



8011-01p
SECURITIES AND EXCHANGE COMMISSION

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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 8c-1

SEC File No. 270-455, OMB Control No. 3235-0514

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (“PRA”) (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (“Commission”) is soliciting comments on the existing collection of information provided for in Rule 8c-1 (17 CFR 240.8c-1), under the Securities Exchange Act of 1934 (“Exchange Act”) (15 U.S.C. 78a *et seq.*). The Commission plans to submit this existing collection of information to the Office of Management and Budget (“OMB”) for extension and approval.

Rule 8c-1 generally prohibits a broker-dealer from using its customers’ securities as collateral to finance its own trading, speculating, or underwriting transactions. More specifically, Rule 8c-1 states three main principles: (1) a broker-dealer is prohibited from commingling the securities of different customers as collateral for a loan without the consent of each customer; (2) a broker-dealer cannot commingle customers’ securities with its own securities under the same pledge; and (3) a broker-dealer can only pledge its customers’ securities to the extent that customers are in debt to the broker-dealer.¹

The information required by Rule 8c-1 is necessary for the execution of the Commission’s mandate under the Exchange Act to prevent broker-dealers from

¹ See Exchange Act Release No. 2690 (November 15, 1940); Exchange Act Release No. 9428 (December 29, 1971).

hypothecating or arranging for the hypothecation of any securities carried for the account of any customer under certain circumstances. In addition, the information required by Rule 8c-1 provides important investor protections.

There are approximately 82 respondents as of year-end 2012 (i.e., broker-dealers that conducted business with the public, filed Part II of the FOCUS Report, did not claim an exemption from the Reserve Formula computation, and reported that they had a bank loan during at least one quarter of the current year). Each respondent makes an estimated 45 annual responses, for an aggregate total of 3,690 responses per year.² Each response takes approximately 0.5 hours to complete. Therefore, the total third-party reporting burden per year is 1,845 burden hours.³

Written comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's estimates of the burden of the proposed 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.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

² 82 respondents x 45 annual responses = 3,690 aggregate total of annual responses.

³ 3,690 responses x 0.5 hours = 1,845 hours.

Please direct your written comments to: Thomas Bayer, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street, NE Washington, DC 20549, or send an e-mail to: PRA_Mailbox@sec.gov.

Kevin M. O'Neill
Deputy Secretary

December 20, 2013

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