



8011-01p
SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request, Copies Available From:
Securities and Exchange Commission
Office of FOIA Services
100 F Street, NE
Washington, DC 20549-2736

Extension: Rule 15c2-11

SEC File No. 270-196, OMB Control No. 3235-0202

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) (“PRA”), the Securities and Exchange Commission (“Commission”) is soliciting comments on the existing collection of information provided for in Rule 15c2-11, (17 CFR 240.15c2-11), under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) (“Exchange Act”). The Commission plans to submit this existing collection of information to the Office of Management and Budget (“OMB”) for extension and approval.

Rule 15c2-11 under the Securities Exchange Act regulates the initiation or resumption of quotations in a quotation medium by a broker-dealer for over-the-counter (“OTC”) securities. The Rule was designed primarily to prevent certain manipulative and fraudulent trading schemes that had arisen in connection with the distribution and trading of unregistered securities issued by shell companies or other companies having outstanding but infrequently traded securities. Subject to certain exceptions, the Rule prohibits broker-dealers from publishing a quotation for a security, or submitting a quotation for publication, in a quotation medium unless they have reviewed specified information concerning the security and the issuer.

Based on information provided by Financial Industry Regulatory Authority, Inc. (“FINRA”), in the 2016 calendar year, FINRA received approximately 461 applications from broker-dealers to initiate or resume publication of quotations of covered OTC securities on the OTC Bulletin Board and/or OTC Link or other quotation mediums. We estimate that (i) 195 of the covered OTC securities were issued by reporting issuers, while the other 266 were issued by non-reporting issuers, and (ii) it will take a broker-dealer about 4 hours to review, record and retain the information pertaining to a reporting issuer, and about 8 hours to review, record and retain the information pertaining to a non-reporting issuer.

We therefore estimate that broker-dealers who initiate or resume publication of quotations for covered OTC securities of reporting issuers will require 780 hours (195×4) to review, record and retain the information required by the Rule. We estimate that broker-dealers who initiate or resume publication of quotations for covered OTC securities of non-reporting issuers will require 2128 hours (266×8) to review, record and retain the information required by the Rule. Thus, we estimate the total annual burden hours for broker-dealers to initiate or resume publication of quotations of covered OTC securities to be 2908 hours ($780 + 2128$). The Commission believes that compliance costs for these 2,908 hours would be borne by internal staff working at a rate of \$57 per hour.¹

Subject to certain exceptions, the Rule prohibits broker-dealers from publishing a quotation for a security, or submitting a quotation for publication, in a quotation medium unless they have reviewed specified information concerning the security and the issuer. The broker-dealer must also

¹ \$57 per hour figure for a General Clerk is from SIFMA's Office Salaries in the Securities Industry 2013, modified by Commission staff to account for an 1800-hourwork-year and inflation, and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead.

make the information reasonably available upon request to any person expressing an interest in a proposed transaction in the security with such broker or dealer. The collection of information that is submitted to FINRA for review and approval is currently not available to the public from FINRA.

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 unless it displays a currently valid OMB control number.

Please direct your written comments to: Pamela Dyson, 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.

Eduardo A. Aleman
Assistant Secretary

April 6, 2017