i), (j); Dodd-Frank Act, Sec. 763(b), 124 Stat. at 1768–69 (adding paragraphs (i) and (j) to Section 17A of the Exchange Act).

¹⁴ The objectives and principles for the risk management standards prescribed under the Clearing Supervision Act shall be to (i) promote robust risk management; (ii) promote safety and soundness; (iii) reduce systemic risks; and (iv) support the stability of the broader financial system. Further, the Clearing Supervision Act states that the standards may address areas such as risk management policies and procedures; margin and collateral requirements; participant or counterparty default policies and procedures; the ability to complete timely clearing and settlement of financial transactions; capital and financial resources requirements for designated FMUs; and other areas that are necessary to achieve the objectives and principles described above. See 12 U.S.C. 5464(b), (c).

¹⁵ See 12 U.S.C. 5462(6). The definition of “financial market utility” in Section 803(6) of the Clearing Supervision Act contains a number of exclusions that include, but are not limited to, certain designated contract markets, registered futures associations, swap data repositories, swap execution facilities, national securities exchanges, national securities associations, alternative trading systems, security-based swap data repositories, security-based swap execution facilities, brokers, dealers, transfer agents, investment companies, and futures commission merchants. See 12 U.S.C. 5462(6)(B).

¹⁶ See 12 U.S.C. 5463. An FMU is systemically important if the failure of or a disruption to the functioning of such FMU could create or increase the risk of significant liquidity or credit problems spreading among financial institutions or markets and thereby threaten the stability of the U.S. financial system. See 12 U.S.C. 5462(9). On July 18, 2012, the FSOC designated as systemically important the following then-registered clearing agencies: CME Group (“CME”), The Depository Trust Company (“DTC”), Fixed Income Clearing Corporation (“FICC”), ICE Clear Credit (“ICC”), National Securities Clearing Corporation (“NSCC”), and The Options Clearing Corporation

NCCC, and OCC. The Commission jointly regulates ICC and OCC with the Commodity Futures Trading Commission (“CFTC”). The Commission also jointly regulates ICE Clear Europe and LCH SA, which have not been designated as systemically important by FSOC, with various other regulators, including the CFTC and the Bank of England.

SIFMUs are required to file 60-days advance notice of changes to rules, procedures, and operations that could materially affect the nature or level of risk presented by the SIFMU (“advance notice”).¹⁷ The Clearing Supervision Act authorizes the Commission to object to changes proposed in such an advance notice, which would prevent the clearing agency from implementing the change.¹⁸ The Clearing Supervision Act also provides for enhanced coordination between the Commission and Board of Governors of the Federal Reserve System (“FRB”) by allowing for regular on-site examinations and information sharing.¹⁹ The Clearing Supervision Act further provides that the Commission and CFTC shall coordinate with the FRB to jointly develop risk management supervision programs for SIFMUs.²⁰ In addition, the Clearing Supervision Act provides that the Commission and CFTC may each prescribe risk management standards governing the operations related to payment, clearing, and settlement activities of SIFMUs for which each is the supervisory agency, in consultation with the FSOC and FRB and taking into consideration relevant international standards and existing prudential requirements.²¹

iii. Rule 17Ad-22

In 2012, the Commission adopted Rule 17Ad-22 under the Exchange Act to strengthen the substantive regulation of clearing agencies, promote the safe and reliable operation of covered clearing agencies, and improve efficiency, transparency, and access to covered clearing agencies.²² At that time, the Commission noted that the implementation of Rule 17Ad-22 would be an important first step in developing the regulatory changes contemplated by Titles VII and VIII of the Dodd-Frank Act.²³ In 2016, the Commission adopted Rule 17Ad-22(e), building on

(“OCC”).

¹⁷ See 12 U.S.C. 5465(e)(1)(A); 17 CFR 240.19b-4(n). The Commission published a final rule concerning the filing of advance notices for designated clearing agencies in 2012. See Exchange Act Release No. 34-67286 (June 28, 2012), 77 FR 41602 (July 13, 2012).

¹⁸ See 12 U.S.C. 5465(e).

¹⁹ See 12 U.S.C. 5466.

²⁰ See 12 U.S.C. 5472; see also Risk Management Supervision of Designated Clearing Entities (July 2011), <https://www.federalreserve.gov/publications/other-reports/files/risk-management-supervision-report-201107.pdf> (describing the joint supervisory framework of the Commission, CFTC, and FRB).

²¹ See 12 U.S.C. 5464(a)(2).

²² See 17 CFR 240.17Ad-22; see also 2012 Adopting Release at 66225–26.

²³ See 2012 Adopting Release at 66225–26.

the existing framework by establishing enhanced requirements for registered clearing agencies that meet the definition of a “covered clearing agency.”²⁴

iv. 2020 Rule Amendments

The Commission adopted a final rule on May 14, 2020, to amend the definition of “covered clearing agency” and certain other definitions under Rule 17Ad-22, so that the definitions encompass all registered clearing agencies performing the functions of a central counterparty (“CCP”) or central securities depository (“CSD”).²⁵

The Commission believes that the amendment to the “covered clearing agency” definition, which takes into account the specific functions performed by registered clearing agencies, leads to greater regulatory consistency among all registered clearing agencies that perform these critical functions of a CCP and CSD.²⁶ Additionally, by focusing on these functions, the amended definition of “covered clearing agency” ensures that all clearing agencies performing these critical functions are subject to enhanced requirements that address the particular services provided by and risks inherent in these critical functions.

The amendments only affect collections of information in paragraph (e) of Rule 17Ad-22. Specifically, the amendments would increase the number of respondents, and therefore some of the burdens and costs in paragraph (e). The burdens for paragraph (e) have been separated into two categories: (1) respondents already registered, and (2) respondent not registered. The burden estimates for category (1) respondents do not include initial, one-time burdens because those have already been incurred. The burden estimates for category (2) respondents, however, do include initial, one-time burdens because this category covers one “potential” respondent and-- as a result of the amendments in the final rule-- one new additional respondent. Only the estimated burdens in category (2) of paragraph (e) of Rule 17Ad-22 are changing as a result of the amendments.

The amendments otherwise do not affect the information collection as described in previous supporting statements for this information collection.

2. Purpose and Use of the Information Collection

²⁴ See Standards for Covered Clearing Agencies, Final Rules; Exchange Act Release No. 78961 (Sept. 28, 2016), 81 Fr 70786 (Oct. 13, 2016) (“2016 Adopting Release”).

²⁵ See Definition of Covered Clearing Agency, Final Rules; Exchange Act Release No. 88616 (April 9, 2020), 85 FR 28853 (May 14, 2020) (“2020 Adopting Release”); Definition of Covered Clearing Agency, Proposed Rules; Exchange Act Release No. 78963 (Sept. 28, 2016), 81 FR 70744 (Oct. 13, 2016) (“2016 Proposing Release”).

²⁶ In the 2016 Proposing Release, the Commission proposed to define a securities settlement system (“SSS”) and to amend the definition of covered clearing agency to cover providers of SSS services. See 2016 Adopting Release at 70754. The Commission did not adopt the proposed definition of SSS. See 2020 Adopting Release. Neither historically nor at this time has a registered clearing agency provided only the services of an SSS. The Commission believes that the amended definition of covered clearing agency being adopted without inclusion of the services of an SSS will cover substantially the same scope of clearing agency activity as the proposed definition.

Standards for Covered Clearing Agencies; Rule 17Ad-22(e)

i. Legal Risk

Rule 17Ad-22(e)(1) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for a well-founded, clear, transparent, and enforceable legal basis for each aspect of its activities in all relevant jurisdictions. The purpose of the collection of information is to help ensure that covered clearing agencies' policies and procedures do not cause confusion or legal uncertainty among their participants because they are unclear, incomplete or conflict with other applicable laws or judicial precedent.

ii. Governance

Rules 17Ad-22(e)(2)(i) through (iii) require a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for governance arrangements that are clear and transparent, clearly prioritize the safety and efficiency of the covered clearing agency, and support the public interest requirements of Section 17A of the Exchange Act, and the objectives of owners and participants. Rules 17Ad-22(e)(2)(iv) and (v) require a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to establish that the board of directors and senior management have appropriate experience and skills to discharge their duties and responsibilities and to specify clear and direct lines of responsibility. Rule 17Ad-22(e)(2)(vi) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to consider the interests of participants' customers, securities issuers and holders, and other relevant stakeholders of the clearing agency.

The purpose of this collection of information is to prioritize the safety and efficiency of covered clearing agencies, to help ensure that each covered clearing agency's governance arrangements consider the interests of relevant stakeholders, to promote the establishment of boards of directors at covered clearing agencies that are composed of qualified members with clear and direct lines of responsibility, and to promote accountability of the board of directors and senior management.

iii. Comprehensive Risk Management Framework

Rule 17Ad-22(e)(3) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to maintain a sound risk management framework for comprehensively managing legal, credit, liquidity, operational, general business, investment, custody, and other risks that arise in or are borne by the covered clearing agency. Rule 17Ad-22(e)(3)(i) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for risk management policies, procedures, and systems designed to identify, measure, monitor, and manage the range of risks that arise in or are borne by the covered clearing agency, and subject them to review on a specified periodic basis and approval by the board of directors annually. Rule 17Ad-22(e)(3)(ii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure it establishes plans for the recovery and orderly wind-down of the covered clearing agency

necessitated by credit losses, liquidity shortfalls, losses from general business risk, or any other losses. Rule 17Ad-22(e)(iii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide risk management and internal audit personnel with sufficient authority, resources, independence from management, and access to the board of directors. Rule 17Ad-22(e)(3)(iv) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide risk management and internal audit personnel with oversight by and a direct reporting line to a risk management committee and an independent audit committee of the board of directors, respectively. Rule 17A-22(e)(3)(v) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for an independent audit committee.

The purpose of this information collection is to enhance each covered clearing agency's ability to identify, monitor, and manage the risks that covered clearing agencies face, including by subjecting the relevant policies and procedures to regular review, and to facilitate an orderly recovery and wind-down process in the event that a covered clearing agency is unable to continue operating as a going concern.

iv. Credit Risk

Rule 17Ad-22(e)(4) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively identify, measure, monitor, and manage its credit exposures to participants and those exposures arising from its payment, clearing, and settlement processes.

Rule 17Ad-22(e)(4)(i) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to maintain sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence. Rule 17Ad-22(e)(4)(ii) requires a covered clearing agency that provides CCP services, and that is "systemically important in multiple jurisdictions" or "a clearing agency involved in activities with a more complex risk profile," to establish, implement, maintain, and enforce written policies and procedures reasonably designed to maintain additional financial resources, to the extent not already maintained pursuant to Rule 17Ad-22(e)(4)(i), at a minimum level necessary to enable it to cover a wide range of foreseeable stress scenarios, including but not limited to the default of the two participant families that would potentially cause the largest aggregate credit exposure for the covered clearing agency in extreme but plausible market conditions. Meanwhile, Rule 17Ad-22(e)(4)(iii) requires a covered clearing agency that is not subject to Rule 17Ad-22(e)(4)(ii) to establish, implement, maintain, and enforce written policies and procedures reasonably designed to maintain additional financial resources, to the extent not already maintained pursuant to Rule 17Ad-22(e)(4)(i), at the minimum to enable it to cover a wide range of foreseeable stress scenarios, including the default of the participant family that would potentially cause the largest aggregate credit exposure for the covered clearing agency in extreme but plausible market conditions. Rule 17Ad-22(e)(4)(iv) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to include prefunded financial resources, exclusive of assessments for additional guaranty fund contributions or other resources that are not prefunded, when calculating the financial resources available to meet the standards under Rules 17Ad-22(e)(4)(i) through (iii), as applicable. Rule 17Ad-22(e)(4)(v) requires a covered clearing agency to establish, implement,

maintain, and enforce written policies and procedures reasonably designed to maintain the financial resources required under Rules 17Ad-22(e)(4)(ii) and (iii), as applicable, in combined or separately maintained clearing or guaranty funds.

Rule 17Ad-22(e)(4)(vi) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to test the sufficiency of its total financial resources available to meet the minimum financial resource requirements under Rules 17Ad-22(e)(4)(i) through (iii), as applicable, by conducting stress testing of its total financial resources at least once each day using standard predetermined parameters and assumptions. Rule 17Ad-22(e)(4)(vi) also requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to conduct a comprehensive analysis on at least a monthly basis of the existing stress testing scenarios, models, and underlying parameters and assumptions, and consider modifications to ensure they are appropriate for determining the covered clearing agency's required level of default protection in light of current market conditions. When the products cleared or markets served by a covered clearing agency display high volatility or become less liquid, or when the size or concentration of positions held by the entity's participants increases significantly, the rule requires a covered clearing agency to have policies and procedures for conducting comprehensive analyses of stress testing scenarios, models, and underlying parameters and assumptions more frequently than monthly. Rule 17Ad-22(e)(4)(vi) also requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for the reporting of the results of this analysis to the appropriate decision makers at the covered clearing agency, including its risk management committee or board of directors, and to require the use of the results to evaluate the adequacy of and to adjust its margin methodology, model parameters, and any other relevant aspects of its credit risk management policies and procedures, in supporting compliance with the minimum financial resources requirements in Rules 17Ad-22(e)(4)(i) through (iii), as applicable.

Rule 17Ad-22(e)(4)(vii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to require a model validation for its credit risk models not less than annually or more frequently as may be contemplated by the covered clearing agency's risk management policies and procedures.

Rule 17Ad-22(e)(4)(viii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to address allocation of credit losses the covered clearing agency may face if its collateral and other resources are insufficient to fully cover its credit exposures, including the repayment of any funds the covered clearing agency may borrow from liquidity providers.

Rule 17Ad-22(e)(4)(ix) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to describe the covered clearing agency's process to replenish any financial resources it may use following a default or other event in which use of such resources is contemplated.

The purpose of this information collection is to identify and limit credit exposures to participants and to satisfy all of its settlement obligations in the event of a participant default, to address the allocation of credit losses if collateral and other resources are insufficient to fully

cover its credit exposures following a participant default, and to describe the covered clearing agency's process to replenish financial resources following such a default.

v. Collateral

Rule 17Ad-22(e)(5) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to limit the assets it accepts as collateral to those with low credit, liquidity, and market risks, and also require policies that set and enforce appropriately conservative haircuts and concentration limits if the covered clearing agency requires collateral to manage its own or its participants' credit exposures. In addition, Rule 17Ad-22(e)(5) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to include a not-less-than-annual review of the sufficiency of a covered clearing agency's collateral haircuts and concentration limits. The purpose of the information collection is to enable a covered clearing agency to be able to maintain sufficient collateral by using appropriately conservative haircuts and concentration limits.

vi. Margin

Rule 17Ad-22(e)(6) requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that is monitored by management on an ongoing basis and regularly reviewed, tested, and verified. Rule 17Ad-22(e)(6)(i) requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to result in a margin system that, at a minimum, considers and produces margin levels commensurate with the risks and particular attributes of each relevant product, portfolio, and market. Rule 17Ad-22(e)(6)(ii) requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure that the margin system would mark participant positions to market and collect margin, including variation margin or equivalent charges if relevant, at least daily, and include the authority and operational capacity to make intraday margin calls in defined circumstances. Rule 17Ad-22(e)(6)(iii) requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to calculate margin sufficient to cover its potential future exposure to participants in the interval between the last margin collection and the close out of positions following a participant default. Rule 17Ad-22(e)(6)(iv) requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure that it uses reliable sources of timely price data and uses procedures and sound valuation models for addressing circumstances in which pricing data are not readily available or reliable. Rule 17Ad-22(e)(6)(v) requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure the use of an appropriate method for measuring credit exposure that accounts for relevant product risk factors and portfolio effects across products.

Rule 17Ad-22(e)(6)(vi) requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to establish a risk-based margin system that is monitored by management on an ongoing basis.

Rule 17Ad-22(e)(6)(vi) also requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to regularly review, test, and verify its risk-based margin system by conducting backtests of its margin model at least once each day using standard predetermined parameters and assumptions. Rule 17Ad-22(e)(6)(vi) also requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to regularly review, test, and verify its risk-based margin system by conducting a sensitivity analysis of its margin model and a review of its parameters and assumptions for backtesting on at least a monthly basis, and considering modifications to ensure the backtesting practices are appropriate for determining the adequacy of the covered clearing agency's margin resources. Rule 17Ad-22(e)(6)(vi) also requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to regularly review, test, and verify its risk-based margin system by conducting a sensitivity analysis of its margin model and a review of its parameters and assumptions for backtesting more frequently than monthly during periods of time when the products cleared or markets served display high volatility or become less liquid, and when the size or concentration of positions held by the covered clearing agency's participants increases or decreases significantly. Rule 17Ad-22(e)(6)(vi) also requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to regularly review, test, and verify its risk-based margin system by reporting the results of its analyses above to appropriate decision makers at the covered clearing agency, including but not limited to, its risk management committee or board of directors, and using these results to evaluate the adequacy of and adjust its margin methodology, model parameters, and any other relevant aspects of its credit risk management framework.

Finally, Rule 17Ad-22(e)(6)(vii) requires a covered clearing agency that provides CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to requires a model validation for the covered clearing agency's margin system and related models to be performed not less than annually, or more frequently as may be contemplated by the covered clearing agency's risk management framework established pursuant to Rule 17Ad-22(e)(3).

The purpose of the information collection is to enable a covered clearing agency to be able to collect sufficient margin subject to regular sensitivity analysis, monthly backtesting, and an annual model validation.

vii. Liquidity Risk

Rule 17Ad-22(e)(7) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively measure, monitor, and manage the liquidity risk that arises in or is borne by it, by meeting, at a minimum, the ten requirements specified in the rule.

Rule 17Ad-22(e)(7)(i) requires that a covered clearing agency's policies and procedures be reasonably designed to ensure that it maintains sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress

scenarios that includes the default of the participant family that would generate the largest aggregate payment obligation for it in extreme but plausible market conditions.

Rule 17Ad-22(e)(7)(ii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure that it holds qualifying liquid resources sufficient to meet the minimum liquidity resource requirement in each relevant currency for which the covered clearing agency has payment obligations owed to clearing members.

Rule 17Ad-22(e)(7)(iii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure it uses accounts and services at a Federal Reserve Bank, pursuant to Section 806(a) of the Clearing Supervision Act, or other relevant central bank, when available and where determined to be practical by the board of directors of the covered clearing agency, to enhance its management of liquidity risk.

Rule 17Ad-22(e)(7)(iv) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure it undertakes due diligence to confirm that it has a reasonable basis to believe each of its liquidity providers, whether or not such liquidity provider is a clearing member, has sufficient information to understand and manage the liquidity provider's liquidity risks, and the capacity to perform as required under its commitments to provide liquidity.

Rule 17Ad-22(e)(7)(v) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure that the covered clearing agency maintains and, on at least an annual basis, tests with each liquidity provider, to the extent practicable, its procedures and operational capacity for accessing each type of relevant liquidity resource.

Rule 17Ad-22(e)(7)(vi)(A) through (C) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to determine the amount and regularly test the sufficiency of the liquid resources held for purposes of meeting the minimum liquid resource requirement of Rule 17Ad-22(e)(7)(i) by (A) conducting stress testing of its liquidity resources at least once each day using standard and predetermined parameters and assumptions; (B) conducting a comprehensive analysis of the existing stress testing scenarios, models, and underlying parameters and assumptions used in evaluating liquidity needs and resources, and considering modifications to ensure they are appropriate for determining the covered clearing agency's identified liquidity needs and resources in light of current and evolving market conditions at least once each month; and (C) conducting a comprehensive analysis of the existing stress testing scenarios, models, and underlying parameters and assumptions used in evaluating liquidity needs and resources more frequently when products cleared or markets served display high volatility or become less liquid, when the size or concentration of positions held by participants increases significantly, or in other circumstances described in the covered clearing agency's policies and procedures. Rule 17Ad-22(e)(7)(vi)(D) also requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to result in reporting the results of the analyses performed under Rules 17Ad-22(e)(7)(vi)(B) and (C) to appropriate decision makers, including the risk management committee or board of directors, at the covered clearing

agency for use in evaluating the adequacy of and adjusting its liquidity risk management framework.

Rule 17Ad-22(e)(7)(vii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to result in performing an annual or more frequent model validation of its liquidity risk models.

Rule 17Ad-22(e)(7)(viii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to address foreseeable liquidity shortfalls that would not be covered by its liquid resources and seek to avoid unwinding, revoking, or delaying the same-day settlement of payment obligations.

Rule 17Ad-22(e)(7)(ix) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to describe its process for replenishing any liquid resources that it may employ during a stress event.

Rule 17Ad-22(e)(7)(x) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure that it, at least once a year, evaluates the feasibility of maintaining sufficient liquid resources at a minimum in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of foreseeable stress scenarios that includes, but is not limited to, the default of the two participant families that would potentially cause the largest aggregate credit exposure for the covered clearing agency in extreme but plausible market conditions if the covered clearing agency provides CCP services and is either systemically important in multiple jurisdictions or a clearing agency involved in activities with a more complex risk profile.

The purpose of this information collection is to identify and limit liquidity risk so that a covered clearing agency can satisfy its settlement obligations on an ongoing and timely basis by holding a sufficient amount of qualifying liquid resources and performing regular stress testing of its liquid resources. It is also to help ensure that a covered clearing agency addresses foreseeable liquidity shortfalls and can replenish any liquid resources that it may employ in a stress event. It is also to help ensure that a covered clearing agency manages the risks posed by its liquidity providers.

viii. Settlement Finality

Rule 17Ad-22(e)(8) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to define the point at which settlement is final to be no later than the end of the day on which the payment or obligation is due and, where necessary or appropriate, either intraday or in real time. The purpose of this information collection is to promote consistent standards of timing and reliability in the settlement process.

ix. Money Settlements

Rule 17Ad-22(e)(9) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to conduct its money settlements in central bank money, where available and determined to be practical by the board

of directors of the covered clearing agency, and minimizes and manages credit and liquidity risk arising from conducting its money settlements in commercial bank money if central bank money is not used by the covered clearing agency. The purpose of this information collection is to promote reliability in a covered clearing agency's settlement operations.

x. Physical Delivery Risks

Rule 17Ad-22(e)(10) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to establish and maintain transparent written standards that state its obligations with respect to the delivery of physical instruments and operational practices that identify, monitor, and manage the risk associated with such physical deliveries. The purpose of this information collection is to provide a covered clearing agency's participants with the information necessary to evaluate the risks and costs associated with participation in the covered clearing agency.

xi. Central Securities Depositories

Rule 17Ad-22(e)(11)(i) requires a covered clearing agency that provides CSD services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to maintain securities in an immobilized or dematerialized form for their transfer by book entry, ensure the integrity of securities issues, and minimize and manage the risks associated with the safekeeping and transfer of securities. Rule 17Ad-22(e)(11)(ii) requires a covered clearing agency that provides CSD services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to implement internal auditing and other controls to safeguard the rights of securities issuers and holders and prevent the unauthorized creation or deletion of securities, and conduct periodic and at least daily reconciliation of securities issues it maintains. Rule 17Ad-22(e)(11)(iii) requires a covered clearing agency that provides CSD services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to protect assets against custody risk through appropriate rules and procedures consistent with relevant laws, rules, and regulations in jurisdictions where it operates.

The purpose of this information collection is to reduce securities transfer processing costs and the risks associated with securities settlement and custody, as well as increase the speed and efficiency of the settlement process.

xii. Exchange-of-Value Settlement Systems

Rule 17Ad-22(e)(12) requires a covered clearing agency, for transactions that involve the settlement of two linked obligations, to establish, implement, maintain, and enforce written policies and procedures reasonably designed to eliminate principal risk by conditioning the final settlement of one obligation upon the final settlement of the other, regardless of whether the covered clearing agency settles on a gross or net basis and when finality occurs. The purpose of this information collection is to promote the elimination of principal risk in transactions with linked obligations.

xiii. Participant Default

Rule 17Ad-22(e)(13) requires a covered clearing agencies providing CCP services to establish, implement, maintain, and enforce written policies and procedures reasonably designed

to ensure that the covered clearing agency has the authority and operational capacity to take timely action to contain losses and liquidity demands and continue to meet its obligations by, at a minimum, requiring the covered clearing agency's participants and, when practicable, other stakeholders to participate in the testing and review of its default procedures, including any close-out procedures, at least annually and following material changes thereto. The purpose of this information collection is to facilitate the functioning of a covered clearing agency in the event that a participant fails to meet its obligations, as well as limit the extent to which a participant's failure can spread to other participants or the covered clearing agency itself.

xiv. Segregation and Portability

Rule 17Ad-22(e)(14) requires a covered clearing agency that is a security-based swap clearing agency or a complex risk profile clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to enable the segregation and portability of positions of a member's customers and the collateral provided to the covered clearing agency with respect to those positions, and effectively protect such positions and related collateral from the default or insolvency of that member. The purpose of this information collection is to facilitate the safe and effective holding and transfer of customers' positions and collateral in the event of a participant's default or insolvency.

xv. General Business Risk

Rule 17Ad-22(e)(15) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that the covered clearing agency can continue operations and services as a going concern if those losses materialize. Rule 17Ad-22(e)(15)(i) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to determine the amount of liquid net assets funded by equity based upon its general business risk profile and the length of time required to achieve a recovery or orderly wind-down, as appropriate, of its critical operations and services if such action is taken. Rule 17Ad-22(e)(15)(ii) requires a clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for holding liquid net assets funded by equity equal to the greater of either six months of its current operating expenses or the amount determined by the board of directors to be sufficient to ensure a recovery or orderly wind-down of critical operations and services of the covered clearing agency, as contemplated by the plans established under Rule 17Ad-22(e)(3)(ii). Rule 17Ad-22(e)(15)(ii) also requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for monitoring its business operations and reducing the likelihood of losses. Rule 17Ad-22(e)(15)(iii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for maintaining a viable plan, approved by the board of directors and updated at least annually, for raising additional equity should its equity fall close to or below the amount required by the rule, as discussed above. The purpose of this information collection is to mitigate the potential impairment of a covered clearing agency as a result of a decline in revenues or increase in expenses.

xvi. Custody and Investment Risks

Rule 17Ad-22(e)(16) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to safeguard its own and its participants' assets and minimize the risk of loss and delay in access to these assets. Rule 17Ad-22(e)(16) also requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to invest such assets in instruments with minimal credit, market, and liquidity risks. The purpose of this information collection is to improve the ability of a covered clearing agency to meet its settlement obligations.

xvii. Operational Risk Management

Rule 17Ad-22(e)(17) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to manage the covered clearing agency's operational risk. Rule 17Ad-22(e)(17)(i) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Rule 17Ad-22(e)(17)(ii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure that systems have a high degree of security, resiliency, operational reliability, and adequate, scalable capacity. Finally, Rule 17Ad-22(e)(17)(iii) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for a business continuity plan that addresses events posing a significant risk of disrupting operations. The purpose of this information collection is to limit operational disruptions that may impede the proper functioning of a covered clearing agency.

xviii. Access and Participation Requirements

Rule 17Ad-22(e)(18) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to establish objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access by direct and, where relevant, indirect participants and other FMUs. Rule 17Ad-22(e)(18) also requires that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to require participants to have sufficient financial resources and robust operational capacity to meet obligations arising from participation in the clearing agency and to monitor compliance with participation requirements on an ongoing basis.

The purpose of this information collection is to enable a covered clearing agency to ensure that only entities with sufficient financial and operational capacity are direct participants in the covered clearing agency, while still ensuring that all qualified persons can access a covered clearing agency's services. The purpose of this information collection is also to enable a covered clearing agency to monitor that participation requirements are met on an ongoing basis and to identify a participant experiencing financial difficulties before the participant fails to meet its settlement obligations.

xix. Tiered Participation Agreements

Rule 17Ad-22(e)(19) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to identify, monitor,

and manage the material risks to the covered clearing agency arising from arrangements in which firms that are indirect participants in the covered clearing agency rely on the services provided by direct participants in the covered clearing agency to access the covered clearing agency's payment, clearing, or settlement facilities. In addition, Rule 17Ad-22(e)(19) also requires that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to regularly review the material risks to the covered clearing agency arising from such tiered participation arrangements. The purpose of this information collection is to enable a covered clearing agency to identify and manage risks posed by non-member entities, such as the customers of clearing members.

xx. Links

Rule 17Ad-22(e)(20) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to identify, monitor, and manage risks related to any link with one or more other clearing agencies, FMUs, or trading markets. The purpose of this information collection is to enable a covered clearing agency to identify and manage risks posed by linkages to other entities, such as other clearing agencies, FMUs, or trading markets.

xxi. Efficiency and Effectiveness

Rule 17Ad-22(e)(21) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to require the covered clearing agency to be efficient and effective in meeting the requirements of its participants and the markets it serves. Additionally, the rule requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to have the management of a covered clearing agency regularly review the efficiency and effectiveness of the covered clearing agency's (i) clearing and settlement arrangement; (ii) operating structure, including risk management policies, procedures, and systems; (iii) scope of products cleared or settled; and (iv) use of technology and communications procedures. The purpose of this information collection is to ensure that the services provided by a covered clearing agency do not become inefficient and to promote the sound operation of a covered clearing agency.

xxii. Communication Procedures and Standards

Rule 17Ad-22(e)(22) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to use, or at a minimum, accommodate, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, and settlement. The purpose of this information collection is to ensure the prompt and accurate clearance and settlement of securities transactions by enabling participants to communicate with a clearing agency in a timely, reliable, and accurate manner.

xxiii. Disclosure of Rules, Key Procedures, and Market Data

Rule 17Ad-22(e)(23) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to (i) publicly disclose all relevant rules and material procedures, including key aspects of its default rules and procedures; (ii) provide sufficient information to enable participants to identify and evaluate the

risks, fees, and other material costs they incur by participating in the covered clearing agency; and (iii) publicly disclose relevant basic data on transaction volume and values.

Rule 17Ad-22(e)(23)(iv) requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to maintain clear and comprehensive rules and procedures that provide for a comprehensive public disclosure that describes the covered clearing agency's material rules, policies, and procedures regarding its legal, governance, risk management, and operating framework, accurate in all material respects at the time of publication, including (i) a general background of the covered clearing agency, including its function and the market it serves, basic data and performance statistics on its services and operations, such as basic volume and value statistics by product type, average aggregate intraday exposures to its participants, and statistics on the covered clearing agency's operational reliability, and a description of its general organization, legal and regulatory framework, and system design and operations; (ii) a standard-by-standard summary narrative for each applicable standard set forth in Rules 17Ad-22(e)(1) through (23) with sufficient detail and context to enable the reader to understand its approach to controlling the risks and addressing the requirements in each standard; (iii) a summary of material changes since the last update of the disclosure; and (iv) an executive summary of the key points regarding each. Rule 17Ad-22(e)(23)(v) also requires a covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure the comprehensive public disclosure required under Rule 17Ad-22(e)(23)(iv) is updated not less than every two years, or more frequently following changes to its system or the environment in which it operates to the extent necessary, to ensure statements previously provided remain accurate in all material respects.

The purpose of this information collection is to ensure that participants and prospective participants in a covered clearing agency are provided with a complete picture of the covered clearing agency's operations and risk management so that they can understand the risks and responsibilities of participation in the covered clearing agency.

3. Consideration Given to Information Technology

As noted above, the amendments increase the number of respondents under Rule 17Ad-22(e), and therefore the use of information technology contemplated under this information collection is unchanged. As a general matter, the collection of information contemplated by Rule 17Ad-22 depends on the use of technologies and systems that a clearing agency already maintains to conduct its business, including its risk management and recordkeeping functions. Improvements to these technologies and systems may, over time, reduce the burdens contemplated under Rule 17Ad-22.

4. Duplication

Rule 17Ad-22 does not duplicate information required to be collected by other Commission rules or regulations.

5. Effect on Small Entities

For the purposes of Commission rulemaking and as applicable to Rule 17Ad-22, a small entity includes, when used with reference to a clearing agency, a clearing agency that (i)

compared, cleared, and settled less than \$500 million in securities transactions during the preceding fiscal year, (ii) had less than \$200 million of funds and securities in its custody or control at all times during the preceding fiscal year (or at any time that it has been in business, if shorter), and (iii) is not affiliated with any person (other than a natural person) that is not a small business or small organization.²⁷

Based on the Commission's existing information about the clearing agencies currently registered with the Commission, the Commission believes that all such registered clearing agencies exceed the thresholds defining "small entities" set out above. While other clearing agencies may emerge and seek to register as clearing agencies with the Commission, the Commission does not believe that any such entities would be "small entities" as defined in Exchange Act Rule 0-10.

6. Consequences of Not Conducting Collection

The Dodd-Frank Act enacted sweeping reforms in the financial system, including with respect to FMUs such as clearing agencies. It also charged the Commission with significant duties to carry out these reforms. The consequences of not conducting collections of information or any less frequent collections of information pursuant to Rule 17Ad-22 would significantly impair the Commission's ability to carry out its statutory obligations under the Exchange Act as amended by the Dodd-Frank Act.

7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)

There are no special circumstances. This collection is consistent with the guidelines in 5 CFR 1320.5(d)(2).

8. Consultations Outside of the Agency

The Commission issued the 2016 Proposing Release to solicit comment on the amended collection of information requirements and associated paperwork burdens.²⁸

Comments on Commission releases are generally received from registrants, investors, and other market participants. In addition, the Commission and staff participate in ongoing dialogue with representatives of various market participants through public conferences, meetings, and informal exchanges. Any comments received on this proposed rulemaking are posted on the Commission's public website, and made available through <http://www.sec.gov/rules/proposed.shtml>. The Commission received seven comments on the proposed amendments. None of the comments concerned the Commission's PRA analysis. The Commission considers all comments received prior to publishing a final rule, and explains in any adopting release how the final rule responds to such comments, in accordance with 5 C.F.R. 1320.11(f).

²⁷ See 17 CFR 240.0-10(d).

²⁸ Definition of Covered Clearing Agency, Proposed Rules; Exchange Act Release No. 78963 (Sept. 28, 2016), 81 FR 70744 (Oct. 13, 2016).

In addition, Section 712(a)(2) of the Dodd-Frank Act provides that, before commencing any rulemaking regarding, among other things, clearing agencies for security-based swaps, the Commission must consult and coordinate with the Commodity Futures Trading Commission (“CFTC”) and other prudential regulators for the purposes of assuring regulatory consistency and comparability, to the extent possible. The Commission staff and the CFTC staff have consulted and coordinated with one another regarding their respective Commissions’ rules regarding clearing agencies as mandated by the Dodd-Frank Act. The Commission staff has also consulted and coordinated with the relevant prudential regulators, including FRB staff.

9. Payment or Gift

No payment or gift will be provided to any respondents.

10. Confidentiality

While the recordkeeping burdens under this information collection need not be submitted to the Commission, the Commission may request that the records be provided, such as during an inspection or examination of a respondent. When the Commission requests that records be provided, a respondent can request confidential treatment pursuant to Section 24(b) of the Exchange Act and 17 CFR 240.24b-2.

The following information collections in Rule 17Ad-22 are subject to public availability:

- The collection of information relating to the requirement under Rule 17Ad-22(c)(2) that, within 60 days after the end of its fiscal year, each clearing agency must post on its website its annual audited financial statement;
- The collection of information relating to the requirement under Rule 17Ad-22(d)(2) that a clearing agency that is not a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to have participation requirements that are objective and publicly disclosed;
- The collection of information relating to the requirement under Rule 17Ad-22(d)(11) that a clearing agency that is not a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to make key aspects of its default procedures publicly available; and
- The collection of information relating to the public disclosure by a covered clearing agency of all relevant rules and material procedures, basic data on transaction volumes and values, and providing comprehensive public disclosure of information related to governance arrangements, and legal, financial, and operational risk management under Rule 17Ad-22(e)(23).

11. Sensitive Questions

Rule 17Ad-22 does not expressly require the collection of Personally Identifiable Information (“PII”). While there may be instances when certain information (including, but not limited to, a person’s name, email, phone number, or address) could be retained in response to one of the collections of information, Commission staff cannot envision any circumstance in which a social security number would be provided pursuant to any of the collections of information.

Furthermore, any information would not be collected or stored by the Commission, nor would it be retrievable on a Commission system or database. As such, we believe that the treatment of any PII with the collection of information associated with the proposed and adopted rules is not likely to implicate the Federal Information Security Management Act of 2002 or the Privacy Act of 1974.

12. Burden of Information Collection

As previously discussed, the amendments increase the number of respondents under Rule 17Ad-22(e), and therefore the overall burdens and costs for paragraph (e), but otherwise do not change the information collection for Rule 17Ad-22. **The burden estimates for Rules 17Ad-22(b), (c), and (d) have not changed, and are not summarized here.**²⁹

Below is a summary of the burden estimates for Rule 17Ad-22(e), as modified by the amendments.

i. Number of Respondents for Rule 17Ad-22(e)

In the 2016 Adopting Release, the Commission estimated that Rule 17Ad-22(e) would generally apply to seven respondent clearing agencies, of which (i) six would be CCPs and one would be a CSD and (ii) two would be security-based swap clearing agencies. The Commission then further clarified that Rule 17Ad-22(e)(6) would only have six respondents because it only applies to CCPs, Rule 17Ad-22(e)(11) would only have one respondent because it only applies to CSDs, and Rule 17Ad-22(e)(14) would only have two respondents because it only applies to security-based swap clearing agencies.³⁰ The Commission re-submitted these estimates as part of the PRA extension filed with OMB in 2020, except for the estimated number of CCPs that would be security-based swap clearing agencies.³¹ In the PRA extension, the Commission

²⁹ The total burden per entity per year previously approved for Rule 17Ad-22(b)(1)–(3) was 10 hours of ongoing burden. Accordingly, the total estimated industry burden is 90 hours.

The total burden per entity per year previously approved for Rule 17Ad-22(b)(4) was 60 hours of ongoing burden. Accordingly, the total estimated industry burden is 540 hours.

The total burden per entity per year previously approved for Rule 17Ad-22(b)(5)–(7) was 60 hours of ongoing burden. Accordingly, the total estimated industry burden is 540 hours.

The total burden per entity per year previously approved for Rule 17Ad-22(c)(1) was 12 hours of ongoing burden. Accordingly, the total estimated industry burden is 108 hours.

The total burden per entity per year previously approved for Rule 17Ad-22(c)(2) was 250 hours of ongoing burden. Accordingly, the total estimated industry burden is 2,250 hours.

The total burden per entity per year previously approved for Rule 17Ad-22(d)(1)–(15) was 150 hours of ongoing burden. Accordingly, the total estimated industry burden is 450 hours.

³⁰ See 2016 Adopting Release, 81 FR at 70890.

³¹ See “Clearing Agency Standards for Operation and Governance,” OMB Control No. 3235-0695.

estimated that three (rather than two) CCPs would be security-based swap clearing agencies, resulting in Rule 17Ad-22(e)(14) having three (rather than two) respondents.

Nonetheless, in the 2016 Proposing Release, the Commission estimated that, under the proposed amendment to the definition of “covered clearing agency,” a majority of the requirements under Rule 17Ad-22(e) would have eight (rather than seven) respondents, of which (i) seven (rather than six) would be CCPs and one would be a CSD and (ii) two would be security-based swap clearing agencies. The Commission also noted that, under the proposal, Rule 17Ad-22(e)(6) would have seven (rather than six) respondents because it applies to CCPs, Rule 17Ad-22(e)(11) would continue to only have one respondent because it applies to CSDs, and Rule 17Ad-22(e)(14) would continue to only have two respondents because it applies to security-based swap clearing agencies.

In the 2020 Adopting Release, the Commission estimates that the majority of the requirements under Rule 17Ad-22(e) would have eight (rather than seven) respondents, of which (i) seven (rather than six) would be CCPs and one would be a CSD and (ii) three would be security-based swap clearing agencies.³² The Commission also noted that Rule 17Ad-22(e)(6) would have seven (rather than six) respondents because it applies to CCPs, Rule 17Ad-22(e)(11) would continue to only have one respondent because it applies to CSDs, and Rule 17Ad-22(e)(14) would have three respondents because it applies to security-based swap clearing agencies.

As stated in the 2020 Adopting Release, the PRA analysis for seven of the eight respondents already appears in the 2016 Adopting Release and remains unchanged. In the attached adopting release, the Commission therefore provides a PRA analysis for the one additional respondent subject to Rule 17Ad-22(e) under the amended definition of “covered clearing agency,” thereby reflecting the incremental annual reporting and recordkeeping burdens resulting from the amended definition.

In sum, the following analysis estimates the burdens of eight respondents in total. Six of the respondents are already registered with the Commission and are covered clearing agencies. The initial burden period for those six respondents has passed (as described in the PRA extension submitted in 2020), and the respondents now only incur the ongoing burdens of the applicable requirements of Rule 17Ad-22(e). Pursuant to the amendments adopted in the 2020 Adopting Release, one of the respondents that is already registered with the Commission will become a covered clearing agency. This respondent will incur the initial and ongoing burdens associated with the applicable rules for CCPs. Lastly, one potential future respondent, including in the analysis in the 2016 Adopting Release, remains possible and therefore would incur both the initial and ongoing burdens of Rule 17Ad-22(e). In the following analysis, the six respondents that are already covered clearing agencies are referred to as “original respondents,” and the remaining two respondents are referred to as “new respondents.”

ii. Source of Estimates, Annual Hour Burden, and Explanation of Estimates for Rule 17Ad-22(e)

³² See 2020 Adopting Release.

The Commission preliminarily expects that the sources of estimates and annual hour burdens for Rule 17Ad-22(e) would not change as a result of the amendments.

Requirements in Rule 17Ad-22(e)(1) that Impose a PRA Burden

Rule 17Ad-22(e)(1) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(1) continues to require policies and procedures that provide for a well-founded, clear, transparent, and enforceable legal basis substantially the same as Rule 17Ad-22(d)(1). As a result, the Commission continues to expect that a respondent has in place written rules, policies and procedures substantially similar to those required by Rule 17Ad-22(e)(1) and, therefore, the PRA burden imposed by the rule continues to be minimal and likely limited to reviewing and updating current policies and procedures, where appropriate, to ensure compliance.

Based on similar policies and procedures requirements and the corresponding burden estimates for Rule 17Ad-22(d)(1), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 8 hours in the first year and an ongoing burden of 3 hours per year (including the first year).³³ This results in an estimated initial burden of 2.67 hours per new respondent when annualized over three years,³⁴ or a total annual burden of 5.67 hours per year per new respondent.³⁵

Accordingly, the six original respondents have an estimated total annual burden of 18 hours,³⁶ **the two new respondents have an estimated total annual burden of 11.33 hours,**³⁷ and the estimated total annual industry burden is 29.34 hours.³⁸

Requirements in Rule 17Ad-22(e)(2) that Impose a PRA Burden

Rule 17Ad-22(e)(2) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(2) continues to contain some provisions that are similar to Rule 17Ad-22(d)(8) while adding requirements that do not appear in Rules 17Ad-22(b), (c) or (d). As a

³³ These figures were calculated as follows: Assistant General Counsel for 2 hours + Compliance Attorney for 6 hours = 8 hours of initial burden; Compliance Attorney for 3 hours = 3 hours of ongoing burden.

³⁴ 8 hours of initial burden ÷ 3 years = 2.67 hours per year.

³⁵ 2.67 hours + 3 hours of ongoing burden per year = 5.67 hours.

³⁶ 3 hours x 6 respondents = 18 hours.

³⁷ 5.67 hours x 2 respondents = 11.34 hours.

³⁸ 18 hours + 11.33 hours = 29.34 hours.

result, a respondent clearing agency already had some written rules, policies, and procedures substantially similar to those required by Rule 17Ad-22(e)(2) and would have needed to establish and implement a limited number of new policies and procedures. The PRA burden therefore continues to include reviewing current policies and procedures and updating those policies and procedures or establishing new policies and procedures, where appropriate, to ensure compliance with the rule.

Based on similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(8), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 25 hours in the first year and an ongoing burden of 5 hours per year (including the first year).³⁹ This results in an estimated initial burden of 8.33 hours per new respondent when annualized over three years,⁴⁰ or a total annual burden of 13.33 hours per year per new respondent.⁴¹

Accordingly, the six original respondents have an estimated total annual burden of 30 hours,⁴² **the two new respondents have an estimated total annual burden of 26.66 hours,**⁴³ and the estimated total annual industry burden is 56.66 hours.⁴⁴

Requirements in Rule 17Ad-22(e)(3) that Impose a PRA Burden

Rule 17Ad-22(e)(3) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(3) continues to require policies and procedures that provide for a sound risk management framework. Under Rule 17Ad-22(d), registered clearing agencies were already required to have policies and procedures to manage certain risks, but this rule requires a comprehensive framework for risk management that requires risk management policies and procedures be designed holistically, be consistent with each other, and work effectively together. Accordingly, the rule continues to impose a PRA burden that requires respondent clearing agencies to update current policies and procedures in order to develop a more comprehensive framework that includes a periodic review thereof and a plan for orderly recovery and wind-down of the covered clearing agency.

³⁹ These figures were calculated as follows: Assistant General Counsel for 14 hours + Compliance Attorney for 11 hours = 25 hours of initial burden; Compliance Attorney for 5 hours = 5 hours of ongoing burden.

⁴⁰ 25 hours of initial burden ÷ 3 years = 8.33 hours per year.

⁴¹ 8.33 hours + 5 hours of ongoing burden per year = 13.33 hours.

⁴² 5 hours x 6 respondents = 30 hours.

⁴³ 13.33 hours x 2 respondents = 26.66 hours.

⁴⁴ 30 hours + 26.66 hours = 56.66 hours.

The Commission continues to estimate that the rule imposes on each new respondent an initial burden of 57 hours in the first year and an ongoing burden of 49 hours per year (including the first year).⁴⁵ This results in an estimated initial burden of 19 hours per new respondent when annualized over three years,⁴⁶ or a total annual burden of 68 hours per year per new respondent.⁴⁷

Accordingly, the six original respondents have an estimated total annual burden of 294 hours,⁴⁸ **the two new respondents have an estimated total annual burden of 136 hours**,⁴⁹ and the estimated total annual industry burden is 430 hours.⁵⁰

Requirements in Rule 17Ad-22(e)(4) that Impose a PRA Burden

Rule 17Ad-22(e)(4) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

The Commission continues to estimate that the PRA burdens for Rule 17Ad-22(e)(4) are significant, as changes to existing policies and procedures for the rule involve more than adjustments and may require a respondent to make substantial changes. In addition, Rule 17Ad-22(e)(4) requires one-time systems adjustments related to the capability to test the sufficiency of financial resources and to perform an annual conforming model validation.

The Commission continues to estimate that the rule imposes on each new respondent an initial burden of 219 hours in the first year and an ongoing burden of 62 hours per year (including the first year).⁵¹ This results in an estimated initial burden of 73 hours per new

⁴⁵ These figures were calculated as follows: Assistant General Counsel for 25 hours + Compliance Attorney for 18 hours + (Senior Risk Management Specialist for 7 hours + Computer Operations Manager for 7 hours = 57 hours of initial burden; Compliance Attorney for 8 hours + Administrative Assistant for 3 hours + Senior Business Analyst for 5 hours + Risk Management Specialist for 33 hours = 49 hours of ongoing burden.

⁴⁶ 57 hours of initial burden ÷ 3 years = 19 hours per year.

⁴⁷ 19 hours + 49 hours of ongoing burden per year = 68 hours.

⁴⁸ 49 hours x 6 respondents = 294 hours.

⁴⁹ 68 hours x 2 respondents = 136 hours.

⁵⁰ 294 hours + 136 hours = 430 hours.

⁵¹ These figures were calculated as follows: Assistant General Counsel for 74 hours + Compliance Attorney for 45 hours + Senior Risk Management Specialist for 30 hours + Computer Operations Manager for 45 hours + Chief Compliance Officer for 15 hours + Senior Programmer for 10 hours = 219 hours of initial burden; Compliance Attorney for 26 hours + Administrative Assistant for 3 hours + Senior Business Analyst for 3 hours + Risk Management Specialist for 30 hours = 62 hours of ongoing burden.

respondent when annualized over three years,⁵² or a total annual burden of 135 hours per year per new respondent.⁵³

Accordingly, the six original respondents have an estimated total annual burden of 372 hours,⁵⁴ **the two new respondents have an estimated total annual burden of 270 hours,**⁵⁵ and the estimated total annual industry burden is 642 hours.⁵⁶

Requirements in Rule 17Ad-22(e)(5) that Impose a PRA Burden

Rule 17Ad-22(e)(5) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

The Commission continues to expect that respondent clearing agencies subject to Rule 17Ad-22(e)(5) would already have some written policies and procedures designed to address the collateral risks borne by these entities. As a result, the Commission continues to believe that a respondent clearing agency would have needed to review and update existing policies and procedures as necessary and would have needed to adopt new policies and procedures with respect to an annual review of the sufficiency of collateral haircuts and concentration limits.

Based on the similar policies and procedures requirements in and the Commission's previous corresponding burden estimates for Rule 17Ad-22(d)(3), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 42 hours in the first year and an ongoing burden of 36 hours per year (including the first year).⁵⁷ This results in an estimated initial burden of 14 hours per new respondent when annualized over three years,⁵⁸ or a total annual burden of 50 hours per year per new respondent.⁵⁹

⁵² 219 hours of initial burden ÷ 3 years = 73 hours per year.

⁵³ 73 hours + 62 hours of ongoing burden per year = 135 hours.

⁵⁴ 62 hours x 6 respondents = 372 hours.

⁵⁵ 135 hours x 2 respondents = 270 hours.

⁵⁶ 372 hours + 270 hours = 642 hours.

⁵⁷ These figures were calculated as follows: Assistant General Counsel for 16 hours + Compliance Attorney for 12 hours + Senior Risk Management Specialist for 7 hours + Computer Operations Manager for 7 hours = 42 hours of initial burden; Compliance Attorney for 6 hours + Risk Management Specialist for 30 hours = 36 hours of ongoing burden.

⁵⁸ 42 hours of initial burden ÷ 3 years = 14 hours per year.

⁵⁹ 14 hours + 36 hours of ongoing burden per year = 50 hours.

Accordingly, the six original respondents have an estimated total annual burden of 216 hours,⁶⁰ **the two new respondents have an estimated total annual burden of 100 hours,**⁶¹ and the estimated total annual industry burden is 316 hours.⁶²

Requirements in Rule 17Ad-22(e)(6) that Impose a PRA Burden

Rule 17Ad-22(e)(6) imposes a recordkeeping PRA burden and, under the amendments, would apply to seven respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

The Commission continues to expect that the PRA burdens for Rule 17Ad-22(e)(6) are more significant and would require a respondent clearing agency to make substantial changes to its policies and procedures. In addition, Rule 17Ad-22(e)(6) continues to require one-time systems adjustments related to the capability to perform daily backtesting and monthly (or more frequent than monthly) sensitivity analyses.

The Commission continues to estimate that the rule imposes on each new respondent an initial burden of 180 hours in the first year and an ongoing burden of 60 hours per year (including the first year).⁶³ This results in an estimated initial burden of 60 hours per new respondent when annualized over three years,⁶⁴ or a total annual burden of 120 hours per year per new respondent.⁶⁵

Accordingly, the five original respondents have an estimated total annual burden of 300 hours,⁶⁶ **the two new respondents have an estimated total annual burden of 240 hours,**⁶⁷ and the estimated total annual industry burden is 540 hours.⁶⁸

Requirements in Rule 17Ad-22(e)(7) that Impose a PRA Burden

⁶⁰ 36 hours x 6 respondents = 216 hours.

⁶¹ 50 hours x 2 respondents = 100 hours.

⁶² 216 hours + 100 hours = 316 hours.

⁶³ These figures were calculated as follows: Assistant General Counsel for 50 hours + Compliance Attorney for 40 hours + Senior Risk Management Specialist for 25 hours + Computer Operations Manager for 40 hours + Chief Compliance Officer for 15 hours + Senior Programmer for 10 hours = 180 hours of initial burden; Compliance Attorney for 24 hours + Administrative Assistant for 3 hours + Senior Business Analyst for 3 hours + Risk Management Specialist for 30 hours = 60 hours of ongoing burden.

⁶⁴ 180 hours of initial burden ÷ 3 years = 60 hours.

⁶⁵ 60 hours + 60 hours of ongoing burden per year = 120 hours.

⁶⁶ 60 hours x 5 respondents = 300 hours.

⁶⁷ 120 hours x 2 respondents = 240 hours.

⁶⁸ 300 hours + 240 hours = 540 hours.

Rule 17Ad-22(e)(7) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

The Commission continues to expect that the PRA burdens for Rule 17Ad-22(e)(7) are more significant and would require a respondent clearing agency to make substantial changes to its policies and procedures. In addition, Rule 17Ad-22(e)(7) continues to require one-time systems adjustments related to the capability to perform an annual conforming model validation, the testing of sufficiency of liquid resources and the testing of access to liquidity providers.

The Commission continues to estimate that the rule imposes on each new respondent an initial burden of 330 hours in the first year and an ongoing burden of 128 hours per year (including the first year).⁶⁹ This results in an estimated initial burden of 110 hours per new respondent when annualized over three years,⁷⁰ or a total annual burden of 238 hours per year per new respondent.⁷¹

Accordingly, the six original respondents have an estimated total annual burden of 768 hours,⁷² **the two new respondents have an estimated total annual burden of 476 hours,**⁷³ and the estimated total annual industry burden is 1,244 hours.⁷⁴

Requirements in Rule 17Ad-22(e)(8) that Impose a PRA Burden

Rule 17Ad-22(e)(8) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(8) continues to contain substantially similar provisions to Rule 17Ad-22(d)(12). As a result, the Commission continues to expect that a respondent clearing agency would already have written rules, policies, and procedures substantially similar to those required by Rule 17Ad-22(e)(8). The Commission continues to believe that respondent clearing agencies

⁶⁹ These figures were calculated as follows: Assistant General Counsel for 95 hours + Compliance Attorney for 85 hours + Senior Risk Management Specialist for 45 hours + Computer Operations Manager for 60 hours + Chief Compliance Officer for 30 hours + Senior Programmer for 15 hours = 330 hours of initial burden; Compliance Attorney for 48 hours + Administrative Assistant for 5 hours + Senior Business Analyst for 5 hours + Risk Management Specialist for 60 hours + Senior Risk Management Specialist for 10 hours = 128 hours of ongoing burden.

⁷⁰ 330 hours of initial burden ÷ 3 years = 110 hours per year.

⁷¹ 110 hours + 128 hours of ongoing burden per year = 238 hours.

⁷² 128 hours x 6 respondents = 768 hours.

⁷³ 238 hours x 2 respondents = 476 hours.

⁷⁴ 768 hours + 476 hours = 1,244 hours.

would incur only the incremental burdens of reviewing and updating existing policies and procedures as necessary.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(12), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 12 hours in the first year and an ongoing burden of 5 hours per year (including the first year).⁷⁵ This results in an estimated initial burden of 4 hours per new respondent when annualized over three years,⁷⁶ or a total annual burden of 9 hours per year per new respondent.⁷⁷

Accordingly, the six original respondents have an estimated total annual burden of 30 hours,⁷⁸ **the two new respondents have an estimated total annual burden of 18 hours,**⁷⁹ and the estimated total annual industry burden is 48 hours.⁸⁰

Requirements in Rule 17Ad-22(e)(9) that Impose a PRA Burden

Rule 17Ad-22(e)(9) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(9) continues to contain substantially similar provisions to Rule 17Ad-22(d)(5). As a result, the Commission continues to expect that a respondent clearing agency already has written rules, policies, and procedures substantially similar to those required by Rule 17Ad-229(e)(9). Therefore, the Commission continues to believe that respondent clearing agencies would incur incremental burdens of reviewing and updating existing policies and procedures as necessary.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(5), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 12 hours in the first year and an ongoing burden of 5 hours per year (including the first year).⁸¹ This

⁷⁵ These figures were calculated as follows: Assistant General Counsel for 2 hours + Compliance Attorney for 6 hours + Senior Business Analyst for 2 hours + Computer Operations Manager for 2 hours = 12 hours of initial burden; Compliance Attorney for 5 hours = 5 hours of ongoing burden.

⁷⁶ 12 hours in the first year ÷ 3 years = 4 hours per year.

⁷⁷ 4 hours + 5 hours of ongoing burden per year = 9 hours.

⁷⁸ 5 hours x 6 respondents = 30 hours.

⁷⁹ 9 hours x 2 respondents = 18 hours.

⁸⁰ 30 hours + 18 hours = 48 hours.

⁸¹ These figures were calculated as follows: Assistant General Counsel for 2 hours + Compliance Attorney for 6 hours + Senior Business Analyst for 2 hours + Computer Operations Manager for 2 hours = 12 hours of initial burden; Compliance Attorney for 5 hours = 5 hours of ongoing burden.

results in an estimated initial burden of 4 hours per new respondent when annualized over three years,⁸² or a total annual burden of 9 hours per year per new respondent.⁸³

Accordingly, the six original respondents have an estimated total annual burden of 30 hours,⁸⁴ **the two new respondents have an estimated total annual burden of 18 hours,**⁸⁵ and the estimated total annual industry burden is 48 hours.⁸⁶

Requirements in Rule 17Ad-22(e)(10) that Impose a PRA Burden

Rule 17Ad-22(e)(10) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(10) continues to contain substantially similar provisions to Rule 17Ad-22(d)(15). As a result, the Commission continues to expect that a respondent clearing agency would already have written rules, policies, and procedures substantially similar to those required by Rule 17Ad-22(e)(10). The Commission continues to believe that a respondent clearing agency would incur the incremental burdens of reviewing and updating existing policies and procedures as necessary.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(15), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 12 hours in the first year and an ongoing burden of 5 hours per year (including the first year).⁸⁷ This results in an estimated initial burden of 4 hours per new respondent when annualized over three years,⁸⁸ or a total annual burden of 9 hours per year per new respondent.⁸⁹

⁸² 12 hours in the first year ÷ 3 years = 4 hours per year.

⁸³ 4 hours + 5 hours of ongoing burden per year = 9 hours.

⁸⁴ 5 hours x 6 respondents = 30 hours.

⁸⁵ 9 hours x 2 respondents = 18 hours.

⁸⁶ 30 hours + 18 hours = 48 hours.

⁸⁷ These figures were calculated as follows: Assistant General Counsel for 2 hours + Compliance Attorney for 6 hours + Senior Business Analyst for 2 hours + Computer Operations Manager for 2 hours = 12 hours of initial burden; Compliance Attorney for 5 hours = 5 hours of ongoing burden.

⁸⁸ 12 hours in the first year ÷ 3 years = 4 hours per year.

⁸⁹ 4 hours + 5 hours of ongoing burden per year = 9 hours.

Accordingly, the six original respondents have an estimated total annual burden of 30 hours,⁹⁰ **the two new respondents have an estimated total annual burden of 18 hours,**⁹¹ and the estimated total annual industry burden is 48 hours.⁹²

Requirements in Rule 17Ad-22(e)(11) that Impose a PRA Burden

Rule 17Ad-22(e)(11) imposes a recordkeeping PRA burden and, under the amendments, would continue to apply to one respondent clearing agency. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(11) continues to contain similar provisions to Rule 17Ad-22(d)(10). As a result, the Commission continues to expect that a respondent clearing agency providing CSD services would already have written rules, policies, and procedures similar to those required by Rule 17Ad-22(e)(11). Rule 17Ad-22(e)(10) also continues to impose requirements that do not appear in Rule 17Ad-22(d)(10). Accordingly, the Commission continues to expect that a covered clearing agency providing CSD services may need to update or amend existing policies and procedures, as necessary, to satisfy the requirements and may also need to create new policies and procedures.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(10), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 55 hours in the first year and an ongoing burden of 8 hours per year (including the first year).⁹³ This results in an estimated initial burden of 18.33 hours per new respondent when annualized over three years,⁹⁴ or a total annual burden of 26.33 hours per year per new respondent.⁹⁵

Accordingly, with only one respondent, the industry has an estimated total burden of 8 hours,⁹⁶ and **this estimated burden is unchanged.**

Requirements in Rule 17Ad-22(e)(12) that Impose a PRA Burden

⁹⁰ 5 hours x 6 respondents = 30 hours.

⁹¹ 9 hours x 2 respondents = 18 hours.

⁹² 30 hours + 18 hours = 48 hours.

⁹³ These figures were calculated as follows: Assistant General Counsel for 20 hours + Compliance Attorney for 10 hours + Intermediate Accountant for 15 hours + Senior Business Analyst for 5 hours + Computer Operations Manager for 5 hours = 55 hours of initial burden; Compliance Attorney for 8 hours = 8 hours of ongoing burden.

⁹⁴ 55 hours of initial burden ÷ 3 years = 18.33 hours per year.

⁹⁵ 18.33 hours + 8 hours of ongoing burden per year = 26.33 hours.

⁹⁶ 8 hours x 1 respondent = 8 hours.

Rule 17Ad-22(e)(12) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(12) continues to contain substantially similar provisions to Rule 17Ad-22(d)(13). As a result, the Commission continues to expect that a respondent clearing agency would already have written rules, policies, and procedures substantially similar to those required by Rule 17Ad-22(e)(12). The Commission continues to believe that a respondent clearing agency would incur the incremental burdens of reviewing and updating existing policies and procedures as necessary.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(13), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 12 hours in the first year and an ongoing burden of 5 hours per year (including the first year).⁹⁷ This results in an estimated initial burden of 4 hours per new respondent when annualized over three years,⁹⁸ or a total annual burden of 9 hours per year per new respondent.⁹⁹

Accordingly, the six original respondents have an estimated total annual burden of 30 hours,¹⁰⁰ **the two new respondents have an estimated total annual burden of 18 hours,**¹⁰¹ and the estimated total annual industry burden is 48 hours.¹⁰²

Requirements in Rule 17Ad-22(e)(13) that Impose a PRA Burden

Rule 17Ad-22(e)(13) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(13) continues to contain similar provisions to Rule 17Ad-22(d)(11) but would also impose additional requirements that do not appear in Rule 17Ad-22(d)(11). As a result, the Commission continues to believe that a respondent clearing agency would incur burdens of reviewing and updating existing policies and procedures in order to comply with the

⁹⁷ These figures were calculated as follows: Assistant General Counsel for 2 hours + Compliance Attorney for 6 hours + Senior Business Analyst for 2 hours + Computer Operations Manager for 2 hours = 12 hours of initial burden; Compliance Attorney for 5 hours = 5 hours of ongoing burden.

⁹⁸ 12 hours in the first year ÷ 3 years = 4 hours per year.

⁹⁹ 4 hours + 5 hours of ongoing burden per year = 9 hours.

¹⁰⁰ 5 hours x 6 respondents = 30 hours.

¹⁰¹ 9 hours x 2 respondents = 18 hours.

¹⁰² 30 hours + 18 hours = 48 hours.

provisions of Rule 17Ad-22(e)(13) and, in some cases, would need to create new policies and procedures.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(11), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 41 hours in the first year and an ongoing burden of 7 hours per year (including the first year).¹⁰³ This results in an estimated initial burden of 13.67 hours per new respondent when annualized over three years,¹⁰⁴ or a total annual burden of 20.67 hours per year per new respondent.¹⁰⁵

Accordingly, the six original respondents have an estimated total annual burden of 42 hours,¹⁰⁶ **the two new respondents have an estimated total annual burden of 41.34 hours,**¹⁰⁷ and the estimated total annual industry burden is 83.34 hours.¹⁰⁸

Requirements in Rule 17Ad-22(e)(14) that Impose a PRA Burden

Rule 17Ad-22(e)(14) imposes a recordkeeping PRA burden and, under the amendments, would apply to three respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Though not required by Rules 17Ad-22(b), (c), or (d), respondent clearing agencies that provide CCP services for security-based swaps generally have written policies and procedures regarding the segregation and portability of customer positions and collateral as a result of other regulations.¹⁰⁹ Consequently, the Commission continues to expect that respondent clearing agencies providing CCP services for security-based swaps would incur the burdens of reviewing and updating existing policies and procedures as necessary in order to comply with Rule 17Ad-22(e)(14).

The Commission continues to estimate that the rule imposes on each respondent an initial burden of 36 hours in the first year and an ongoing burden of 6 hours per year (including the first year).¹¹⁰ This results in an estimated initial burden of 12 hours per new respondent when

¹⁰³ These figures were calculated as follows: Assistant General Counsel for 6 hours + Compliance Attorney for 11 hours + Senior Business Analyst for 12 hours + Computer Operations Manager for 12 hours = 41 hours of initial burden; Compliance Attorney for 7 hours = 7 hours of ongoing burden.

¹⁰⁴ 41 hours of initial burden ÷ 3 years = 13.67 hours per year.

¹⁰⁵ 13.67 hours + 7 hours of ongoing burden per year = 20.67 hours per year.

¹⁰⁶ 7 hours x 6 respondents = 42 hours.

¹⁰⁷ 20.67 hours x 2 respondents = 41.34 hours.

¹⁰⁸ 42 hours + 41.34 hours = 83.34 hours.

¹⁰⁹ See, e.g., 77 FR 6336 (Feb. 7, 2012) (CFTC adopting rules imposing a legal separation with operational commingling (“LSOC”) model on DCOs for cleared swaps).

¹¹⁰ These figures were calculated as follows: Assistant General Counsel for 12 hours + Compliance Attorney

annualized over three years,¹¹¹ or a total annual burden of 18 hours per year per new respondent.¹¹²

Accordingly, the two original respondents have an estimated total annual burden of 12 hours,¹¹³ the one new respondent has an estimated total annual burden of 18 hours,¹¹⁴ and the estimated total annual industry burden is 30 hours,¹¹⁵ and **this estimated burden is unchanged.**

Requirements in Rule 17Ad-22(e)(15) that Impose a PRA Burden

Rule 17Ad-22(e)(15) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(15) continues to require policies and procedures that identify and manage general business risks borne by the clearing agency. Policies and procedures governing the identification and mitigation of general business risk were not required under Rule 17Ad-22(b), (c), or (d), and, as a result, the Commission continues to believe that the estimated PRA burdens associated with Rule 17Ad-22(e)(15) were significant and would require a respondent clearing agency to make substantial changes to its policies and procedures.

The Commission continues to estimate that the rule imposes on each new respondent an initial burden of 210 hours in the first year and an ongoing burden of 48 hours per year (including the first year).¹¹⁶ This results in an estimated initial burden of 70 hours per respondent when annualized over three years,¹¹⁷ or a total annual burden of 118 hours per year per new respondent.¹¹⁸

for 10 hours + Computer Operations Manager for 7 hours + Senior Business Analyst for 7 hours = 36 hours of initial burden; Compliance Attorney for 6 hours = 6 hours of ongoing burden.

¹¹¹ 36 hours of initial burden ÷ 3 years = 12 hours per year.

¹¹² 12 hours + 6 hours of ongoing burden per year = 18 hours.

¹¹³ 6 hours x 2 respondents = 12 hours.

¹¹⁴ 18 hours x 1 respondent = 18 hours.

¹¹⁵ 12 hours + 18 hours = 30 hours.

¹¹⁶ These figures were calculated as follows: Assistant General Counsel for 40 hours + Compliance Attorney for 30 hours + Computer Operations Manager for 10 hours + Senior Business Analyst for 10 hours + Financial Analyst for 70 hours + Chief Financial Officer for 50 hours = 210 hours of initial burden; Compliance Attorney for 42 hours + Administrative Assistant for 3 hours + Senior Business Analyst for 3 hours = 48 hours of ongoing burden.

¹¹⁷ 210 hours of initial burden ÷ 3 years = 70 hours per year.

¹¹⁸ 70 hours + 48 hours of ongoing burden per year = 118 hours per year.

Accordingly, the six original respondents have an estimated total annual burden of 288 hours,¹¹⁹ the **two new respondents have an estimated total annual burden of 236 hours**,¹²⁰ and the estimated total annual industry burden is 524 hours.¹²¹

Requirements in Rule 17Ad-22(e)(16) that Impose a PRA Burden

Rule 17Ad-22(e)(16) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Respondent clearing agencies were already required to have written policies and procedures reasonably designed to address the safeguarding of the assets of the clearing agency and its participants. As a result, the Commission continues to expect that a respondent clearing agency would need to conduct a review of, and update as necessary, current policies and procedures in order to ensure compliance with the rule.

Based on similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(3), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 20 hours in the first year and an ongoing burden of 6 hours per year (including the first year).¹²² This results in an estimated initial burden of 6.67 hours per new respondent when annualized over three years,¹²³ or a total annual burden of 12.67 hours per year per new respondent.¹²⁴

Accordingly, the six original respondents have an estimated total annual burden of 36 hours,¹²⁵ the **two new respondents have an estimated total annual burden of 25.34 hours**,¹²⁶ and the estimated total annual industry burden is 61.34 hours.¹²⁷

Requirements in Rule 17Ad-22(e)(17) that Impose a PRA Burden

¹¹⁹ 48 hours x 6 respondents = 288 hours.

¹²⁰ 118 hours x 2 respondents = 236 hours.

¹²¹ 288 hours + 236 hours = 524 hours.

¹²² These figures were calculated as follows: Assistant General Counsel for 4 hours + Compliance Attorney for 8 hours + Senior Business Analyst for 4 hours + Computer Operations Manager for 4 hours = 20 hours of initial burden; Compliance Attorney for 6 hours = 6 hours of ongoing burden.

¹²³ 20 hours of initial burden ÷ 3 years = 6.67 hours per year.

¹²⁴ 6.67 hours + 6 hours of ongoing burden per year = 12.67 hours per year.

¹²⁵ 6 hours x 6 respondents = 36 hours.

¹²⁶ 12.67 hours x 2 respondents = 25.34 hours.

¹²⁷ 36 hours + 25.34 hours = 61.34 hours.

Rule 17Ad-22(e)(17) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(17) continues to contain similar requirements to those in Rule 17Ad-22(d)(4) but would also impose additional requirements that do not appear in Rule 17Ad-22(d)(4). As a result, the Commission continues to expect that a respondent clearing agency would already have some written rules, policies, and procedures required by the rule, but it would also need to review and update existing policies and procedures, where necessary, and would need to create policies and procedures to address the additional requirements.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(4), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 28 hours in the first year and an ongoing burden of 6 hours per year (including the first year).¹²⁸ This results in an initial estimated burden of 9.33 hours per new respondent when annualized over three years,¹²⁹ or a total burden of 15.33 hours per year per new respondent.¹³⁰

Accordingly, the six original respondents have an estimated total annual burden of 36 hours,¹³¹ **the two new respondents have an estimated total annual burden of 30.66 hours,**¹³² and the estimated total annual industry burden is 66.66 hours.¹³³

Requirements in Rule 17Ad-22(e)(18) that Impose a PRA Burden

Rule 17Ad-22(e)(18) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(18) continues to contain similar requirements to those in Rules 17Ad-22(b)(5) through (7) and (d)(2). As a result, the Commission continues to expect that a respondent clearing agency would already have written rules, policies, and procedures containing provisions similar to those required by the rule. Rule 17Ad-22(e)(18) also continues to impose

¹²⁸ These figures were calculated as follows: Assistant General Counsel for 4 hours + Compliance Attorney for 8 hours + Computer Operations Manager for 6 hours + Senior Business Analyst for 4 hours + Chief Compliance Officer for 4 hours + Senior Programmer for 2 hours = 28 hours of initial burden; Compliance Attorney for 6 hours = 6 hours of ongoing burden.

¹²⁹ 28 hours of initial burden ÷ 3 years = 9.33 hours per year.

¹³⁰ 9.33 hours + 6 hours of ongoing burden per year = 15.33 hours per year.

¹³¹ 6 hours x 6 respondents = 36 hours.

¹³² 15.33 hours x 2 respondents = 30.66 hours.

¹³³ 36 hours + 30.66 hours = 66.66 hours.

additional requirements that do not appear in Rules 17Ad-22(b) or (d), however, necessitating the creation of new policies and procedures to address these additional requirements.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rules 17Ad-22(b)(5) through (7) and (d)(2), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 44 hours in the first year and an ongoing burden of 7 hours per year (including the first year).¹³⁴ This results in an initial estimated burden of 14.67 hours per new respondent when annualized over three years,¹³⁵ or a total annual burden of 21.67 hours per year per new respondent.¹³⁶

Accordingly, the six original respondents have an estimated total annual burden of 42 hours,¹³⁷ **the two new respondents have an estimated total annual burden of 43.34 hours,**¹³⁸ and the estimated total annual industry burden is 85.34 hours.¹³⁹

Requirements in Rule 17Ad-22(e)(19) that Impose a PRA Burden

Rule 17Ad-22(e)(19) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(19) continues to include requirements that have not been previously included in Rules 17Ad-22(b), (c) or (d), and therefore the Commission continues to expect that a respondent clearing agency would need to create new policies and procedures to address the requirements of Rule 17Ad-22(e)(19).

The Commission estimates that the rule imposes on each new respondent an initial burden of 44 hours in the first year and an ongoing burden of 7 hours per year (including the first year).¹⁴⁰ This results in an initial estimated burden of 14.67 hours per new respondent when

¹³⁴ These figures were calculated as follows: Assistant General Counsel for 10 hours + Compliance Attorney for 7 hours + Computer Operations Manager for 15 hours + Senior Business Analyst for 5 hours + Chief Compliance Officer for 5 hours + Senior Programmer for 2 hours = 44 hours of initial burden; Compliance Attorney for 7 hours = 7 hours of ongoing burden.

¹³⁵ 44 hours of initial burden ÷ 3 years = 14.67 hours per year.

¹³⁶ 14.67 hours + 7 hours of ongoing burden per year = 21.67 hours per year.

¹³⁷ 7 hours x 6 respondents = 42 hours.

¹³⁸ 21.67 hours x 2 respondents = 43.34 hours.

¹³⁹ 42 hours + 43.34 hours = 85.34 hours.

¹⁴⁰ These figures were calculated as follows: Assistant General Counsel for 10 hours + Compliance Attorney for 7 hours + Computer Operations Manager for 15 hours + Senior Business Analyst for 5 hours + Chief Compliance Officer for 5 hours + Senior Programmer for 2 hours = 44 hours of initial burden; Compliance Attorney for 7 hours = 7 hours of ongoing burden.

annualized over three years,¹⁴¹ or a total annual burden of 21.67 hours per year per new respondent.¹⁴²

Accordingly, the six original respondents have an estimated total annual burden of 42 hours,¹⁴³ **the two new respondents have an estimated total annual burden of 43.34 hours,**¹⁴⁴ and the estimated total annual industry burden is 85.34 hours.¹⁴⁵

Requirements in Rule 17Ad-22(e)(20) that Impose a PRA Burden

Rule 17Ad-22(e)(20) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Under Rule 17Ad-22(d)(7), registered clearing agencies were already required to have written policies and procedures similar to the requirements of Rule 17Ad-22(e)(20). As a result, the Commission continues to expect that a respondent clearing agency would need to review and update existing policies and procedures, as necessary, to satisfy the requirements of Rule 17Ad-22(e)(20).

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(7), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 44 hours in the first year and an ongoing burden of 7 hours per year (including the first year).¹⁴⁶ This results in an initial estimated burden of 14.67 hours per new respondent when annualized over three years,¹⁴⁷ or a total annual burden of 21.67 hours per year per new respondent.¹⁴⁸

¹⁴¹ 44 hours of initial burden ÷ 3 years = 14.67 hours per year.

¹⁴² 14.67 hours + 7 hours of ongoing burden per year = 21.67 hours per year.

¹⁴³ 7 hours x 6 respondents = 42 hours.

¹⁴⁴ 21.67 hours x 2 respondents = 43.34 hours.

¹⁴⁵ 42 hours + 43.34 hours = 85.34 hours.

¹⁴⁶ These figures were calculated as follows: Assistant General Counsel for 10 hours + Compliance Attorney for 7 hours + Computer Operations Manager for 15 hours + Senior Business Analyst for 5 hours + Chief Compliance Officer for 5 hours + Senior Programmer for 2 hours = 44 hours of initial burden; Compliance Attorney for 7 hours = 7 hours of ongoing burden.

¹⁴⁷ 44 hours of initial burden ÷ 3 years = 14.67 hours per year.

¹⁴⁸ 14.67 hours + 7 hours of ongoing burden per year = 21.67 hours per year.

Accordingly, the six original respondents have an estimated total annual burden of 42 hours,¹⁴⁹ **the two new respondents have an estimated total annual burden of 43.34 hours,**¹⁵⁰ and the estimated total annual industry burden is 85.34 hours.¹⁵¹

Requirements in Rule 17Ad-22(e)(21) that Impose a PRA Burden

Rule 17Ad-22(e)(21) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(21) continues to contain requirements similar to those in Rule 17Ad-22(d)(6) but also imposes new requirements. As a result, the Commission continues to expect that a respondent clearing agency is likely to incur the burdens of reviewing and updating existing policies and procedures and would need to create new policies and procedures to satisfy the rule, as necessary.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(6), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 32 hours in the first year and an ongoing burden of 11 hours per year (including the first year).¹⁵² This results in an estimated burden of 10.67 hours per new respondent when annualized over three years,¹⁵³ or a total annual burden of 21.67 hours per year per new respondent.¹⁵⁴

Accordingly, the six original respondents have an estimated total annual burden of 66 hours,¹⁵⁵ **the two new respondents have an estimated total annual burden of 43.34 hours,**¹⁵⁶ and the estimated total annual industry burden is 109.34 hours.¹⁵⁷

Requirements in Rule 17Ad-22(e)(22) that Impose a PRA Burden

¹⁴⁹ 7 hours x 6 respondents = 42 hours.

¹⁵⁰ 21.67 hours x 2 respondents = 43.34 hours.

¹⁵¹ 42 hours + 43.34 hours = 85.34 hours.

¹⁵² These figures were calculated as follows: Assistant General Counsel for 10 hours + Compliance Attorney for 7 hours + Computer Operations Manager for 15 hours + Senior Business Analyst for 5 hours + Chief Compliance Officer for 5 hours + Senior Programmer for 2 hours = 32 hours of initial burden; Compliance Attorney for 11 hours = 11 hours of ongoing burden.

¹⁵³ 32 hours of initial burden ÷ 3 years = 10.67 hours per year.

¹⁵⁴ 10.67 hours + 11 hours of ongoing burden = 21.67 hours per year.

¹⁵⁵ 11 hours x 6 respondents = 66 hours.

¹⁵⁶ 21.67 hours x 2 respondents = 43.34 hours.

¹⁵⁷ 66 hours + 43.34 hours = 109.34 hours.

Rule 17Ad-22(e)(22) imposes a recordkeeping PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(22) continues to require a respondent clearing agency to have written policies and procedures regarding the use of relevant internationally accepted communication procedures and standards. While respondent clearing agencies are not subject to similar requirements under Rules 17Ad-22(b), (c) or (d), the Commission understands that respondent clearing agencies already use the relevant internationally accepted communication procedures and standards and continues to expect a respondent clearing agency would need to make only limited changes to satisfy the requirements under the Rule 17Ad-22(e)(22).

The Commission continues to estimate that the rule imposes on each new respondent an initial burden of 24 hours in the first year and an ongoing burden of 5 hours per year (including the first year).¹⁵⁸ This results in an estimated initial burden of 8 hours per new respondent when annualized over three years,¹⁵⁹ or a total annual burden of 13 hours per year per new respondent.¹⁶⁰

Accordingly, the six original respondents have an estimated total annual burden of 30 hours,¹⁶¹ **the two new respondents have an estimated total annual burden of 26 hours,**¹⁶² and the estimated total annual industry burden is 56 hours.¹⁶³

Requirements in Rule 17Ad-22(e)(23) that Impose a PRA Burden

Rule 17Ad-22(e)(23) imposes a third-party reporting PRA burden and, under the amendments, would apply to eight respondent clearing agencies. The Commission continues to estimate that the rule requires one response per entity annually.

Rule 17Ad-22(e)(23) continues to contain similar requirements to Rule 17Ad-22(d)(9) but also continues to impose substantial new requirements. As a result, although a respondent clearing agency has been required to have written rules, policies and procedures containing provisions similar to some of the requirements in Rule 17Ad-22(e)(23), a respondent clearing

¹⁵⁸ These figures were calculated as follows: Assistant General Counsel for 2 hours + Compliance Attorney for 6 hours + Computer Operations Manager for 7 hours + Senior Business Analyst for 2 hours + Chief Compliance Officer for 5 hours + Senior Programmer for 2 hours = 24 hours of initial burden; Compliance Attorney for 5 hours = 5 hours of ongoing burden.

¹⁵⁹ 24 hours of initial burden ÷ 3 years = 8 hours per year.

¹⁶⁰ 8 hours + 5 hours of ongoing burden per year = 13 hours per year.

¹⁶¹ 5 hours x 6 respondents = 30 hours.

¹⁶² 13 hours x 2 respondents = 26 hours.

¹⁶³ 30 hours + 26 hours = 56 hours.

agency would also need to establish new policies and procedures to address additional requirements.

Based on the similar policies and procedures requirements and the corresponding burden estimates previously made by the Commission for Rule 17Ad-22(d)(9), the Commission continues to estimate that the rule imposes on each new respondent an initial burden of 138 hours in the first year and an ongoing burden of 34 hours per year (including the first year).¹⁶⁴ This results in an estimated initial burden of 46 hours per new respondent when annualized over three years,¹⁶⁵ or a total annual burden of 80 hours per year per new respondent.¹⁶⁶

Accordingly, the six original respondents have an estimated total annual burden of 204 hours,¹⁶⁷ **the two new respondents have an estimated total annual burden of 160 hours,**¹⁶⁸ and the estimated total annual industry burden is 364 hours.¹⁶⁹

iii. Table Summary of Hourly Burdens for Rules 17Ad-22(b), (c), and (d)

The table below summarizes the Commission's estimates of the total hourly reporting burden for all respondents under Rules 17Ad-22(b), (c) and (d). **These burdens are unchanged.**

¹⁶⁴ These figures were calculated as follows: Assistant General Counsel for 38 hours + Compliance Attorney for 24 hours + Computer Operations Manager for 32 hours + Senior Business Analyst for 18 hours + Chief Compliance Officer for 18 hours + Senior Programmer for 8 hours = 138 hours of initial burden; Compliance Attorney for 34 hours = 34 hours of ongoing burden.

¹⁶⁵ 138 hours of initial burden ÷ 3 years = 46 hours per year.

¹⁶⁶ 46 hours + 34 hours of ongoing burden per year = 80 hours.

¹⁶⁷ 34 hours x 6 respondents = 204 hours.

¹⁶⁸ 80 hours x 2 respondents = 160 hours.

¹⁶⁹ 204 hours + 160 hours = 364 hours.

IC	Name of Information Collection	Type of Burden	Number of Entities Impacted	Annual Responses Per Entity	Initial Burden Per Entity Per Response	Initial Burden Annualized per Entity Per Response	Ongoing Burden Per Entity Per Response	Annual Burden Per Entity Per Response	Total Annual Burden Per Entity	Total Annual Industry Burden
1	17Ad-22(b)(1)–(3)	Recordkeeping	9	1	0	0	10	10	10	90
2	17Ad-22(b)(4)	Recordkeeping	9	1	0	0	60	60	60	540
3	17Ad-22(b)(5)–(7)	Recordkeeping	9	1	0	0	60	60	60	540
4	17Ad-22(c)(1)	Recordkeeping	9	4	0	0	3	12	12	108
5	17Ad-22(c)(2)	Third-Party Reporting	9	1	0	0	250	250	250	2,250
6	17Ad-22(c)(2)	Third-Party Reporting	1	1	500	166.67	250	416.67	416.67	416.67
7	17Ad-22(d)(1)–(15)	Recordkeeping	3	1	0	0	50	50	50	150

iv. Table Summary of Hourly Burdens for Rule 17Ad-22(e)

The table below summarizes the Commission’s estimates of the total hourly reporting burden for all respondents under Rules 17Ad-22(e)(1)–(23). **Only the bolded entries are being modified by the new final rule. The other burdens in paragraph (e) are unchanged.**

IC	Name of Information Collection	Type of Burden	Number of Entities Impacted	Annual Responses Per Entity	Initial Burden Per Entity Per Response	Initial Burden Annualized per Entity Per Response	Ongoing Burden Per Entity Per Response	Annual Burden Per Entity Per Response	Total Annual Burden Per Entity	Total Annual Industry Burden
8	17Ad-22(e)(1)	Recordkeeping	6	1	0	0	3	3	3	18
9	17Ad-22(e)(1) (RNR)¹⁷⁰	Recordkeeping	2	1	8	2.67	3	5.67	5.67	11.34
10	17Ad-22(e)(2)	Recordkeeping	6	1	0	0	5	5	5	30
11	17Ad-22(e)(2) (RNR)	Recordkeeping	2	1	25	8.33	5	13.33	13.33	26.66
12	17Ad-22(e)(3)	Recordkeeping	6	1	0	0	49	49	49	294
13	17Ad-22(e)(3) (RNR)	Recordkeeping	2	1	57	19	49	68	68	136
14	17Ad-22(e)(4)	Recordkeeping	6	1	0	0	62	62	62	372
15	17Ad-22(e)(4) (RNR)	Recordkeeping	2	1	219	73	62	135	135	270

¹⁷⁰ RNR stands for “Respondent Not Registered.”

16	17Ad-22(e)(5)	Recordkeeping	6	1	0	0	36	36	36	216
17	17Ad-22(e)(5) (RNR)	Recordkeeping	2	1	42	14	36	50	50	100
18	17Ad-22(e)(6)	Recordkeeping	5	1	0	0	60	60	60	300
19	17Ad-22(e)(6) (RNR)	Recordkeeping	2	1	180	60	60	120	120	240
20	17Ad-22(e)(7)	Recordkeeping	6	1	0	0	128	128	128	768
21	17Ad-22(e)(7) (RNR)	Recordkeeping	2	1	330	110	128	238	238	476
22	17Ad-22(e)(8)	Recordkeeping	6	1	0	0	5	5	5	30
23	17Ad-22(e)(8) (RNR)	Recordkeeping	2	1	12	4	5	9	9	18
24	17Ad-22(e)(9)	Recordkeeping	6	1	0	0	5	5	5	30
25	17Ad-22(e)(9) (RNR)	Recordkeeping	2	1	12	4	5	9	9	18
26	17Ad-22(e)(10)	Recordkeeping	6	1	0	0	5	5	5	30
27	17Ad-22(e)(10) (RNR)	Recordkeeping	2	1	12	4	5	9	9	18
28	17Ad-22(e)(11)	Recordkeeping	1	1	0	0	8	8	8	8
29	17Ad-22(e)(12)	Recordkeeping	6	1	0	0	5	5	5	30
30	17Ad-22(e)(12) (RNR)	Recordkeeping	2	1	12	4	5	9	9	18
31	17Ad-22(e)(13)	Recordkeeping	6	1	0		7	7	7	42
32	17Ad-22(e)(13) (RNR)	Recordkeeping	2	1	41	13.67	7	20.67	20.67	41.34
33	17Ad-22(e)(14)	Recordkeeping	2	1	0	0	6	6	6	12
34	17Ad-22(e)(14) (RNR)	Recordkeeping	1	1	36	12	6	18	18	18
35	17Ad-22(e)(15)	Recordkeeping	6	1	0	0	48	48	48	288
36	17Ad-22(e)(15) (RNR)	Recordkeeping	2	1	210	70	48	118	118	236
37	17Ad-22(e)(16)	Recordkeeping	6	1	0	0	6	12.67	12.67	36
38	17Ad-22(e)(16) (RNR)	Recordkeeping	2	1	20	6.67	6	12.67	12.67	25.34
39	17Ad-22(e)(17)	Recordkeeping	6	1	0	0	6	6	6	36
40	17Ad-22(e)(17) (RNR)	Recordkeeping	2		28	9.33	6	15.33	15.33	30.66
41	17Ad-22(e)(18)	Third Party Reporting	6	1	0	0	7	7	7	42
42	17Ad-22(e)(18) (RNR)	Third-Party Reporting	2	1	44	14.67	7	21.67	21.67	43.34
43	17Ad-22(e)(19)	Recordkeeping	6	1	0	0	7	7	7	42
44	17Ad-22(e)(19) (RNR)	Recordkeeping	2	1	44	14.67	7	21.67	21.67	43.34

45	17Ad-22(e)(20)	Recordkeeping	6	1	0	0	7	7	7	42
46	17Ad-22(e)(20) (RNR)	Recordkeeping	2	1	44	14.67	7	21.67	21.67	43.34
47	17Ad-22(e)(21)	Recordkeeping	6	1	0	0	11	11	11	66
48	17Ad-22(e)(21) (RNR)	Recordkeeping	2	1	32	10.67	11	21.67	21.67	43.34
49	17Ad-22(e)(22)	Recordkeeping	6	1	0	0	5	5	5	30
50	17Ad-22(e)(22) (RNR)	Recordkeeping	2	1	24	8	5	13	13	26
51	17Ad-22(e)(23)	Third-Party Reporting	6	1	0	0	34	34	34	204
52	17Ad-22(e)(23) (RNR)	Third-Party Reporting	2	1	138	46	34	80	80	160

13. Costs to Respondents

Table of Costs for Registered Clearing Agencies (costs in thousands of dollars)

The costs to respondents under Rules 17Ad-22(b) and (c) remain unchanged, as reflected in the chart below.

IC	Name of Information Collection	Type of Burden	Number of Entities Impacted	Annual Responses Per Entity	Initial Cost Per Entity Per Response	Initial Cost Annualized per Entity Per Response	Ongoing Cost Per Entity Per Response	Annual Cost Per Entity Per Response	Total Annual Cost Per Entity	Total Industry Cost (in thousands)
2	17Ad-22(b)(4)	Recordkeeping	9	1	0	0	432	432	432	3,888
5	17Ad-22(c)(2)	Third-Party	9	1	0	0	500	500	500	4,500
6	17Ad-22(c)(2) (RNR)	Third-Party	1	1	0	0	500	500	500	500

Because the amendments add one respondent under Rule 17Ad-22(e), Rules 17Ad-22(e)(4) and (7) would have eight, rather than seven, respondents.

Rules 17Ad-22(e)(4) and (7) include requirements for covered clearing agencies to have policies and procedures reasonably designed to test and validate models related to measuring financial risks. Based on its supervisory experience and discussions with industry participants, the Commission expected that covered clearing agencies may choose to hire external consultants for the purposes of performing ongoing model validation required under Rules 17Ad-22(e)(4) and (e)(7). If each covered clearing agency chose to hire external consultants, the Commission estimates that the ongoing cost associated with hiring such consultants is \$322,080 per

respondent.¹⁷¹ The total estimated burden associated with Rules 17Ad-22(e)(4) and (7) would therefore be \$ 2,576.64 per rule,¹⁷² as reflected in the chart below. **Only the bolded entries are being modified by the new final rule. The other burdens in paragraph (e) are unchanged.**

Table of Total Costs for Covered Clearing Agencies (costs in thousands of dollars)

IC	Name of Information Collection	Type of Burden	Number of Entities Impacted	Annual Responses Per Entity	Initial Cost Per Entity Per Response	Initial Cost Annualized per Entity Per Response	Ongoing Cost Per Entity Per Response	Annual Cost Per Entity Per Response	Total Annual Cost Per Entity	Total Annual Industry Cost (in thousands)
14	17Ad-22(e)(4)	Recordkeeping	6	1	0	0	322.08	322.08	322.08	1,932.48
15	17Ad-22(e)(4)(RNR)	Recordkeeping	2	1	0	0	322.08	322.08	322.08	644.16
20	17Ad-22(e)(7)	Recordkeeping	6	1	0	0	322.08	322.08	322.08	1,932.48
21	17Ad-22(e)(7)(RNR)	Recordkeeping	2	1	0	0	322.08	322.08	322.08	644.16

14. Cost to Federal Government

No cost to the federal government is anticipated.

15. Changes in Burden

As previously discussed, only the number of respondents for Rule 17Ad-22(e) has changed. Specifically, in the 2020 Adopting Release, the Commission estimates that, under the amendment to the definition of “covered clearing agency,” a majority of the requirements under Rule 17Ad-22(e) would have eight (rather than seven) respondents, of which (i) seven (rather than six) would be CCPs and one would be a CSD and (ii) three would be security-based swap clearing agencies. In addition, Rule 17Ad-22(e)(6) now has seven (rather than six) respondents because it applies to CCPs, Rule 17Ad-22(e)(11) continues to only have one respondent because it applies to CSDs, and Rule 17Ad-22(e)(14) continues to have three respondents because it applies to security-based swap clearing agencies.

¹⁷¹ This figure was calculated as follows: 2 Consultants for 40 hours per week at \$671 per hour = \$53,680 x 12 weeks = \$644,160 per respondent ÷ 2 (Rules 17Ad-22(e)(4) and (e)(7)) = \$322,080. The \$671 per hour figure for a consultant was calculated using www.payscale.com, modified by Commission staff to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead. For the purposes of estimating a PRA cost on a per-rule basis, we have divided the total cost for Rules 17Ad-22(e)(4) and (e)(7) evenly between the two rules.

¹⁷² This figure was calculated as follows: \$322,080 annual cost per entity x 8 respondents = \$2,576,640 total industry cost.

Separately, also as previously discussed, for the number of respondents for Rules 17Ad-22(b), (c), and (d) has not changed.¹⁷³ The Commission anticipates no other changes in burden under Rule 17Ad-22 as a result of the amendments.

Summary of Changes in Hour Burdens				
Name of Information Collection	Annual Industry Burden	Annual Industry Burden Previously Approved	Change in Burden	Reason for Change
17Ad-22(e)(1) (RNR)	11.34	5.67	5.67	Respondents increased from 1 to 2
17Ad-22(e)(2) (RNR)	26.66	13.33	13.33	Respondents increased from 1 to 2
17Ad-22(e)(3) (RNR)	136	68	68	Respondents increased from 1 to 2
17Ad-22(e)(4) (RNR)	270	135	135	Respondents increased from 1 to 2
17Ad-22(e)(5) (RNR)	100	50	50	Respondents increased from 1 to 2
17Ad-22(e)(6) (RNR)	240	120	120	Respondents increased from 1 to 2
17Ad-22(e)(7) (RNR)	476	238	238	Respondents increased from 1 to 2
17Ad-22(e)(8) (RNR)	18	9	9	Respondents increased from 1 to 2
17Ad-22(e)(9) (RNR)	18	9	9	Respondents increased from 1 to 2
17Ad-22(e)(10) (RNR)	18	9	9	Respondents increased from 1 to 2
17Ad-22(e)(12) (RNR)	18	9	9	Respondents increased from 1 to 2
17Ad-22(e)(13) (RNR)	41.34	20.67	20.67	Respondents increased from 1 to 2
17Ad-22(e)(15) (RNR)	236	118	118	Respondents increased from 1 to 2
17Ad-22(e)(16) (RNR)	25.34	12.67	12.67	Respondents increased from 1 to 2
17Ad-22(e)(17) (RNR)	30.66	15.33	15.33	Respondents increased from 1 to 2
17Ad-22(e)(18) (RNR)	43.34	21.67	21.67	Respondents increased from 1 to 2
17Ad-22(e)(19) (RNR)	43.34	21.67	21.67	Respondents increased from 1 to 2
17Ad-22(e)(20) (RNR)	43.34	21.67	21.67	Respondents increased from 1 to 2
17Ad-22(e)(21) (RNR)	43.34	21.67	21.67	Respondents increased from 1 to 2
17Ad-22(e)(22) (RNR)	26	13	13	Respondents increased from 1 to 2
17Ad-22(e)(23) (RNR)	160	80	80	Respondents increased from 1 to 2
TOTAL CHANGE			1,012.35¹⁷⁴	

¹⁷³ See *supra* note 29 (explaining the remaining burdens for Rules 17Ad-22(b), (c), and (d)).

¹⁷⁴ Due to rounding differences, the total change is shown in ROCIS as 1,009 hours.

Summary of Changes in Cost Burdens				
Name of Information Collection	Annual Industry Burden	Annual Industry Burden Previously Approved	Change in Burden (in thousands)	Reason for Change
17Ad-22(e)(4) (RNR)	644.16	322.08	322.08	Respondents increased from 1 to 2
17Ad-22(e)(7) (RNR)	644.16	322.08	322.08	Respondents increased from 1 to 2
TOTAL CHANGE			644.16	

16. Information Collection Planned for Statistical Purposes

This is not an information collection planned for statistical purposes.

17. OMB Expiration Date Display Approval

The Commission is not seeking approval to not display the OMB approval expiration date.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

This collection complies with the requirements in 5 CFR 1320.9.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection of information does not involve statistical methods.