

The staff estimates that the average amount of time a new OTC derivatives dealer will spend establishing and documenting its risk management control system is 2,000 hours and that, on average, a registered OTC derivatives dealer will spend approximately 200 hours each year to maintain (e.g., reviewing and updating) its risk management control system. Currently, four firms are registered with the Commission as OTC derivatives dealers. The staff estimates that approximately one additional OTC derivatives dealer may become registered within the next three years. Accordingly, the staff estimates that the total annualized burden associated with Rule 15c3-4 for five OTC derivatives dealers will be approximately 1,567 hours annually.<sup>1</sup>

The staff believes that the cost of complying with Rule 15c3-4 will be approximately \$258 per hour.<sup>2</sup> This per hour cost is based upon the annual average hourly salary for a compliance manager, who would generally be responsible for initially establishing, documenting, and maintaining an OTC derivatives dealer's internal risk management control system. Accordingly, the total annualized cost for all affected OTC derivatives dealers is estimated to be \$404,200.<sup>3</sup>

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 will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information 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.

Comments should be directed to Charles Boucher, Director/Chief Information Officer, Securities and

Exchange Commission, c/o Shirley Martinson, 6432 General Green Way, Alexandria, Virginia 22312 or send an e-mail to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: October 19, 2009.

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

### Proposed Collection; Comment Request

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

#### Extension:

Rule 17i-3, SEC File No. 270-529, OMB Control No. 3235-0593.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995<sup>1</sup> the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget requests for extension of the previously approved collections of information discussed below. The Code of Federal Regulations citation to this collection of information is the following: 17 CFR 240.17i-3.

Section 231 of the Gramm-Leach-Bliley Act of 1999<sup>2</sup> (the "GLBA") amended Section 17 of the Securities Exchange Act of 1934 to create a regulatory framework under which a holding company of a broker-dealer ("investment bank holding company" or "IBHC") may voluntarily be supervised by the Commission as a supervised investment bank holding company (or "SIBHC").<sup>3</sup> In 2004, the Commission promulgated rules, including Rule 17i-3, to create a framework for the Commission to supervise SIBHCs.<sup>4</sup> This framework includes qualification criteria for SIBHCs, as well as recordkeeping and reporting requirements. Among other things, this regulatory framework for SIBHCs is intended to provide a basis for non-U.S. financial regulators to treat the Commission as the principal U.S. consolidated, home-country supervisor for SIBHCs and their affiliated broker-dealers.<sup>5</sup>

Rule 17i-3 permits an SIBHC to withdraw from Commission supervision

by filing a notice of withdrawal with the Commission. The Rule requires that an SIBHC include in its notice of withdrawal a statement that it is in compliance with Rule 17i-2(c) regarding amendments to its Notice of Intention to help to assure that the Commission has updated information when considering the SIBHC's withdrawal request.

The collection of information required by Rule 17i-3 is necessary to enable the Commission to evaluate whether it is necessary and appropriate in the furtherance of Section 17 of the Exchange Act for the Commission to allow an SIBHC to withdraw from supervision. Without this information, the Commission would be unable to make this evaluation.

We estimate, for Paperwork Reduction Act purposes only, that one SIBHC may wish to withdraw from Commission supervision as an SIBHC over a ten-year period. Each SIBHC that withdraws from Commission supervision as an SIBHC will require approximately 24 hours to draft a withdrawal notice and submit it to the Commission. An SIBHC likely would have an attorney perform this task. Further, an SIBHC likely will have a senior attorney or executive officer review the notice of withdrawal before submitting it to the Commission, which will take approximately eight hours. Thus, we estimate that the annual, aggregate burden of withdrawing from Commission supervision as an SIBHC will be approximately 3.2 hours each year.<sup>6</sup>

Written comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information 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.

Comments should be directed to Charles Boucher, Director/Chief Information Officer, Securities and Exchange Commission, c/o Shirley Martinson, 6432 General Green Way, Alexandria, Virginia 22312 or send an e-mail to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

<sup>6</sup> (1 SIBHC/every 10 years) × (24 hours to draft + 8 hours to review) = 3.2 hours.

<sup>1</sup> ((One new OTC derivatives dealer × 2,000 hours to establish and document its internal risk management control system) + (One new OTC derivatives dealer × 200 hours to maintain an internal risk management control system × (3 years/2))) + (Four registered OTC derivatives dealers × 200 hours to maintain an internal risk management control system × 3 years)/3 years = 1,567 hours.

<sup>2</sup> The \$258 per hour salary figure for a Compliance Manager is from SIFMA's Management & Professional Earnings in the Securities Industry 2008, 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.

<sup>3</sup> 1,567 hours × \$258 = \$404,200.

<sup>4</sup> 44 U.S.C. 3501 *et seq.*

<sup>5</sup> Public Law No. 106-102, 113 Stat. 1338 (1999).

<sup>6</sup> See 15 U.S.C. 78q(i).

<sup>7</sup> See Exchange Act Release No. 49831 (Jun. 8, 2004), 69 FR 34472 (Jun. 21, 2004).

<sup>8</sup> See H.R. Conf. Rep. No. 106-434, 165 (1999). See also Exchange Act Release No. 49831, at 6 (Jun. 8, 2004), 69 FR 34472, at 34473 (Jun. 21, 2004).

October 19, 2009.

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

### Proposed Collection; Comment Request

#### *Upon Written Request, Copies Available*

From: U.S. Securities and Exchange Commission, Office of Investor Education and Advocacy, Washington, DC 20549-0213.

#### *Extension:*

Rule 17i-4, SEC File No. 270-530, OMB Control No. 3235-0594.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995<sup>1</sup> the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget requests for extension of the previously approved collections of information discussed below. The Code of Federal Regulations citation to this collection of information is the following: 17 CFR 240.17i-4.

Section 231 of the Gramm-Leach-Bliley Act of 1999<sup>2</sup> (the "GLBA") amended Section 17 of the Securities Exchange Act of 1934 to create a regulatory framework under which a holding company of a broker-dealer ("investment bank holding company" or "IBHC") may voluntarily be supervised by the Commission as a supervised investment bank holding company (or "SIBHC").<sup>3</sup> In 2004, the Commission promulgated rules, including Rule 17i-4, to create a framework for the Commission to supervise SIBHCs.<sup>4</sup> This framework includes qualification criteria for SIBHCs, as well as recordkeeping and reporting requirements. Among other things, this regulatory framework for SIBHCs is intended to provide a basis for non-U.S. financial regulators to treat the Commission as the principal U.S. consolidated, home-country supervisor for SIBHCs and their affiliated broker-dealers.<sup>5</sup>

Rule 17i-4 requires an SIBHC to comply with present Exchange Act Rule 15c3-4<sup>6</sup> as though it were a broker-

dealer, which requires that the firm establish, document and maintain a system of internal risk management controls to assist it in managing the risks associated with its business activities (including market, credit, operational, funding, and legal risks). In addition, Rule 17i-4 requires that an SIBHC establish, document, and maintain procedures for the detection and prevention of money laundering and terrorist financing as part of its internal risk management control system. Finally, Rule 17i-4 requires that an SIBHC periodically review its internal risk management control system for integrity of the risk measurement, monitoring, and management process, and accountability, at the appropriate organizational level, for defining the permitted scope of activity and level of risk. The records required to be created pursuant to Rule 17i-4 must be preserved for a period of not less than three years.<sup>7</sup>

The collection of information required pursuant to Rule 17i-4 is needed so that the Commission can adequately supervise the activities of these SIBHCs, and to allow the Commission to effectively determine whether supervision of an IBHC as an SIBHC is necessary or appropriate in furtherance of the purposes of Section 17 of the Act. Without this information, the Commission would be unable to adequately supervise the SIBHC as provided for under the Exchange Act.

We estimate that three IBHCs will file Notices of Intention with the Commission to be supervised by the Commission as SIBHCs. An SIBHC will require, on average, about 3,600 hours to assess its present structure, businesses, and controls, and establish and document its risk management control system. In addition, an SIBHC will require, on average, approximately 250 hours each year to maintain its risk management control system. Consequently, the total initial burden for all SIBHCs is approximately 10,800 hours<sup>8</sup> and the continuing annual burden is about 750 hours.<sup>9</sup> Thus, the total burden relating to Rule 17i-4 for all SIBHCs is approximately 11,550 hours<sup>10</sup> in the first year, and approximately 750 hours each year thereafter.<sup>11</sup>

We believe that an IBHC likely would upgrade its information technology

("IT") systems in order to more efficiently comply with certain of the SIBHC framework rules (including Rules 17i-4, 17i-5, 17i-6 and 17i-7), and that this would be a one-time cost. Depending on the state of development of the IBHC's IT systems, it would cost an IBHC between \$1 million and \$10 million to upgrade its IT systems to comply with the SIBHC framework of rules. Thus, on average, it would cost each of the three SIBHCs about \$5.5 million to upgrade their IT systems, or approximately \$16.5 million in total. It is impossible to determine what percentage of the IT systems costs would be attributable to each Rule, so we allocated the total estimated upgrade costs equally (at 25% for each of the above-mentioned Rules), with \$4,125,000 attributable to Rule 17i-5.

Written comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information 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.

Comments should be directed to Charles Boucher, Director/Chief Information Officer, Securities and Exchange Commission, c/o Shirley Martinson, 6432 General Green Way, Alexandria, Virginia 22312 or send an e-mail to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

October 19, 2009.

**Florence E. Harmon,**

*Deputy 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 31a-2; SEC File No. 270-174; OMB Control No. 3235-0179.

<sup>1</sup> 44 U.S.C. 3501 *et seq.*

<sup>2</sup> Public Law No. 106-102, 113 Stat. 1338 (1999).

<sup>3</sup> See 15 U.S.C. 78q(i).

<sup>4</sup> See Exchange Act Release No. 49831 (Jun. 8, 2004), 69 FR 34472 (Jun. 21, 2004).

<sup>5</sup> See H.R. Conf. Rep. No. 106-434, 165 (1999). See also Exchange Act Release No. 49831, at 6 (Jun. 8, 2004), 69 FR 34472, at 34473 (Jun. 21, 2004).

<sup>6</sup> 17 CFR 240.15c3-4.

<sup>7</sup> 17 CFR 240.17i-5(b)(5).

<sup>8</sup> (3,600 hours × 3 SIBHCs) = 10,800 hours.

<sup>9</sup> (250 hours per year × 3 SIBHCs) = 750 hours per year.

<sup>10</sup> (3,600 hours × 3 SIBHCs) + (250 hours per year × 3 SIBHCs.)

<sup>11</sup> (250 hours per year × 3 SIBHCs).