

SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission for
Rule 17a-4
OMB Control No. 3235-0279

A. JUSTIFICATION

1. Information Collection Necessity

All brokers and dealers in the ordinary course of their businesses need to maintain certain books and records reflecting, among other things, income and expenses, assets and liabilities, daily trading activity, and the status of customer and firm accounts. These books and records are, for the most part, standard and would be kept by any prudent individual engaging in a securities business.

The Commission is statutorily authorized by Sections 17(a)¹ and 23(a)² of the Securities Exchange Act of 1934 (“Exchange Act”) to promulgate rules and regulations regarding the maintenance and preservation of books and records of exchange members, brokers, and dealers (“broker-dealers”). Section 17(a)(1) provides in pertinent part:

“[all members of a national securities exchange and registered brokers and dealers] shall make and keep for prescribed periods such records...as the Commission, by rule, prescribes as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the [Exchange Act].”

Title VII of the Dodd-Frank Act was enacted, among other reasons, to provide for the registration and regulation of security-based swap dealers (“SBSDs”) and major security-based swap participants (“MSBSPs”), and create recordkeeping and reporting regimes for such entities. Section 764 of the Dodd-Frank Act added Section 15F to the Exchange Act, which directs the Commission to adopt rules governing reporting and recordkeeping for SBSDs and MSBSPs.³ Additionally, Section 17(a)(1) of the Exchange Act provides the Commission with authority to adopt rules requiring broker-dealers – which would include broker-dealer security-based swap dealers (“broker-dealer SBSDs”) and broker-dealer major security-based swap participants (“broker-dealer MSBSPs”) – to make and keep for prescribed periods such records, furnish such copies thereof, and make and disseminate such reports as the Commission, by rule, prescribes as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act.⁴

¹ 15 U.S.C. 78q(a).

² 15 U.S.C. 78w(a).

³ See 15 U.S.C. 78o-10(f)(2).

⁴ See 15 U.S.C. 78q(a)(1).

To standardize recordkeeping practices throughout the industry, the Commission, in 1940, adopted Rules 17a-3 and 17a-4 (one of the “Books and Records Rules”),⁵ which codified and specified minimum standards with respect to business records that broker-dealers must create and maintain. Rule 17a-3 requires exchange members, brokers and dealers to make and keep current certain records relating to a broker’s or dealer’s financial condition and operations.

Rule 17a-4 requires broker-dealers to preserve, for prescribed periods of time, the records required to be created under Rule 17a-3 and certain other Commission rules. In addition, Rule 17a-4 requires broker-dealers to preserve other records that may be created or received by the broker-dealer in the ordinary course of its business for prescribed periods of time.

2. Information Collection Purpose and Use

The purpose of requiring that broker-dealers maintain the records specified in Rule 17a-4 is to help ensure that examiners and other representatives of the Commission, State securities regulatory authorities, and self-regulatory organizations (“SROs”) have access to the information and documents necessary to determine whether broker-dealers are in compliance with the Commission’s antifraud and anti-manipulation rules, financial responsibility program, and other Commission, SRO, and State laws, rules, and regulations. Without Rule 17a-4, it would be impossible for the Commission to determine whether a broker-dealer that chose not to preserve records was in compliance with these rules. Such a situation would not be in the public interest and would be detrimental to investors and the financial community as a whole.

3. Consideration Given to Information Technology

Rule 17a-4 specifically allows brokers and dealers to use electronic storage media to comply with the record-keeping requirements under the Securities and Exchange Act of 1934. In fact, because it simply sets minimum standards for the electronic storage media employed, Rule 17a-4 does not limit broker-dealers to using forms of electronic storage which may become obsolete as new technology is developed. The Commission believes that improvements in telecommunications and data processing technology may reduce any burdens that result from Rule 17a-4.

4. Duplication

There is no duplication.

5. Effects on Small Entities

Because the number and complexity of records required to be preserved by Rule 17a-4 vary proportionately with the volume and complexity of the broker-dealer's business, broker-dealers, including broker-dealer SBSDs and broker-dealer MSBSPs, may choose which media (hard-copy, microfiche, electronic storage, etc.) is most appropriate given their size and the type

⁵ 17 CFR 240.17a-3 and 17 CFR 240.17a-4.

of business they do. The books and records required under Rule 17a-4 are normally retained by small broker-dealers.

6. Consequences of Not Conducting Collection

Rule 17a-4 is a record preservation rule. Without Rule 17a-4, it would be impossible for the Commission to determine whether a broker-dealer that chose not to preserve records was in compliance with the Commission's antifraud and anti-manipulation rules, financial responsibility program, and other Commission, SRO, and State laws, rules, and regulations. Such a situation would not be in the public interest and would be detrimental to investors and the financial community as a whole.

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

Certain provisions of Rule 17a-4 require respondents to retain records for more than three years. Specifically, Rule 17a-4(a) requires broker-dealers to preserve for a period of not less than six years:

1. Purchase and sales blotters, securities and cash receipts, and disbursements blotters;
2. Ledgers of a broker-dealer's assets, liabilities, income and expense, and capital accounts;
3. Customer account ledgers;
4. Securities position reports;
5. Lists of office employees able to explain records to examiners; and
6. A record of persons responsible for establishing policies and procedures designed to ensure that the broker-dealer is compliant with applicable rules and regulations.

After the closing of any customer's account, broker-dealers must preserve for at least six years any account cards or records which relate to the terms and conditions of opening and maintaining the account. Broker-dealers are required to maintain and preserve in an easily accessible place:

1. Employment records of associated persons until at least three years after the employment has terminated;
2. Processed fingerprint cards and other related information until at least three years after the termination of employment or association;
3. All records required pursuant to paragraph (a)(15) of Rule 17a-3 for the life of the enterprise;
4. All account record information required pursuant to Rule 17a-3(a)(17) and Rule 17a-3(a)(35) until at least six years after the earlier of the date the account was closed or the date on which the information was replaced or updated;
5. All records required pursuant to Rule 17a-3(a)(24) and a copy of each Form CRS, until at least six years after such record or Form CRS is created; and
6. Each compliance, supervisory, and procedures manual, including any updates, modifications, and revisions to the manual, describing the policies and practices of the member, broker, or dealer with respect to compliance with applicable laws and rules, and supervision of the activities of each natural person associated with the member, broker, or dealer until three years after the termination of the use of the manual.

In addition, Rule 17a-4(d) requires that a broker-dealer maintain specified organizational documents for the life of the enterprise and any successor enterprise.

These extended retention periods are necessary with respect to the records itemized above in order to provide regulators with sufficient time to conduct comprehensive inspections and investigations. Due to budget constraints, regulators only examine broker-dealers and office locations periodically. Further, certain of these documents do not become obsolete (*e.g.*, organizational documents).

8. Consultations Outside the Agency

The required Federal Register notice with a 60-day comment period soliciting comments on this collection of information was published. No public comments were received.

9. Payment or Gift

The Commission did not provide any payment or gift to respondents.

10. Confidentiality

The records required to be maintained by Rule 17a-4 are available only to the examination staffs of the Commission, State regulatory authorities, and the SROs. Subject to the provisions of the Freedom of Information Act, 5 U.S.C. § 552 (“FOIA”) and the Commission’s rules thereunder (17 CFR 200.80(b)(4)(iii)), the Commission generally does not publish or make available information contained in reports, summaries, analyses, letters, or memoranda arising out of, in anticipation of, or in connection with an examination or inspection of the books and records of any person or any other investigation.

11. Sensitive Questions

Rule 17a-4 works to maintain the records relating to the business of the broker-dealer. The SEC does not collect personally identifiable information (“PII”). The agency has determined that a system of records notice (“SORN”) and privacy impact assessment (“PIA”) are not required in connection with the collection of information.

12. Information Collection Burden

Rule 17a-4 establishes the records that must be preserved by all broker-dealers, as well as records that must be preserved only by certain broker-dealers. All of these burdens are recordkeeping burdens.

Records Preserved by All Broker-Dealers

The Commission estimates that, on average, each broker-dealer spends 254 hours each year to ensure that it preserves the records Rule 17a-4 requires all broker-dealers to preserve. As of December 31, 2021, there were 3,508 broker-dealers registered with the Commission.

Therefore, the Commission estimates that all brokers will spend a **combined total of 891,032 hours each year** ((3,508 broker-dealers x 254 hours) to comply with the Rule 17a-4 requirements applicable to all broker-dealers.

Rule 17a-4(b)(11)

Paragraph (b)(11) of Rule 17a-4 requires any broker-dealer that sponsors an internal broker-dealer system to maintain certain records relating to such system for at least three years, the first two years in an easily accessible place.⁶ The Commission estimates that paragraph (b)(11) of Rule 17a-4 imposes an annual burden of 3 hours per year to maintain the requisite records. The Commission estimates that there are approximately 200 internal broker-dealer systems,⁷ resulting in an **annual recordkeeping burden of 600 hours**.⁸

Rule 17a-4(e)(5) and Rule 17a-4(e)(10)

In June 2019, the Commission amended Rule 17a-4 by revising paragraph (e)(5) and by adding new paragraph (e)(10). These revisions to the collection of information were approved by OMB on October 3, 2019.

Based on data obtained from Form BR, the Commission estimates that approximately 73.5% of the 3508 broker-dealers registered with the Commission as of December 31, 2021, or 2,578 broker-dealers, have retail customers and therefore are subject to the requirements of Rule 17a-4 (e)(5) and Rule 17a-4(e)(10).⁹

Rule 17a-4(e)(5) requires broker-dealers to retain all records of the information collected from or provided to each retail customer for at least six years after the earlier of the date the

⁶ An internal broker-dealer system is any facility that provides a mechanism for collecting, receiving, disseminating, or displaying system orders and facilitating agreement to the basic terms of a purchase or sale of a security between a customer and the sponsor, but excludes a national securities exchange, an exchange exempt from registration based on limited volume, and an alternative trading system. See 17 C.F.R. 240.17a-3(a)(16)(ii)(A). Because an internal broker-dealer system is not included in the definition of an exchange, it is regulated under the broker-dealer regulatory scheme.

⁷ The Commission believes that most over-the-counter (“OTC”) market makers maintain an internal broker-dealer system. In 2018, the Commission estimated that there are approximately 200 OTC market makers. See *Disclosure of Order Handling Information*, Exchange Act Release No. 84528 (Nov. 2, 2018), 83 FR 58338 (Nov. 19, 2018).

⁸ 3 hours x 200 internal broker-dealer systems = 600 hours.

⁹ On June 5, 2019, the Commission adopted Rule 15l-1 under the Exchange Act establishing a standard of conduct for broker-dealers and natural persons who are associated persons of a broker-dealer when making a recommendation of any securities transaction or investment strategy involving securities to a retail customer (“Regulation Best Interest”). See Securities Exchange Act Release No. 86031 (June 5, 2019), 84 FR 33318 (July 12, 2019) (“Regulation Best Interest Adopting Release”). At the same time, the Commission adopted Exchange Act Rule 17a-14 (CFR 240.17a-14) and Form CRS (17 CFR 249.640) under the Exchange Act. In connection with these rulemakings, the Commission amended Rule 17a-4 by revising paragraph (e)(5) and adding paragraph (e)(10).

account was closed or the date on which the information was last replaced or updated.¹⁰ Rule 17a-4(e)(10) requires broker-dealers subject to Form CRS to maintain each record made pursuant to Rule 17a-3(a)(24) for at least six years.

Based on the assumption that broker-dealers will rely on existing infrastructures to satisfy the recordkeeping obligations of Rule 17a-4(e)(5), the Commission estimates the one-time initial burden for broker-dealers to add new documents or modify existing documents to the broker-dealer's existing retention system would be **1,639 hours per broker-dealer or 4,225,342 burden hours for all broker-dealers**¹¹ (put another way, each broker-dealer would incur the burden for each of the 36,876 retail customer accounts)¹² assuming a broker-dealer would need to upload or file each of the four account documents discussed above for each retail customer account.¹³ Furthermore, the Commission estimates that the approximate ongoing burden associated with the recordkeeping requirement of Rule 17a-4(e)(5) is **1,622.555 hours per broker-dealer or 4,182,947 burden hours per year**.¹⁴

Rule 17a-4(e)(10) requires broker-dealers subject to Form CRS to maintain each record made pursuant to Rule 17a-3(a)(24) for at least six years. The Commission estimates this increases the burden for each such broker-dealer by 0.10 hours, or an estimated aggregate burden of 258 hours on an annual basis.¹⁵ This estimate results in a **total annual estimated recordkeeping burden for Form CRS records for all BDs of 258 hours**.

Telephonic Communications

Paragraph (b)(4) of Rule 17a-4 requires broker-dealer SBSDs and broker-dealer MSBSPs to retain telephone calls that have already been recorded and are related to the broker-dealer SBSD's and broker-dealer MSBSP's security-based swap business.¹⁶ Paragraph (b)(4) of Rule 17a-4, only requires the retention of telephonic recordings the broker-dealer SBSD or broker-

¹⁰ The Commission believes the following records will likely need to be retained by broker-dealers under Rule 17a-4(e)(5): (1) existing account disclosure documents; (2) comprehensive fee schedules; (3) disclosures identifying material conflicts; and (4) memorialized oral disclosures under the circumstances outlined in Section II.C.1 of the Regulation Best Interest Adopting Release, *Oral Disclosure or Disclosure After a Recommendation*.

¹¹ This estimate is based on the following calculation: 2,578 broker-dealers x 1,639 hours per broker-dealer = 4,225,342 burden hours for all broker-dealers.

¹² This estimate is based on the following calculation: (102 million retail customer accounts)/(2,578 broker-dealers) = 39,565 retail customer accounts per broker-dealer.

¹³ This estimate is based on the following calculation: (4 documents per customer account) x (102 million retail customer accounts) x (2 minutes per document) / 60 minutes = 13,600,000 aggregate burden hours.

¹⁴ This estimate is based on the following calculation: (2,578 broker-dealers) x 1,622.555 hours per broker-dealer = 4,182,947 burden hours for all broker-dealers.

¹⁵ 2,578 broker-dealers x 0.1 hours = 258 hours in aggregate.

¹⁶ See paragraph (b)(4) of Rule 17a-4.

dealer MSBSP voluntarily chooses to record, so the Commission's burden estimate does not include the cost of recording phone calls. Therefore, the burden imposed by the amendment is to provide adequate physical space and computer hardware and software for storage. The Commission estimates that the amendment to paragraph (b)(4) of Rule 17a-4 imposes an initial burden of 13 hours per firm in the first year and an ongoing burden of 6 hours per year (including the first year). The Commission estimates that there are 17 respondents,¹⁷ resulting in an estimated industry-wide initial burden of 221 hours¹⁸ in the first year and an ongoing burden of 102 hours per year (including the first year).¹⁹ Over a three year period, the total industry burden is estimated to be 527 hours,²⁰ or **176 hours per year when annualized.**²¹

Security-Based Swap Activities

The Commission is amending paragraphs (b)(1), and (b)(8)(v)-(viii), and adding paragraphs (b)(8)(xvi) and (b)(14) of Rule 17a-4 that add five types of records to be preserved by broker-dealers.²² Because the burden to create these records is already accounted for in the Paperwork Reduction Act ("PRA") estimates for Rule 17a-3, Rule 15c3-1, or in Regulation SBSR, the burdens imposed by these new requirements are to ensure there is adequate physical space and computer hardware and software for storage, ensure these records are preserved for the requisite time period, and produce them when requested. The Commission estimates that these amendments to Rule 17a-4 impose an initial burden of 65 hours per firm in the first year and an ongoing burden of 30 hours per year (including the first year). The Commission estimates that there are 42 respondents,²³ resulting in an estimated industry-wide initial burden of 2,730 hours²⁴ in the first year and an ongoing burden of 1,260 hours per year (including the first year).²⁵ Over

¹⁷ 16 broker-dealer SBSBs + 1 broker-dealer MSBSP = 17 respondents.

¹⁸ 13 hours x 17 broker-dealer SBSBs and broker-dealer MSBSPs = 221 hours.

¹⁹ 6 hours x 17 broker-dealer SBSBs and broker-dealer MSBSPs = 102 hours.

²⁰ (221 hours in first year + 102 hours in first year) + 102 hours in second year + 102 hours in third year = 527 hours.

²¹ 527 hours / 3 years = 175.67 hours per year or 10.33 hours per respondent per year.

²² See Rule 17a-4, as amended (paragraph (b)(1) (cross-referencing paragraphs (a)(26) (compliance with possession or control requirements) and (a)(27) (records of reserve computations under Rule 15c3-3(p)(3)) of Rule 17a-3, as amended; paragraph (b)(8)(v) through (viii) (identifying information about swaps); paragraph (b)(8)(xvi) (risk margin calculation); and paragraph (b)(14) (Regulation SBSR information)).

²³ 16 broker-dealer SBSBs + 1 broker-dealer MSBSP + 25 non-SBSB/MSBSP broker-dealers engaged in security-based swap activities = 42 respondents.

²⁴ 65 hours x 42 respondents = 2,730 hours.

²⁵ 30 hours x 42 respondents = 1,260 hours.

a three year period, the total industry burden is estimated to be 6,510 hours,²⁶ **or 2,170 hours per year when annualized.**²⁷

Broker-Dealer SBSs and Broker-Dealer MSBSPs

The Commission is amending paragraph (b)(1) and adopting paragraphs (b)(15) and (b)(16) of Rule 17a-4 to add five types of records to be preserved by broker-dealer SBSs and broker-dealer MSBSPs.²⁸ Because the burden to create these records is accounted for in the PRA estimates for Rule 17a-3, or Rules 15Fh-1 through 15Fh-5 and 15Fk-1, the burdens imposed by these amendments are to ensure there is adequate physical space and computer hardware and software for storage, ensure these records are preserved for the requisite time period, and produce them when requested. The Commission estimates that these amendments to Rule 17a-4 impose an initial burden of 65 hours per firm in the first year and an ongoing burden of 30 hours per year (including the first year). The Commission estimates that there are 17 respondents,²⁹ resulting in an estimated industry-wide initial burden of 1,105 hours³⁰ in the first year and an ongoing burden of 510 hours per year (including the first year).³¹ Over a three year period, the total industry burden is estimated to be 2,635 hours,³² or **878 hours per year when annualized.**³³

Broker-Dealer SBSs Only

The Commission is amending paragraph (b)(1) of Rule 17a-4 that requires records relating to political contributions to be preserved by broker-dealer SBSs only.³⁴ Because the burden to create this record is accounted for in the PRA estimate for Rule 17a-3, as amended, the burden imposed by this new requirement is to ensure there is adequate physical space and computer hardware and software for storage, ensure the record is preserved for the requisite time

²⁶ (2,730 hours in first year + 1,260 hours in first year) + 1,260 hours in second year + 1,260 hours in third year = 6,510 hours.

²⁷ 6,510 hours / 3 years = 2,170 hours per year or 51.67 hours per respondent per year.

²⁸ See Rule 17a-4, as amended (paragraph (b)(1), cross-referencing paragraph (a)(25) of Rule 17a-3, as amended (Rule 18a-3 calculations); paragraph (b)(1), cross-referencing paragraph (a)(28) of Rule 17a-3, as amended (unverified transactions); paragraph (b)(1), cross-referencing paragraph (a)(30) of Rule 17a-3, as amended (compliance with business conduct standards); paragraph (b)(15) (documents and notices related to the business conduct standards); and paragraph (b)(16) (special entity documents)).

²⁹ 16 broker-dealer SBSs + 1 broker-dealer MSBSP = 17 respondents.

³⁰ 65 hours x 17 broker-dealer SBSs and broker-dealer MSBSPs = 1,105 hours.

³¹ 30 hours x 17 broker-dealer SBSs and broker-dealer MSBSPs = 510 hours.

³² (1,105 hours in first year + 510 hours in first year) + 510 hours in second year + 510 hours in third year = 2,635 hours.

³³ 2,635 hours / 3 years = 878.33 hours per year or 51.67 hours per respondent per year.

³⁴ See paragraph (b)(1) of Rule 17a-4, as amended (cross-referencing paragraph (a)(29) of Rule 17a-3, as amended (political contributions)).

period, and produce it when requested. The Commission estimates that this amendment to Rule 17a-4 imposes an initial burden of 13 hours per firm in the first year and an ongoing burden of 6 hours per year (including the first year). The Commission estimates that there are 16 broker-dealer SBSBs, resulting in an estimated industry-wide initial burden of 208 hours³⁵ in the first year and an ongoing burden of 96 hours per year (including the first year).³⁶ Over a three year period, the total industry burden is estimated to be 496 hours,³⁷ or **165.33 hours per year when annualized.**³⁸

The estimated burdens associated with Rule 17a-4 are summarized in the following table:

Name of Information Collection	Summary of Hourly Burdens					
	Type of Burden	Number of Respondents	Annual Responses per Respondent	Hourly Burden per Response	Annual Burden Per Entity	Annual Burden for all Respondents
Rule 17a-4	Recordkeeping	3,508	1	254	254	891,032
Rule 17a-4(b)(11)	Recordkeeping	200	1	3	3	600
Rule 17a-4(e)(5) - Initial One-Time	Recordkeeping	2,578	244,627	0.0067	1,639 ³⁹	4,225,342
Rule 17a-4(e)(5) - Ongoing	Recordkeeping	2,578	147,505	0.011	1622.555	4,182,947
Rule 17a-4(e)(10)	Recordkeeping	2,578	1	0.1	0.1	258
Telephonic Communications	Recordkeeping	17	1	10.35	10.35	176
Security-Based Swap Activities	Recordkeeping	42	1	51.67	51.67	2,170
Broker-Dealer SBSBs and Broker-Deal MSBSPs	Recordkeeping	17	1	51.65	51.65	878
Broker-Dealer SBSBs Only	Recordkeeping	16	1	10.33	10.33	165.33
TOTAL						9,303,568.33

³⁵ 13 hours x 16 broker-dealer SBSBs = 208 hours.

³⁶ 6 hours x 16 broker-dealer SBSBs = 96 hours.

³⁷ (208 hours in first year + 96 hours in first year) + 96 hours in second year + 96 hours in third year = 496 hours.

³⁸ 496 hours / 3 years = 165.33 hours per year or 9.73 hours per respondent per year.

³⁹ This estimate is based on the following calculation: (4 documents per customer account) x (102 million retail customer accounts) x (2 minutes per document) / 60 minutes = 13,600,000 aggregate burden hours. (13,600,000/2766 broker-dealers) / 3 = 1,639 hours per year.

13. Costs to Respondents

Based on conversations with members of the securities industry and the Commission's experience in the area, we estimate that the average broker-dealer spends approximately \$5,000 each year to store documents required to be retained under Rule 17a-4. Costs include the cost of physical space, computer hardware and software, etc., which vary widely depending on the size of the broker-dealer and the type of storage media employed. The Commission estimates that the **annual reporting and recordkeeping cost burden is \$17,540,000**. This cost is calculated by the number of active, registered broker-dealers multiplied by the recordkeeping cost for each respondent (3,508 active, registered broker-dealers x \$5,000). This is a recordkeeping cost.

Telephonic Communications: The Commission estimates that each applicable firm incurs an ongoing annual cost of approximately \$2,000 per firm for server, equipment, and systems development costs. The Commission estimates that there are 17 respondents,⁴⁰ resulting in an estimated industry-wide **ongoing annual cost of \$34,000.**⁴¹

Security-Based Swap Activities: The Commission estimates that the amendments to paragraphs (b)(1), (b)(8)(v)-(viii) and new paragraphs (b)(8)(xvi) and (b)(14) of Rule 17a-4 impose an ongoing annual cost of approximately \$600 per firm. The Commission estimates that there are 42 respondents,⁴² resulting in an estimated industry-wide **ongoing annual cost of \$25,200.**⁴³

Broker-Dealer SBSs and Broker-Dealer MSBs: The Commission estimates that the amendments to paragraph (b)(1) and new paragraphs (b)(15) and (b)(16) of Rule 17a-4 impose ongoing annual cost of approximately \$600 per firm. The Commission estimates that there are 17 respondents,⁴⁴ resulting in an estimated industry-wide **ongoing annual cost of \$10,200.**⁴⁵

Broker-Dealer SBSs Only: The Commission estimates that the amendments to paragraph (b)(1) of Rule 17a-4 impose an ongoing annual cost of approximately \$120 per firm. The Commission estimates that there are 16 broker-dealer SBSs, resulting in an estimated industry-wide **ongoing annual cost of \$1,920.**⁴⁶

⁴⁰ 16 broker-dealer SBSs + 1 broker-dealer MSB = 17 respondents.

⁴¹ \$2,000 per firm x 17 respondents = \$34,000.

⁴² 16 broker-dealer SBSs + 1 broker-dealer MSB + 25 non-SBS/MSB broker-dealers engaged in security-based swap activities = 42 respondents.

⁴³ \$600 per firm x 42 respondents = \$25,200.

⁴⁴ 16 broker-dealer SBSs + 1 broker-dealer MSB = 17 respondents.

⁴⁵ \$600 per firm x 17 respondents = \$10,200.

⁴⁶ \$120 per firm x 16 broker-dealer SBSs = \$1,920.

The estimated cost burdens associated with the amendments to Rule 17a-4 are summarized in the table below:

Summary of Cost Burdens				
Name of Information Collection	Type of Burden	Number of Respondents	Annual Cost Burden per Respondent	Annual Burden for all Respondents
Rule 17a-4 – Document Storage Costs	Recordkeeping	3,508	\$5,000	\$17,540,000
Telephonic Communications	Recordkeeping	17	\$2,000	\$34,000
Security-Based Swap Activities	Recordkeeping	42	\$600	\$25,200
Broker-Dealer SBSDs and Broker-Deal MSBSPs	Recordkeeping	17	\$600	\$10,200
Broker-Dealer SBSDs Only	Recordkeeping	16	\$120	\$1,920
TOTAL				\$17,611,320

14. Costs to the Federal Government

The federal government does not incur a cost for this collection of information since it relates to a recordkeeping burden for the respondents.

15. Changes in Burden

The burden increased largely because of the adoption of Regulation Best Interest and Rule 17a-14, which added the new requirements in Rule 17a-4(e)(5) and Rule 17a-4(e)(10), adding 9,021,740 burden hours. The number of registered broker-dealers has declined from 3,764 to 3,508, reducing the overall burden for all broker-dealers as a result. The changes in the estimated burdens are summarized in the table below:

Changes in Hourly Burden				
Name of Information Collection	Annual Industry Burden	Annual Industry Burden Previously Approved	Change in Burden	Reason for Change
Rule 17a-4	891,032	956,056	(65,024)	Reduction in the number of registered broker-dealers
Rule 17a-4(e)(5) - Initial One-Time	4,225,342	4,533,476	(308,134)	Reduction in the number of registered broker-dealers with retail customer accounts
Rule 17a-4(e)(5) - Ongoing	4,182,947	4,487,987	(305,040)	Reduction in the number of registered broker-dealers

				with retail customer accounts
Rule 17a-4(e)(10)	258	277	(19)	Reduction in the number of registered broker-dealers with retail customer accounts
Telephonic Communications	176	176	0	No change in estimate since rules were adopted.
Security-Based Swap Activities	2170	2,170	0	No change in estimate since rules were adopted
Broker-Dealer SBSs and Broker-Deal MSBSs	878	878	0	No change in estimate since rules were adopted
Broker-Dealer SBSs Only	165.33	165.33	0	No change in estimate since rules were adopted

16. Information Collection Planned for Statistical Purposes

Not applicable. The information collection is not used for statistical purposes.

17. Approval to Omit OMB Expiration Date

The Commission is not seeking approval to omit the 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 does not involve statistical methods.