



8011-01p
SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; 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 13h-1 and Form 13H

SEC File No. 270-614, OMB Control No. 3235- 0682

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 (“SEC” or “Commission”) has submitted to the Office of Management and Budget (“OMB”) a request for approval of extension of the existing collection of information provided for in Rule 13h-1 (17 CFR 240.13h-1) and Form 13H – registration of large traders¹ submitted pursuant to Section 13(h) of the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) (“Exchange Act”).

Rule 13h-1 and Form 13H under Section 13(h) of the Exchange Act established a large trader reporting framework.² The framework assists the Commission in identifying and obtaining certain baseline information about traders that conduct a substantial amount of trading activity, as measured by volume or market value, in the U.S. securities markets.

¹ Rule 13h-1(a)(1) defines “large trader” as any person that directly or indirectly, including through other persons controlled by such person, exercises investment discretion over one or more accounts and effects transactions for the purchase or sale of any NMS security for or on behalf of such accounts, by or through one or more registered broker-dealers, in an aggregate amount equal to or greater than the identifying activity level or voluntarily registers as a large trader by filing electronically with the Commission Form 13H.

² See Securities Exchange Act Release No. 64976 (July 27, 2011), 76 FR 46959 (August 3, 2011).

The identification, recordkeeping, and reporting framework provides the Commission with a mechanism to identify large traders and obtain additional information on their trading activity. Specifically, the rule requires large traders to identify themselves to the Commission and make certain disclosures to the Commission on Form 13H. Upon receipt of Form 13H, the Commission issues a unique identification number to the large trader, which the large trader then provides to its registered broker-dealers. Certain registered broker-dealers are required to maintain transaction records for each large trader, and are required to report that information to the Commission upon request.³ In addition, certain registered broker-dealers are required to adopt procedures to monitor their customers for activity that would trigger the identification requirements of the rule.

The respondents to the collection of information are large traders. There are currently approximately 6,300 large traders and 300 registered broker-dealers. Based on its experience collecting initial Forms 13H in previous years, the Commission estimates that approximately 600 new large traders will register each year and thus be subject to quarterly and annual reporting requirements over the next three years.

Each new large trader respondent files one response, which takes approximately 20 hours to complete. The average internal cost of compliance per response is \$5,615, calculated as follows: (3 hours of compliance manager time at \$307 per hour) + (7 hours of legal time at \$362 per hour) + (10 hours of paralegal time at \$212 per hour) = \$5,615. Additionally, on average, each large trader respondent (including new respondents) files 2 responses per year, which take

³ The Commission, pursuant to Rule 17a-25 (17 CFR 240.17a-25), currently collects transaction data from registered broker-dealers through the Electronic Blue Sheets (“EBS”) system to support its regulatory and enforcement activities. The large trader framework added two new fields, the time of the trade and the identity of the trader, to the EBS system.

approximately 6 hours to complete. The average internal cost of compliance per response is \$1,770, calculated as follows: (2 hours of compliance manager time at \$307 per hour) + (2 hours of legal time at \$362 per hour) + (2 hours of paralegal time at \$212 per hour) = \$1,770.

Each registered broker-dealer's monitoring requirement takes approximately 15 hours per year. The average internal cost of compliance is \$5,430, calculated as follows: 15 hours of legal time at \$362 per hour = \$5,430. The Commission estimates that it may send 100 requests specifically seeking large trader data per year to each registered broker-dealer subject to the rule, and it would take each registered broker-dealer 2 hours to comply with each request. Accordingly, the annual reporting hour burden for a broker-dealer is estimated to be 200 burden hours (100 requests x 2 burden hours/request = 200 burden hours). The average internal cost of compliance per response is \$432, calculated as follows: 2 hours of paralegal time at \$212 per hour = \$432.

Compliance with Rule 13h-1 is mandatory. The information collection under proposed Rule 13h-1 is considered confidential subject to the limited exceptions provided by the Freedom of Information Act.⁴

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.

The public may view background documentation for this information collection at the following website: www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC

⁴ See 5 U.S.C. 552 and 15 U.S.C. 78m(h)(7).

20503, or by sending an email to: Shagufta_Ahmed@omb.eop.gov; and (ii) Pamela C. Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street, NE Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Eduardo A. Aleman
Assistant Secretary

March 8, 2018

[FR Doc. 2018-05168 Filed: 3/13/2018 8:45 am; Publication Date: 3/14/2018]