

There are approximately 5,057 active, registered broker-dealers. The staff estimates that the average amount of time necessary to preserve the books and records as required by Rule 17a-4 is 254 hours per broker-dealer per year. Thus the staff estimates that the total compliance burden for 5,057 respondents is 1,284,478 hours.

The staff believes that compliance personnel would be charged with ensuring compliance with Commission regulation, including Rule 17a-4. The staff estimates that the hourly salary of a Compliance Clerk is \$67 per hour.¹ Based upon these numbers, the total cost of compliance for 5,057 respondents is the dollar cost of approximately \$86.1 million (1,284,478 yearly hours × \$67). The total burden hour decrease of 468,122 is due to a decrease in the number of respondents from 6,900 to 5,057.

Based on conversations with members of the securities industry and based on the Commission's experience in the area, the staff estimates 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 record-keeping cost burden is \$25,285,000. This cost is calculated by the number of active, registered broker-dealers multiplied by the reporting and record-keeping cost for each respondent (5,057 active, registered broker-dealers × \$5,000).

Written comments are invited on:

(a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

¹ This figure is based on SIFMA's Office Salaries in the Securities Industry 2010, modified by Commission staff to account for an 1800-hour work-year multiplied by 2.93 to account for bonuses, firm size, employee benefits, and overhead.

Please direct your written comments to: Thomas Bayer, Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 6432 General Green Way, Alexandria, Virginia 22312 or send an e-mail to: PRA_Mailbox@sec.gov.

Dated: January 6, 2011.

Elizabeth M. Murphy,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Investor Education and Advocacy, Washington, DC 20549-0213.

Extension:

Rule 15c3-3; SEC File No. 270-087; OMB Control No. 3235-0078.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) the Securities and Exchange Commission ("Commission") is soliciting comments on the existing collection of information provided for in Rule 15c3-3 (17 CFR 240.15c3-3), under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*). The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Rule 15c3-3 requires that a broker-dealer that holds customer securities obtain and maintain possession and control of fully-paid and excess margin securities they hold for customers. In addition, the Rule requires that a broker-dealer that holds customer funds make either a weekly or monthly computation to determine whether certain customer funds need to be segregated in a special reserve bank account for the exclusive benefit of the firm's customers. It also requires that a broker-dealer maintain a written notification from each bank where a Special Reserve Bank Account is held acknowledging that all assets in the account are for the exclusive benefit of the broker-dealer's customers, and to provide written notification to the Commission (and its designated examining authority) under certain, specified circumstances. Finally, paragraph (o) of Rule 15c3-3, which applies only to broker-dealers that sell securities futures products ("SFP") to customers, requires that such broker-dealers provide certain notifications to

customers, and to make a record of any changes of account type.

There are approximately 279 broker-dealers fully subject to the Rule (*i.e.*, broker-dealers that cannot claim any of the exemptions enumerated at paragraph (k)), of which approximately 13 make daily, 210 make weekly, and 56 make monthly, reserve computations. On average, each of these respondents require approximately 2.5 hours to complete a computation. Accordingly, Commission staff estimates that the resulting burden totals 36,780 hours annually ((2.5 hours × 240 computations × 13 respondents that calculate daily) + (2.5 hours × 52 computations × 210 respondents that calculate weekly) + (2.5 hours × 12 computations × 56 respondents that calculate monthly)).

A broker-dealer required to maintain the Special Reserve Bank Account prescribed by Rule 15c3-3 must obtain and retain a written notification from each bank in which it has a Special Reserve Bank Account to evidence bank's acknowledgement that assets deposited in the Account are being held by the bank for the exclusive benefit of the broker-dealer's customers. As stated previously, 279 broker-dealers are presently fully-subject to Rule 15c3-3. In addition, 120 broker-dealers operate in accordance with the exemption provided in paragraph (k)(2)(i) which also requires that a broker-dealer maintain a Special Reserve Bank Account. The staff estimates that of the total broker-dealers that must comply with this rule, only 25%, or 100 ((279 + 120) × .25) must obtain 1 new letter each year (either because the broker-dealer changed the type of business it does and became subject to either paragraph (e)(3) or (k)(2)(i) or simply because the broker-dealer established a new Special Reserve Bank Account). The staff estimates that it would take a broker-dealer approximately 1 hour to obtain this written notification from a bank regarding a Special Reserve Bank Account because the language in these letters is largely standardized. Therefore, Commission staff estimates that broker-dealers will spend approximately 100 hours each year to obtain these written notifications.

In addition, a broker-dealer must immediately notify the Commission and its designated examining authority if it fails to make a required deposit to its Special Reserve Bank Account. Commission staff estimates that broker-dealers file approximately 33 such notices per year. Broker-dealers would require approximately 30 minutes, on average, to file such a notice. Therefore, Commission staff estimates that broker-dealers would spend a total of

approximately 17 hours each year to comply with the notice requirement of Rule 15c3-3.

Finally, a broker-dealer that effects transactions in SFPs for customers also will have paperwork burdens associated with the requirement in paragraph (o) of Rule 15c3-3 to make a record of each change in account type.¹ More specifically, a broker-dealer that changes the type of account in which a customer's SFPs are held must create a record of each change in account type that includes the name of the customer, the account number, the date the broker-dealer received the customer's request to change the account type, and the date the change in account type took place. As of December 31, 2009, broker-dealers that were also registered as futures commission merchants reported that they maintained 35,242,468 customer accounts. The staff estimates that 8% of these customers may engage in SFP transactions (35,242,468 accounts × 8% = 2,819,397). Further, the staff estimates that 20% per year may change account type. Thus, broker-dealers may be required to create this record for up to 563,879 accounts (2,819,397 accounts × 20%). The staff believes that it will take approximately 3 minutes to create each record.² Thus, the total annual burden associated with creating a record of change of account type will be 28,194 hours (563,879 accounts × (3min/60min)).

Consequently, the staff estimates that the total annual burden hours associated with Rule 15c3-3 would be approximately 65,091 hours (36,780 hours + 100 hours + 17 hours + 28,194 hours).

The staff estimates that a broker-dealer would have (1) A financial reporting manager make a record of its reserve computations and send the required notices to the Commission, (2) an attorney obtain the written notifications from banks where it has a Special Reserve Bank Account to evidence bank's acknowledgement that assets deposited in the Account are being held by the bank for the exclusive benefit of customers, and (3) a compliance clerk create a record of each change in account type. The staff estimates that the hourly rate of a financial reporting manager and an attorney are \$290 and \$354, respectively,³ and the hourly rate of a

compliance clerk is \$67.⁴ Consequently, the total cost of the above-described hour burden would be \$12,595,528.⁵

In addition, a broker-dealer that effects transactions in SFPs for customers also will have an annualized cost burden associated with the requirements in paragraph (o) of Rule 15c3-3 to (1) provide each customer that plans to effect SFP transactions with a disclosure document containing certain information,⁶ and (2) send each SFP customer notification of any change of account type.⁷ Approximately 8% of the accounts held by broker-dealers that are also registered as FCMS, or 2,819,397 accounts, may engage in SFP transactions. The staff estimates that the cost of printing and sending each disclosure document will be approximately \$.15 per document sent.⁸ Thus, the staff estimates that the cost of printing and sending disclosure documents would be approximately \$422,910 (2,819,397 accounts × \$.15). In addition, approximately 563,879 accounts (2,819,397 accounts × 20%) may change account type per year requiring that broker-dealers provide notification to those customers. The staff estimates that the cost of sending this notification to customers will be about \$84,582 (563,879 accounts × \$.15). Consequently, the staff estimates that the total annual cost associated with Rule 15c3-3 would be \$507,492 (\$422,910 + \$84,583).

Written comments are invited on:

- Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility;
- the accuracy of the agency's estimate of the burden of the proposed collection of information;
- ways to enhance the quality, utility, and clarity of the information to be collected; and
- ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or

Professional Salaries in the Securities Industry 2010, as modified by Commission staff to account for an 1,800 hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

⁴ The \$67/hour figure for a compliance clerk is derived from SIFMA's Office Salaries in the Securities Industry 2010, modified by Commission staff to account for an 1,800 hour work-year and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead.

⁵ (((36,780 hours + 17 hours) × \$290/hour) + (100 hours × \$354/hour) + (28,194 hours × \$67/hour)).

⁶ 17 CFR 240.15c3-3(o)(2).

⁷ 17 CFR 240.15c3-3(o)(3)(ii).

⁸ Based on past conversations with industry representatives regarding other rule changes as adjusted to account for inflation and increased postage costs.

other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to: Thomas Bayer, Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 6432 General Green Way, Alexandria, Virginia 22312 or send an e-mail to: PRA_Mailbox@sec.gov.

Dated: January 6, 2011.

Elizabeth M. Murphy,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Investor Education and Advocacy, Washington, DC 20549-0213.

Extension:

Rule 482; SEC File No. 270-508; OMB Control No. 3235-0565.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (the "Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget ("OMB") for extension and approval.

Like most issuers of securities, when an investment company¹ ("fund") offers its shares to the public, its promotional efforts become subject to the advertising restrictions of the Securities Act of 1933, (15 U.S.C. 77) (the "Securities Act"). In recognition of the particular problems faced by funds that continually offer securities and wish to advertise their securities, the Commission has previously adopted advertising safe harbor rules. The most important of these is rule 482 (17 CFR 230.482) under the Securities Act, which, under certain circumstances, permits funds to advertise investment performance data, as well as other information. Rule 482 advertisements are deemed to be "prospectuses" under Section 10(b) of the Securities Act.²

¹ "Investment company" refers to both investment companies registered under the Investment Company Act of 1940 and business development companies.

² 15 U.S.C. 77j(b).

¹ 17 CFR 240.15c3-3(o)(3)(i).

² In fact, the staff believes that most firms will have this process automated. To the extent that no person need be involved in the generation of this record, the burden will be very minimal.

³ The \$290/hour figure for a financial reporting manager and the \$354/hour figure for an attorney are derived from SIFMA's Management &