



8011-01p
SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

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

Extension: Rule 17a-13

SEC File No. 270- 27, OMB Control No. 3235-0035

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”) has submitted to the Office of Management and Budget (“OMB”) a request for approval of extension of the previously approved collection of information provided for in Rule 17a-13 (17 CFR 240.17a-13) under the Securities Exchange Act of 1934 (15 U.S. C. 78a et seq.) (“Exchange Act”).

Rule 17a-13(b) (17 CFR 240.17a-13(b)) generally requires that at least once each calendar quarter, all registered brokers-dealers physically examine and count all securities held, and that they account for all other securities not in their possession, but subject to the broker-dealer’s control or direction. Any discrepancies between the broker-dealer’s securities count and the firm’s records must be noted and, within seven days, the unaccounted for difference must be recorded in the firm’s records. Rule 17a-13(c) (17 CFR 240.17a-13(c)) provides that under specified conditions, the count, examination, and verification of the broker-dealer’s entire list of securities may be conducted on a cyclical basis rather than on a certain date. Although Rule 17a-13 does not require broker-dealers to file a report with the Commission, discrepancies between a broker-dealer’s records and the securities counts may be required to be reported, for example, as

a loss on Form X-17a-5 (17 CFR 248.617), which must be filed with the Commission under Exchange Act Rule 17a-5 (17 CFR 240.17a-5). Rule 17a-13 exempts broker-dealers that limit their business to the sale and redemption of securities of registered investment companies and interests or participation in an insurance company separate account and those who solicit accounts for federally insured savings and loan associations, provided that such persons promptly transmit all funds and securities and hold no customer funds and securities. Rule 17a-13 also does not apply to certain broker-dealers required to register only because they effect transactions in securities futures products.

The information obtained from Rule 17a-13 is used as an inventory control device to monitor a broker-dealer's ability to account for all securities held in transfer, in transit, pledged, loaned, borrowed, deposited, or otherwise subject to the firm's control or direction. Discrepancies between the securities counts and the broker-dealer's records alert the Commission and the self-regulatory organizations ("SROs") to those firms experiencing back-office operational issues.

As of June 30, 2019, there are approximately 3,744 broker-dealers registered with the Commission. However, given the variability in their businesses, it is difficult to quantify how many hours per year each broker-dealer spends complying with Rule 17a-13. As noted, Rule 17a-13 requires a broker-dealer to account for all securities in its possession or subject to its control or direction. Many broker-dealers hold few, if any, securities; while others hold large quantities. Therefore, the time burden of complying with Rule 17a-13 will depend on respondent-specific factors, including a broker-dealer's size, number of customers, and proprietary trading activity. The staff estimates that the average time spent per respondent is 100 hours per year on an ongoing basis to maintain the records required under Rule 17a-13. This

estimate takes into account the fact that more than half of the 3,744 respondents – according to financial reports filed with the Commission – may spend little or no time complying with Rule 17a-13, given that they do not do a public securities business or do not hold inventories of securities. For these reasons, the staff estimates that the total compliance burden per year is 374,400 hours (3,744 respondents x 100 hours/respondent).

The records required to be made by Rule 17a-13 are available only to Commission examination staff, state securities authorities, and applicable SROs. Subject to the provisions of the Freedom of Information Act, 5 U.S.C. § 522, and the Commission's rules thereunder (17 CFR 200.80(b)(4)(iii)), the Commission does not generally publish or make available information contained in any reports, summaries, analyses, letters, or memoranda arising out of, in anticipation of, or in connection with an examination or inspection of the books and records of any person or any other investigation.

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 20503, or by sending an e-mail to: Lindsay.M.Abate@omb.eop.gov ; and (ii) Charles Riddle,

Acting Director/Chief Information Officer, Securities and Exchange Commission, c/o Candace Kenner, 100 F Street, NE, Washington, DC 20549, or by sending an e-mail to:

PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Jill M. Peterson
Assistant Secretary

November 14, 2019

[FR Doc. 2019-25094 Filed: 11/19/2019 8:45 am; Publication Date: 11/20/2019]