

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 202, 232, 240, 249, and 249b

[Release Nos. 33-11176; 34-97182; IC-34864; File No. S7-08-23]

RIN 3235-AL85

**Electronic Submission of Certain Materials Under the Securities Exchange Act of 1934;
Amendments Regarding the FOCUS Report**

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule.

SUMMARY: The Securities and Exchange Commission (“Commission” or “SEC”) is proposing to require electronic filing or submission of certain forms and other filings or submissions that are required to be filed with or submitted to the Commission under the Securities Exchange Act of 1934 (“Exchange Act”) and the rules and regulations under the Exchange Act. The proposal would require the electronic filing or submission on the Commission’s Electronic Data Gathering, Analysis, and Retrieval (“EDGAR”) system, using structured data where appropriate, for certain forms filed or submitted by self-regulatory organizations (“SROs”). The proposal would require the information currently contained in Form 19b-4(e) to be publicly posted on the SRO’s website and remove the manual signature requirements for SRO proposed rule change filings. The Commission is also proposing that a clearing agency post supplemental material to its website. In addition, the proposal would amend rules under the Exchange Act and the Securities Act of 1933 (“Securities Act”) to require the electronic filing or submission on EDGAR, using structured data where appropriate, of certain forms, reports and notices provided by broker-dealers, security-based swap dealers and major security-based swap participants. The proposed amendments also would require withdrawal in certain circumstances of notices filed in

connection with an exception to counting certain dealing transactions toward determining whether a person is a security-based swap dealer. Finally, the Commission is proposing to allow electronic signatures in certain broker-dealer filings, and is proposing amendments regarding the Financial and Operational Combined Uniform Single Report (“FOCUS Report”) to harmonize with other rules, make technical corrections, and provide clarifications.

DATES: Comments should be received on or before May 22, 2023.

ADDRESSES: Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission’s internet comment form (<https://www.sec.gov/regulatory-actions/how-to-submit-comments>); or
- Send an email to rule-comments@sec.gov. Please include File No. S7-08-23 on the subject line.

Paper Comments:

- Send paper comments to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to File No. S7-08-23. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission’s website (<https://www.sec.gov/rules/proposed.shtml>). Comments are also available for website viewing and printing in the Commission’s Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10 a.m. and 3 p.m. Operating conditions may limit access to the Commission’s public reference room. All comments received will be posted without change. Persons submitting comments are cautioned

that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly.

Studies, memoranda, or other substantive items may be added by the Commission or staff to the comment file during this rulemaking. A notification of the inclusion in the comment file of any such materials will be made available on the Commission's website. To ensure direct electronic receipt of such notifications, sign up through the "Stay Connected" option at www.sec.gov to receive notifications by email.

FOR FURTHER INFORMATION CONTACT: For Form 1 – Justin Pica, Assistant Director, and David Remus, Special Counsel; for Form 1-N – David Dimitrious, Senior Special Counsel, and Michou Nguyen, Special Counsel; for Form 15A – Molly Kim, Assistant Director, and David Michehl, Special Counsel; for Form CA-1 – Matthew Lee, Assistant Director, and Claire Noakes, Special Counsel; for Form 19b-4(e) and technical amendment to Form 19b-4 – Cristie March, Senior Special Counsel, and Edward Cho, Special Counsel; for Rule 17a-22 – Matthew Lee, Assistant Director, and Susan Petersen, Special Counsel; for Form X-17A-5 Part III and related annual filings, Form X-17A-5 Parts II, IIA, and IIC, Form 17-H, and Form X-17A-19 – Raymond A. Lombardo, Assistant Director, Rose Wells, Special Counsel, and Valentina Minak Deng, Special Counsel; for notices provided pursuant to Exchange Act Rules 3a71-3(d)(1)(vi) and 15fi-3(c) – Carol McGee, Associate Director, and Russell Mancuso, Special Counsel; and for reports submitted pursuant to Rule 15fk-1(c)(2)(ii)(A), Kelly Shoop, Branch Chief, and Katherine Lesker, Special Counsel, Division of Trading and Markets, at (202) 551-5500, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

SUPPLEMENTARY INFORMATION: The Commission is proposing to require the electronic filing or submission, using structured data where appropriate, of certain forms and

other filings,¹ which are currently filed with or submitted to the Commission in paper or via email or are new filing requirements. The proposal is divided into five parts: (1) forms that are filed or submitted by or otherwise made available electronically by SROs (“Covered SRO Forms”); (2) supplementary materials (“Covered Supplementary Materials”) that are proposed to be posted on the internet websites of clearing agencies; (3) forms and related filings filed or submitted by broker-dealers and over-the-counter derivatives dealers (“OTC derivatives dealers”), as well as security-based swap dealers (“SBSDs”) and major security-based swap participants (“MSBSPs”) (each SBSB and each MSBSP also referred to as an “SBS Entity” and together referred to as “SBS Entities”); (4) other notices, filings, and reports consisting of (a) Form X-17A-19; (b) 17 CFR 240.3a71-3(d)(1)(vi) (“Rule 3a71-3(d)(1)(vi)”) Notices; (c) 17 CFR 240.15Fi-3(c) (“Rule 15fi-3(c)”) Notices; and (d) 17 CFR 240.15Fk-1(c)(2)(ii)(A) (“Rule 15fk-1(c)(2)(ii)(A)”) Compliance Reports; and (5) amendments regarding the FOCUS Report and signature requirements in Exchange Act Rules 17a-5, 17a-12, and 18a-7.² The Commission is proposing amendments to or relating to the following rules:

Commission Reference	CFR Citation (17 CFR)
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¹ For purposes of this proposing release, the term “form” means any Commission-created document labeled as a “Form” that is proposed to be submitted or filed electronically, and the term “filing” means any form, notice, report, or material proposed to be submitted or filed electronically or proposed to be posted on an internet website in lieu of being submitted or filed.

² The Commission’s proposal also includes proposed amendments to CFR designations in order to ensure regulatory text conforms more consistently with section 2.13 of the Document Drafting Handbook. *See* Office of the Federal Register, Document Drafting Handbook (Aug. 2018 Edition, Revision 1.4, dated January 7, 2022), *available at* <https://www.archives.gov/files/federal-register/write/handbook/ddh.pdf>. For rules proposed to be amended in this release that contain an uppercase letter in their CFR citations, the Commission is proposing to amend their CFR section designations to replace each such uppercase letter with the corresponding lowercase letter, and, in one case, to also redesignate the rule numbering. For example, 17 CFR 240.15Fi-3 is proposed to be redesignated as 17 CFR 240.15fi-3, 17 CFR 240.15Fk-1 is proposed to be redesignated as 17 CFR 240.15fk-1, 17 CFR 240.15Aa-1 is proposed to be redesignated as 17 CFR 240.15aa-1, and 17 CFR 240.15Aj-1 is proposed to be redesignated as 17 CFR 240.15aa-2.

Administrative Practice and Procedure, Securities	Rule 202.3	§ 202.3
Securities Act of 1933 (“Securities Act”) ³		
Regulation S-T	Rule 100	§ 232.100
	Rule 101	§ 232.101
	Rule 201	§ 232.201
	Rule 202	§ 232.202
	Rule 405	§ 232.405
Securities Exchange Act of 1934 (“Exchange Act”) ⁴		
	Rule 3a71-3	§ 240.3a71-3
	Rule 6a-1	§ 240.6a-1
	Rule 6a-2	§ 240.6a-2
	Rule 6a-3	§ 240.6a-3
	Rule 6a-4	§ 240.6a-4
	Rule 15Aa-1	§ 240.15Aa-1
	Rule 15Aa-2	§ 240.15Aa-2
	Rule 15Aj-1	§ 240.15Aj-1
	Rule 15c3-1	§ 240.15c3-1
	Rule 15fi-3	§ 240.15Fi-3
	Rule 15fk-1	§ 240.15Fk-1
	Rule 17a-5	§ 240.17a-5
	Rule 17a-12	§ 240.17a-12
Rule 17a-19	§ 240.17a-19	

³ See 15 U.S.C. 77a through 77mm.

⁴ See 15 U.S.C. 78a through 78qq.

Rule 17a-22	§ 240.17a-22
Rule 17ab2-1	§ 240.17ab2-1
Rule 17h-2T	§ 240.17h-2T
Rule 18a-7	§ 240.18a-7
Rule 19b-4	§ 240.19b-4
Rule 19b-7	§ 240.19b-7
Rule 24b-2	§ 240.24b-2
Form 1	§ 249.1
Form 1-N	§ 249.10
Form CA-1	§ 249.200
Form 17-H	§ 249.328T
Form X-17A-5 Part II	§ 249.617
Form X-17A-5 Part IIA	§ 249.617
Form X-17A-5 Part IIC	§ 249.617
Form X-17A-5 Part III	§ 249.617
Form X-17A-19	§ 249.635
Form X-15AA-1	§ 249.801
Proposed new Form 15A	§ 249.801 (as proposed to be amended)
Form 19b-4	§ 249.819

Finally, the Commission is proposing to rescind:

Commission Reference		CFR Citation (17 CFR)
Exchange Act	Form X-15AJ-1	§ 249.802
	Form X-15AJ-2	§ 249.803
	Form 19b-4(e)	§ 249.820

In developing this proposal with regard to SBS Entities, the Commission has consulted and coordinated with the Commodity Futures Trading Commission (“CFTC”) and the prudential regulators in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”).⁵

Table of Contents

- I. Introduction
 - A. Experience with Targeted Regulatory Assistance During the COVID-19 Pandemic
 - B. Covered SRO Forms
 - C. Covered Supplementary Materials
 - D. Filings by Broker-Dealers, OTC Derivatives Dealers, SBSDs, and MSBSPs
 - E. Other Forms, Reports or Notices
 - F. Structured Data Requirements
 - G. Amendments Regarding the FOCUS Report and Signature Requirements in Rule 17a-5, 17a-12, and 18a-7 Filings
- II. Proposed Requirements to Electronically File Covered SRO Forms
 - A. Form 1
 - B. Form 1-N
 - C. Proposed Form 15A
 - D. Form CA-1
 - E. Form 19b-4(e)
 - F. Rule 19b-4(j) and Form 19b-4
 - G. Conforming Technical Amendment to Rule 202.3(b) under the Exchange Act

⁵ See Pub. L. 111-203, 124 Stat. 1376 (2010). Section 712(a)(2) of the Dodd-Frank Act provides in part that the Commission shall “consult and coordinate to the extent possible with the Commodity Futures Trading Commission and the prudential regulators for the purposes of assuring regulatory consistency and comparability, to the extent possible.”

- III. Proposed Requirements for Clearing Agencies to Electronically File Covered Supplemental Materials
 - A. Current Rule 17a-22
 - B. Updated Staff Statement and Resulting Alternate Arrangements for Rule 17a-22 Compliance
 - C. Proposed Amendments to Rule 17a-22
 - D. Request for Comment
- IV. Proposed Requirements to Electronically File Broker-Dealer, OTC Derivatives Dealer, and SBS Entity Reports
 - A. Rules 17a-5, 18a-7, and 17a-12
 - B. Rule 17h-2T and Form 17-H
- V. Other Forms, Reports or Notices
 - A. Notices Pursuant to Rule 17a-19 and Form X-17A-19
 - B. Notice (and Any Withdrawal of a Notice) Filed Pursuant to Rule 3a71-3(d)(1)(vi)
 - C. Notice (and Any Amendment, including Notice of Dispute Termination) Provided Pursuant to Rule 15fi-3(c)
 - D. Compliance Reports Submitted to the Commission pursuant to Rule 15fk-1(c)(2)(ii)(A)
- VI. Amendments Regarding the FOCUS Report and Signature Requirements in Rule 17a-5, 17a-12, and 18a-7 Filings
 - A. Corrective and Clarifying Amendments to the FOCUS Report Part II
 - B. Harmonizing FOCUS Report Part IIC with the Call Report
 - C. OTC Derivatives Dealer FOCUS Report Filing Requirement
 - D. Signature Requirements in Rule 17a-5, 17a-12, and 18a-7 Filings
- VII. Proposed Amendments to Regulation S-T (Including Structured Data Requirements) and Rule 24b-2
 - A. Proposed Amendments to Regulation S-T (Including Structured Data Requirements)
 - B. Proposed Amendments to Rule 24b-2
- VIII. General Request for Comments
- IX. Paperwork Reduction Act
 - A. Summary of Collection of Information
 - B. Proposed Use of Information
 - C. Respondents
 - D. Total Initial and Annual Reporting and Recordkeeping Burdens
 - E. Collection of Information is Mandatory
 - F. Confidentiality of Responses to Collection of Information
 - G. Retention Period for Recordkeeping Requirements
 - H. Request for Comments
- X. Economic Analysis
 - A. Broad Economic Considerations
 - B. Baseline
 - C. Economic Effects
 - D. Efficiency, Competition, and Capital Formation
 - E. Reasonable Alternatives
 - F. Request for Comment
- XI. Initial Regulatory Flexibility Act Analysis
 - A. Regulatory Flexibility Act Certification

- B. Initial Regulatory Flexibility Analysis
- C. Reasons for, and Objectives of, the Proposed Action
- D. Legal Basis
- E. Small Entities Subject to the Proposed Rules
- F. Reporting, Recordkeeping, and Other Compliance Requirements
- G. Duplicative, Overlapping, or Conflicting Federal Rules
- H. Significant Alternatives
- I. Request for Comment
- XII. Small Business Regulatory Enforcement Fairness Act
Statutory Authority

I. Introduction

A. Experience with Targeted Regulatory Assistance During the COVID-19 Pandemic

As part of its response to the COVID-19 pandemic, the Commission and its staff provided assistance and regulatory relief to market participants, as appropriate, to facilitate the continued orderly and fair functioning of the securities markets.⁶ As part of these efforts, Division of Trading and Markets (“Division”) staff issued a statement providing that the staff would not recommend enforcement action if filers and registrants made alternative arrangements, as detailed in the statement, for delivery, execution, and notarization of certain paper filings.⁷ More specifically, the staff stated that it would not recommend that the Commission take enforcement action with respect to any failure to comply with the paper format submission requirement or manual signature requirement of certain “Impacted Paper Submissions” (as

⁶ See generally, e.g., An Update on the Commission’s Targeted Regulatory Relief to Assist Market Participants Affected by COVID-19 and Ensure the Orderly Function of our Markets (public statement by Chairman Jay Clayton, William Hinman, Director, Division of Corporation Finance, Dalia Blass, Director, Division of Investment Management, Brett Redfearn, Director, Division (Jan. 26, 2020, updated Jan. 5, 2021)), available at <https://www.sec.gov/news/public-statement/update-commissions-targeted-regulatory-relief-assist-market-participants>.

⁷ See generally Division Updated Staff Statement Regarding Certain Paper Submissions in Light of COVID-19 Concerns (“Updated Staff Statement”), available at <https://www.sec.gov/tm/paper-submission-requirements-covid-19-updates-061820>. Staff reports, Investor Bulletins, and other staff documents cited in this release represent the views of Commission staff and are not a rule, regulation, or statement of the Commission. The Commission has neither approved nor disapproved the content of these documents and, like all staff statements, they have no legal force or effect, do not alter applicable law, and create no new or additional obligations for any person.

defined in the Updated Staff Statement), which included, but were not limited to, broker-dealer audited annual reports, Form 1 filings for national securities exchanges, and Form CA-1 filings for clearing agencies.

In general, electronic filing of Impacted Paper Submissions has been practical and efficient. It also has been the Commission’s experience that electronic filing has been positively received by the various registrants that have used it. Based in part on these positive experiences with electronic filing during the COVID-19 pandemic, and as part of its efforts to modernize the methods by which it collects and analyzes information from registrants, the Commission is proposing to amend some of the rules and forms discussed in this release, as set forth in more detail below, to require that certain filings be submitted to the Commission electronically using the Commission’s EDGAR system. As part of the effort to modernize its information collection and analysis methods, and as discussed more fully below, the Commission is proposing that a number of the filings submitted to the Commission electronically on EDGAR use structured data where appropriate.

B. Covered SRO Forms

The Commission is proposing to require that the following forms be filed electronically on EDGAR:

Form	Filer Type	Proposed Amendments
Form 1: Application for, and Amendments to Application for, Registration as a National Securities Exchange or Exemption from Registration pursuant to section 5 of the Exchange Act	Exchange	Amend 17 CFR 249.1 (“Form 1”), including the form and instructions to the form, and 17 CFR 240.6a-1 (“Rule 6a-1”), 17 CFR 240.6a-2 (“Rule 6a-2”), and 17 CFR 240.6a-3 (“Rule 6a-3”) under the Exchange Act.
Form 1-N: Form and Amendments for Notice of Registration as a National Securities Exchange for the Sole Purpose of Trading Security Future Products Pursuant	Exchange	Amend 17 CFR 249.10 (“Form 1-N”), including the form and instructions to the form, and 17 CFR 240.6a-4 (“Rule 6a-4”) under the Exchange Act.

to section 6(g) of the Exchange Act		
Form X-15AA-1: Application for Registration as a National Securities Association or Affiliated Securities Association, Form X-15AJ-1: Amendatory and/or Supplementary Statements to Registration Statement of a National Securities Association or an Affiliated Securities Association, and Form X-15AJ-2: Annual Consolidated Supplement of a National Securities Association or an Affiliated Securities Association	Securities Association	Form X-15AA-1 (re-numbered as Form 15A) and the instructions to the form, and corresponding Exchange Act Rule 15Aa-1 (redesignated as Rule 15aa-1). Forms X-15AJ-1 and X-15AJ-2 (repealed and the information requirements incorporated into new Form 15A), ⁸ and corresponding Exchange Act Rule 15Aj-1 (re-numbered as Rule 15aa-2).
Form CA-1: Application for Registration or for Exemption from Registration as a Clearing Agency and for Amendment to Registration Pursuant to the Exchange Act	Clearing Agency	The form and instructions to the form, and corresponding Exchange Act Rule 17ab2-1.

The Commission’s regulatory framework currently requires an entity seeking to be registered as a national securities exchange (or seeking an exemption from such registration based on limited volume), a national securities association, a clearing agency (or seeking an exemption from such registration), and a national securities exchange solely for the purpose of trading futures on individual stocks or on narrow-based stock indexes⁹ (“Security Futures Product Exchange”) to file, in a paper-based format, certain forms that are mandated by rules under the Exchange Act. Registered national securities exchanges, registered national securities associations, registered clearing agencies, and registered Security Futures Product Exchanges (collectively, SROs), as well as exempt exchanges and exempt clearing agencies (together with

⁸ See 17 CFR 249.802 and 803. The forms and instructions to the form are incorporated by reference into the Code of Federal Regulations.

⁹ Futures on individual stocks or on narrow-based stock indexes are hereinafter referred to as “security futures products.”

prospective SROs, “Filers”), are also required to submit paper-based amendments to their respective forms. The Commission’s proposal would modernize the filing process for these various forms by requiring that the forms and information contained therein be submitted to the Commission electronically, thereby removing the burden of preparing and submitting paper forms by the Filers, and of receiving, acting upon, and maintaining the paper forms by the Commission and its staff.

In particular, as required by 17 CFR 240.6a-1 (“Rule 6a-1”), 17 CFR 240.6a-2 (“Rule 6a-2”), and 17 CFR 240.6a-3 (“Rule 6a-3”) under the Exchange Act, a prospective exchange must file on 17 CFR 249.1 (“Form 1”) an application for registration as a national securities exchange (or for an exemption from the requirement to register as a national securities exchange based on limited volume), and, once registered, the exchange must file as an amendment to its Form 1 certain updating information, as well as certain supplemental material and reports. In addition, as required by 17 CFR 240.6a-4 (“Rule 6a-4”) under the Exchange Act, a prospective exchange may register as a Security Futures Product Exchange by filing 17 CFR 249.10 (“Form 1-N”) (“notice registration”) if it satisfies certain prerequisites, and must file amendments to its initial filing and certain supplemental materials on Form 1-N as well. An applicant for registration as a national securities association must file a registration statement with the Commission on Form X-15AA-1, and every association applying for registration or registered as a national securities association must file amendments and supplements to its registration statement with the Commission on Form X-15AJ-1 and annual supplements to its registration statement with the Commission on Form X-15AJ-2. Moreover, as required by Rule 17ab2-1 (“Rule 17ab2-1”) under the Exchange Act, a prospective clearing agency must file on Form CA-1 an application for registration as a clearing agency (or for an exemption from such registration), and both

registered and exempt clearing agencies must file amendments to their Form CA-1 as necessary. In each of the foregoing situations, these forms are submitted to the Commission in a paper-based format. As a result, the prospective and existing SROs, exempt exchanges, and exempt clearing agencies must incur the costs of completing their respective paper-based forms, making the requisite number of copies, and submitting the original version and copies to the Commission.

The Commission also is proposing to rescind the following form and instead require that the information currently contained in the form be publicly posted on the relevant SRO’s internet website:

Form	Filer Type	Proposed Amendment
Form 19b-4(e): Information Required of a Self-Regulatory Organization Listing and Trading a New Derivative Securities Product Pursuant to Rule 19b-4(e) Under the Exchange Act	SRO	Rescind the form and instructions to the form, and amend 17 CFR 240.19b-4(e) (“Exchange Act Rule 19b-4(e”).

Currently, 17 CFR 240.19b-4(e) (“Rule 19b-4(e)”) under the Exchange Act requires an SRO to submit to the Commission reports regarding the listing and trading of new derivative securities products on Form 19b-4(e) in a paper-based format. As with the forms discussed above in this section, SROs must incur the costs of completing the paper-based form, making the requisite number of copies, and submitting the original version and copies to the Commission.

C. Covered Supplementary Materials

Rule 17a-22 requires a registered clearing agency to file with the Commission three copies of any material within 10 days after issuing, or making generally available, such materials

to its participants or to other entities with whom it has a significant relationship.¹⁰ A registered clearing agency for which the Commission is not the appropriate regulatory agency is required at the same time to file one copy of such material with its “appropriate regulatory agency” (“ARA”).¹¹

Since the Commission adopted Rule 17a-22 in 1980, technology has evolved significantly and the internet has played an increasingly vital role in information distribution.¹² During this period, the Commission has encouraged the dissemination of information electronically via the internet and other automated systems and services.¹³ In general, transitioning from a requirement to file paper with the Commission to an electronic filing requirement can help improve efficiency and transparency in the securities markets for registered clearing agencies, its participants and the general public. Most recently, under the Updated Staff Statement described above,¹⁴ registered clearing agencies have established alternate arrangements to satisfy the requirements of Rule 17a-22 that do not require the submission of paper filings.

¹⁰ See 17 CFR 240.17a-22. Such materials are hereinafter referred to as “supplementary materials.”

¹¹ See *id.* When used with respect to a clearing agency, the term “appropriate regulatory authority” is defined under section 3(a)(34)(B) of the Exchange Act to mean broadly the Comptroller of the Currency, the Board of Governors of the Federal Reserve System (“Federal Reserve”), or the Federal Deposit Insurance Corporation, depending on the type of bank that is acting as a registered clearing agency. See 15 U.S.C. 78c(a)(34).

¹² See, e.g., The Impact of Recent Technological Advances on the Securities Market (Sep. 1997), available at <https://www.sec.gov/news/studies/techrp97.htm>. In this report, the Commission stated that it was mindful of the benefits of increasing use of new technologies, such as the internet, to access information more efficiently.

¹³ *Id.*; see also, e.g., Commission Interpretation: Use of Electronic Media, Exchange Act Release No. 42728 (Apr. 28, 2000), 65 FR 25843 (May 4, 2000), available at <https://www.sec.gov/rules/interp/34-42728.htm>; Press Release: SEC Provides Guidance to Open Up Use of Corporate Web Sites for Disclosures to Investors (July 30, 2008), available at <https://www.sec.gov/news/press/2008/2008-158.htm>.

¹⁴ See *supra* note 5.

The Commission is now proposing to amend Rule 17a-22 to eliminate the paper filing requirement altogether and require registered clearing agencies to post any supplementary materials to its internet website, as discussed further below.¹⁵ The Commission believes that the amended rule would increase efficiency in the distribution of supplementary materials required under the rule and promote transparency regarding their contents, as these supplementary materials are intended to be made generally available to participants in the clearing agency or other categories of market participants with whom the clearing agency has a significant relationship. In addition, the cost associated with the proposal is likely to be less than the costs currently incurred by clearing agencies utilizing alternative arrangements consistent with the Updated Staff Statement.

D. Filings by Broker-Dealers, OTC Derivatives Dealers, SBSBs, and MSBSPs

Form	Filer Type	Proposed Amendment
Form X-17A-5 Part III: Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Exchange Act	Broker-Dealer, Security-Based Swap Dealer, Major Security-Based Swap Participant	Require the form to be filed on EDGAR.
Form 17-H: Risk Assessment Report for Brokers and Dealers	Broker-Dealer	Require the form to be filed on EDGAR.

The Commission believes that the certain forms and other filings that are proposed to be filed on EDGAR by broker-dealers, OTC derivatives dealers, SBSBs, and MSBSPs are appropriate for electronic filing because many of them are voluminous (in number, size, or both) and some of them contain certain information that must be disclosed publicly.¹⁶ Electronic conversion and/or publication of these filings by Commission staff, to make them available to

¹⁵ See generally *infra* section III.

¹⁶ See generally *infra* section IV.

the public and/or Commission staff, can be labor intensive and time consuming. The Commission believes that requiring submission of these filings on the Commission's established EDGAR filing system would facilitate more efficient transmission, analysis, dissemination, storage, and retrieval of information, and would benefit the Commission, the submitting entities, investors, and other market participants.

The Commission is proposing to use the existing EDGAR system for certain filings because Form X-17A-5 Part III and Form 17-H are already permitted to be filed on EDGAR and the Commission believes that some of these filings may be readily transitioned to electronic filing on EDGAR.

E. Other Forms, Reports or Notices

Form, Report or Notice	Filer/Submitter Type	Proposed Amendment
Form 17a-19: Information Required of National Securities Exchanges and Registered National Securities Associations Pursuant to Section 17 and 19 of the Securities Exchange Act of 1934 and Rule 17a-19 Thereunder, Report of Change in Membership Status	National securities exchanges, national securities associations	Require the form to be filed on EDGAR.
Notices (and any withdrawals of notices) filed pursuant to Rule 3a71-3(d)(1)(vi) under the Exchange Act	Certain registered SBSDs or registered brokers that meet certain capital and other requirements	Require the notices and withdrawals to be filed on EDGAR; require withdrawal in specified circumstances.
Notices (and any amendments to the notices) of Security-Based Swap Valuation Disputes pursuant to Rule 15fi-3(c)	SBS Entities	Require the notices (and any amendments to the notices) to the Commission to be submitted on EDGAR using structured data; specify that notices (including amendments) required to be provided to any applicable prudential regulator be in a form

		and manner acceptable to such prudential regulator.
Compliance Reports Submitted to the Commission pursuant to Rule 15fk-1(c)(2)(ii)(A)	SBS Entities	Require reports to be submitted on EDGAR in a structured data language.

The Commission is proposing to use the EDGAR system for the following notices, reports, and filings: (1) notices made pursuant to Rule 17a-19 under the Exchange Act and on accompanying Form X-17A-19; (2) notices made pursuant to Rule 3a71-3(d)(1)(vi) under the Exchange Act; (3) notices made to the Commission pursuant to Rule 15fi-3(c) under the Exchange Act; and (4) reports made pursuant to Rule 15fk-1(c)(2)(ii)(A) under the Exchange Act. Currently, the notices made pursuant to Rule 17a-19 under the Exchange Act and on accompanying Form X-17A-19 are submitted via paper.¹⁷ The notices made pursuant to Rule 3a71-3(d)(1)(vi) under the Exchange Act are filed via email.¹⁸ The notices made to the Commission pursuant to Rule 15fi-3(c) and the reports required under Rule 15fk-1(c)(2)(ii)(A) are either submitted via email or submitted on EDGAR, at the filer’s option.¹⁹

F. Structured Data Requirements

The Commission is proposing to require certain of the disclosures required by the following filings to be provided in a structured, machine-readable data language: (1) the Covered SRO Forms; (2) the information required under Rule 19b-4(e); (3) Form X-17A-19; (4) the

¹⁷ See infra section V.A.

¹⁸ See infra section V.B.

¹⁹ See infra section V.C. Rule 15fi-3(c) requires that SBS Entities “*notify* the Commission” (emphasis added). See infra section V.C.1. Requiring these notices and amendments to be submitted to the Commission via EDGAR as proposed would not cause them to be deemed filed for purposes of the Exchange Act. See e.g., section 18 of the Exchange Act. 17 CFR 240.15Fk-1(c) (“Rule 15fk-1(c)”) requires that the chief compliance officer of an SBS Entity prepare and sign an annual compliance report that “shall [b]e submitted to the Commission.” 17 CFR 240.15Fk-1(c) (emphasis added). Requiring these reports to be submitted via EDGAR as proposed would not cause the report to be deemed filed for purposes of the Exchange Act.

annual reports (and related annual filings) filed by broker-dealers (including OTC derivatives dealers) and SBS Entities on Form X-17A-5 Part III; (5) the risk assessment reports filed by certain broker-dealers on Form 17-H; and (6) the notices and reports provided to the Commission by SBS Entities under Exchange Act Rules 15fi-3(c) and 15fk-1(c)(2)(ii)(A), respectively (together, the “Proposed Structured Documents”).²⁰

Specifically, the Commission is proposing to require the report required by Exchange Act Rule 15fk-1(c)(2)(ii)(A) and portions of Form 1, Form CA-1, Form 17-H, and Form X-17A-5 Part III and related annual filings to be provided in the Inline eXtensible Business Reporting Language (“Inline XBRL”) structured data language. The Commission is also proposing to require Form X-17A-19, the notice to the Commission (and any amendments to the notices) required by Exchange Act Rule 15fi-3(c), and portions of Form 1-N, Form 15A, Form 1, Form CA-1, Form 17-H, and Form X-17A-5 Part III and related annual filings to be provided in machine-readable, eXtensible Markup Language (“XML”)-based data languages specific to those documents (“custom XMLs”). As noted, these structured documents would be filed or submitted on EDGAR.²¹

In addition, the Commission is proposing to require SROs to electronically post the information required under Rule 19b-4(e) using a custom XML-based data language (also referred to as a “schema”) that the Commission would create and publish on its website for SROs

²⁰ For certain affected documents, only some aspects are proposed to be provided in a structured data language. For example, only the execution pages of Form 1-N and Form 15A are proposed to be provided in a structured data language. See *infra* section VII.A.

²¹ The details of the proposed structured data requirements, including the specific portions of affected documents that would be structured in Inline XBRL versus custom XML, are discussed in Section VII.A below.

to use.²² The Commission is also proposing to require SROs to post a rendered Portable Digital Format (“PDF”) version of the custom XML document using a PDF renderer that the Commission would also create and publish on its website for SROs to use.²³

As discussed in further detail below, the Commission believes the proposed structured data requirements would facilitate access to the disclosures by users (e.g., investors, market participants, analysts, the Commission), enabling more efficient retrieval, aggregation, and comparison across different filers and time periods, as compared to an unstructured PDF, HyperText Markup Language (“HTML”), or American Standard Code for Information Interchange (“ASCII”) requirement.²⁴

The Commission is proposing some disclosures to be structured in Inline XBRL, and other disclosures to be structured in custom XML, because the Commission believes Inline XBRL is well-suited for certain types of content—such as financial statements and extended narrative discussions—whereas other types of content can be readily captured using custom

²² This requirement would mirror the existing requirement for registered broker-dealers to electronically post reports containing order routing information using the most recent versions of the XML schema and the associated PDF renderer as published on the Commission’s website. See 17 CFR 242.606. The custom XML schema and PDF renderer for Rule 606 reports are available at https://www.sec.gov/structureddata/dera_taxonomies.

²³ See id.

²⁴ See infra sections VII.A and X.C. The addition of structured data requirements would also be generally consistent with objectives of the recently enacted Financial Data Transparency Act (“FDTA”), which concerns the manner in which the Commission collects and disseminates information. The FDTA was signed into law on Dec. 23, 2022, as Title LVIII of the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023. See James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, P.L. 117-263 (Dec. 23, 2022). Section 5811 of the FDTA directs the Commission and other covered agencies (e.g., financial regulators) to jointly issue proposed rules for public comment that establish data standards for the collections of information reported to each covered agency by financial entities and for the data collected from covered agencies on behalf of the Financial Stability Oversight Council. The data standards must meet specified criteria relating to openness and machine-readability and promote interoperability of financial regulatory data across members of the Financial Stability Oversight Council. In addition, Section 5822 of the Financial Data Transparency Act requires that all public data assets published by the Commission under the securities laws and the Dodd-Frank Act be made available in accordance with specified criteria relating to openness and machine-readability. See 44 U.S.C. 3502(20) (defining the term “open Government data asset” to mean, among other things, machine-readable and available (or could be made available) in an open format).

XML data languages that yield smaller file sizes than Inline XBRL and thus facilitate more streamlined data processing. Such custom XML languages also enable EDGAR to generate fillable web forms that permit affected entities to input disclosures into form fields rather than encode their disclosures in custom XML themselves, thus likely easing compliance burdens on affected entities. Finally, certain of the proposed structured documents—Form X-17A-5 Part III and Form 17-H—are already partially subject to custom XML structured data requirements when voluntarily filed on EDGAR. For these forms, the Commission is proposing to require the same custom XML requirements so as to minimize the associated burdens on registrants already using these languages for these forms.

Certain of the proposed structured documents also include requirements to attach copies of existing documents, such as copies of by-laws, written agreements, user manuals, and listing applications. The Commission is proposing to require affected entities to file these copies of documents as unstructured PDF attachments to the otherwise structured forms. The Commission believes requiring affected entities to retroactively structure such existing documents, which were prepared for purposes outside of fulfilling the Commission’s disclosure requirements, could impose compliance burdens on affected entities that may not be justified in light of the commensurate informational benefits associated with having such documents in structured form.²⁵

Similarly, Forms 1-N and 15A (other than the cover pages—*i.e.*, execution pages—of those Forms) would not be subject to structured data requirements, given that the very limited number of Form 1-N and Form 15A filers and filings limits the benefit that would accrue from

²⁵ See *infra* sections II.A.3, II.D.5, IV.B, and VII.A.

machine-readability of the disclosures contained therein.²⁶ ANE Exception Notices also would not be subject to structured data requirements, as the very limited number of data points in such notices may lessen the utility of any functionality enabled by structured data (such as efficient retrieval of individual data points from structured documents).²⁷

G. Amendments Regarding the FOCUS Report and Signature Requirements in Rule 17a-5, 17a-12, and 18a-7 Filings

Finally, the Commission is proposing amendments regarding the FOCUS Report to harmonize with other rules, make technical changes, and provide clarifications. In addition, the Commission is proposing to allow electronic signatures in Rule 17a-5, 17a-12, and 18a-7 filings, including the FOCUS Report.

II. Proposed Requirements to Electronically File Covered SRO Forms

The Commission proposes to amend certain Exchange Act rules and the Covered SRO Forms, including their instructions, to eliminate the current paper copy filing method and instead require electronic submission of the Covered SRO Forms. Changing from the current method of paper filing to electronic submission of the Covered SRO Forms ultimately should increase efficiencies and decrease costs for Filers with respect to their filing obligations.²⁸ In addition, the Commission believes that the electronic filing of the Covered SRO Forms would facilitate the Commission's oversight of SROs by streamlining the process of tracking and reviewing the filings made on the Covered SRO Forms.

The proposal would require the use of EDGAR to file the Covered SRO Forms. The Commission is proposing to use the existing EDGAR system for the Covered SRO Forms

²⁶ See *infra* sections II.B.3, II.C.3, and VII.A.

²⁷ See *infra* sections V.B.2 and VII.A.

²⁸ See *infra* section X.

because the Commission believes that these filings are similar to other filings that are currently submitted on EDGAR. Furthermore, many of the Covered SRO Forms contain information that must be disclosed publicly, and electronic conversion and/or publication of these filings by Commission staff, to make them available to the public and Commission staff, is labor intensive and time consuming. The Commission believes that requiring the submission of these filings on EDGAR would facilitate more efficient transmission, analysis, dissemination, storage, and retrieval of information, and would benefit the Commission, the submitting entities, investors, and other market participants. As a result of the proposed amendments to relevant Commission rules and forms as described below, any Filer of the Covered SRO Forms who has not previously made an electronic filing on EDGAR would need to apply for EDGAR access pursuant to the EDGAR Filer Manual²⁹ in order to file documents on EDGAR.³⁰

For each of the Covered SRO Forms, the Commission is proposing to add technical requirements to the form's general instructions to specify when a form would be considered incomplete or deficient when filed. Specifically, each Filer would be required to provide all the information required by the form, including the exhibits, and a filing that is incomplete or otherwise deficient may be returned to the Filer. The proposed general instructions for each form also would set forth what comprises a complete filing. For instance, the proposed general instructions for Form 1 would state that a completed form filed with the Commission shall consist of Form 1, responses to all applicable items, and any exhibits required in connection with the filing.

²⁹ See <https://www.sec.gov/edgar/filermanual>.

³⁰ As discussed in more detail in the Paperwork Reduction Act section of this release, the Commission does not believe that the Filers of Covered SRO Forms have previously made an electronic filing on EDGAR. See *infra* section IX.C (1. Form ID).

The Commission also proposes that, for each of the Covered SRO Forms, the general instructions would require some or all of the information reported on the forms (including, where applicable, the exhibits to the forms) to be provided in a structured, machine-readable data language. For Form 1 and Form CA-1, the general instructions would require the submissions to be provided in part using Inline XBRL and in part using custom XML data languages specific to those Forms, with certain submissions that constitute copies of existing documents of a Filer (such as copies of governing documents or copies of contracts) to be included as text-searchable PDF attachments rather than structured data.³¹ For Form 1-N and Form 15A, only the cover page (i.e., execution page) of each form would be structured in a custom XML data language, while the remainder of each form would remain unstructured. For Form X-17A-19, the entire form would be structured in a custom XML data language. Finally, the information under proposed Rule 19b-4(e)(2)(ii) would be required to be provided on the listing SRO’s website using a custom XML data language, thus making the information machine-readable.

Proposed Structured Data Requirements for Covered SRO Forms

<u>Form</u>	<u>Inline XBRL Requirements</u>	<u>Custom XML Requirements</u>	<u>Unstructured PDF Requirements</u>
Form CA-1	Schedule A, Exhibits C, F, H, J, K, L, M, O, R, S	Execution page, Exhibits A (in part), B, D, E (in part), I, N, Q	Exhibits A (in part), E (in part), G, P, T
Form 1	Exhibits D, E (in part), I	Execution page, Exhibits C (in part), H (in part), J, K, L, M, N, 17 CFR 240.6a-3(b) (“Rule 6a-3(b)”) volume reports	Exhibits A, B, C (in part), E (in part), F, G, H (in part), 17 CFR 240.6a-3(a)(1) (“Rule 6a-3(a)(1)”) supplemental materials
Form 1-N	None	Execution page only	Remainder of form

³¹ For example, the copies of governing documents that are required to be attached as Exhibit A to Form 1 and as part of Exhibit E to Form CA-1 would be included as a PDF attachment, rather than being structured in Inline XBRL or custom XML. See *infra* notes 37 and 38.

Form 15A	None	Execution page only	Remainder of form
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For Form CA-1, Schedule A and Exhibits C, F, H, J, K, L, M, O, R, and S would be filed in Inline XBRL.³² The execution page and Exhibits A (in part), B, D, E (in part), I, N, and Q would be filed in custom XML.³³ Exhibits A (in part), E (in part), G, P, and T would be filed as unstructured PDF documents.³⁴

For Form 1, Exhibits D, E (in part), and I would be filed in Inline XBRL.³⁵ The execution page, Exhibits C (in part), H (in part), J, K, L, M, N, and the 17 CFR 240.6a-3(b)

³² Schedule A to the execution page requires certain descriptive responses to complement the clearing agency's execution page disclosures. Exhibit C requires a description of the clearing agency's organizational structure. Exhibit F requires a description of material pending legal proceedings involving the clearing agency. Exhibit H requires the clearing agency's financial statements. Exhibit J requires a description of the clearing agency's services and functions. Exhibit K requires a description of the clearing agency's security measures and procedures. Exhibit L requires a description of the clearing agency's safeguarding measures and procedures. Exhibit M requires a description of the clearing agency's backup systems. Exhibit O requires a description of criteria governing access to the clearing agency's services and a description of the reasons for imposing such criteria. Exhibit R requires a schedule of prohibitions and limitations on access to the clearing agency's services. Exhibit S requires, if applicable, a statement explaining why the clearing agency should be exempt.

³³ The execution page requires identifying information about the filer and the document being filed. Exhibit A requires, in relevant part, a list of persons controlling or directing the management or policies of the clearing agency, and descriptions of any unwritten agreements or arrangements through which such persons may exercise control or direction. Exhibit B requires a list of the clearing agency's officers, managers, and individuals occupying similar positions. Exhibit D requires a list of persons who are controlled by, or are under common control with, the clearing agency, as well as a description of each control relationship. Exhibit E requires, in relevant part, a list of dues, fees, and other charges imposed by the clearing agency for its clearing activities. Exhibit I requires the addresses of all offices in which the clearing agency conducts its activities, and an identification of the activities that are performed in each listed office. Exhibit N requires a list of participants, or applicants for participation, in the clearing agency. Exhibit Q requires a schedule of fees fixed by the clearing agency for services rendered by its participants.

³⁴ Exhibit A requires, in relevant part, copies of written agreements with persons who may control or direct the management or policies of the clearing agency. Exhibit E requires, in relevant part, a copy of the currently effective constitution, articles of incorporation or association, by-laws, rules, procedures and instruments corresponding thereto, of the clearing agency. Exhibit G requires copies of all contracts with any national securities exchange, national securities association or clearing agency or securities market for which the clearing agency acts as a clearing agency or performs clearing agency functions. Exhibit P requires copies of any forms of contracts governing the terms on which persons may subscribe to clearing agency services provided by the registrant. Exhibit T requires any conditions, reports, notices or other submissions to the Commission required as directed in any Order approving applications for exemption from registration as a clearing agency.

³⁵ Exhibit D requires the unconsolidated financial statements for the latest fiscal year for each of the exchange's subsidiaries and affiliates. Exhibit E requires, in relevant part, a description of the manner of

(“Rule 6a-3(b)”) volume reports would be filed in custom XML.³⁶ Exhibits A, B, C (in part), E (in part), F, G, H (in part), and the 17 CFR 240.6a-3(a)(1) (“Rule 6a-3(a)(1)”) supplemental materials would be filed as unstructured PDF documents.³⁷ For Forms 15A and 1-N, only the execution page would be filed using a structured data language (custom XML).³⁸

operation of the electronic trading system that the exchange uses to effect transactions. Exhibit I requires audited financial statements for the exchange’s latest fiscal year.

³⁶ The execution page requires identifying information about the filer and the document being filed. Exhibit C requires, in relevant part, information regarding each subsidiary or affiliate of the exchange, and each entity with whom the exchange has an agreement relating to the operation of an electronic trading system to be used to effect transactions on the exchange (such as the name and address of the organization, a brief description of the nature and extent of the affiliation, and the a brief description of the business or functions of the organization). Exhibit H requires, in relevant part, a schedule of listing fees and a brief description of the criteria governing which securities may be traded on the exchange. Exhibit J requires a list of the exchange’s officers, governors, standing committee members, or persons performing similar functions. Exhibit K requires a list of the exchange’s significant owners, shareholders, or partners. Exhibit L requires descriptions of the criteria, conditions, and procedures governing membership in the exchange. Exhibit M requires a list of members, participants, subscribers, or other users of the exchange, as well as a description of each user’s activities. Exhibit N requires schedules of securities traded on the exchange. Rule 6a-3(b) of the Exchange Act requires a report concerning the securities sold on the exchange during the previous calendar month. See 17 CFR 240.6a-3(b).

³⁷ Exhibit A requires copies of the constitution, articles of incorporation or association with all subsequent amendments, and of existing by-laws or corresponding rules or instruments, whatever the name, of the exchange. Exhibit B requires copies of all written rulings, settled practices having the effect of rules, and interpretations of the Governing Board or other committee of the exchange in respect of any provisions of the constitution, by-laws, rules, or trading practices of the exchange which are not included in Exhibit A. Exhibit C requires, in relevant part, copies of the constitution, a copy of the articles of incorporation or association including all amendments, and copies of the existing by-laws or corresponding rules or instruments for each of the exchange’s subsidiaries or affiliates and for each entity with whom the exchange has an agreement relating to the operation of an electronic trading system to be used to effect transactions on the exchange. Exhibit E requires, in relevant part, a copy of the exchange’s users’ manual. Exhibit F requires a complete set of all forms pertaining to membership, participation, or subscription to the exchange, application for approval as a person associated with a member, participant, or subscriber of the exchange, or any other similar materials. Exhibit G requires a complete set of all forms of financial statements, reports, or questionnaires required of members, participants, subscribers, or any other users relating to financial responsibility or minimum capital requirements for such members, participants, or any other users. Exhibit H requires, in relevant part, a complete set of documents comprising the exchange’s listing applications, including any agreements required to be executed in connection with listing. Rule 6a-3(a)(1) of the Exchange Act requires any material (including notices, circulars, bulletins, lists, and periodicals) issued or made generally available to members of, or participants or subscribers to, the exchange. See 17 CFR 240.6a-3(a)(1).

³⁸ The execution page requires identifying information about the filer and the document being filed.

Similarly, the information under proposed Rule 19b-4(e)(2)(ii) would be required to be provided on the listing SRO’s website using a custom XML data language, thus making the information machine-readable.

Rule 19b-4(e) Information	None	Entire Rule 19b-4(e) posting	The entire posting would also be available as a rendered PDF document
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The Commission believes that the proposed requirement that the Covered SRO Forms be filed, and information pursuant to Rule 19b-4(e) be posted, using structured data languages would allow the Commission and, if applicable, investors, market participants, and other interested parties, to efficiently review and analyze the information.³⁹ In addition, the requirement to file Covered SRO Forms on EDGAR in a structured data language would enable EDGAR to perform technical validations (*i.e.*, programmatic checks to ensure the documents are appropriately standardized, formatted, and complete) upon intake of the documents, potentially improving the quality of the filed data by decreasing the incidence of non-substantive errors (such as the omission of values from fields that should always be populated).

Based on the Commission’s experience in reviewing the Covered SRO Forms and information posted pursuant to Rule 19b-4(e), the Commission also believes that the proposed requirement to electronically file the Covered SRO Forms and electronically post the information required pursuant to Rule 19b-4(e) would allow for more efficient use of Commission resources related to reviewing, assessing, and processing these filings and postings. In addition, information provided on the Covered SRO Forms would be captured automatically by EDGAR

³⁹ For more detailed discussions of the anticipated benefits associated with structured data requirements, *see infra* sections VII.A. and X.C.1.b.

and would be text-searchable or machine-readable. The information posted pursuant to Rule 19b-4(e) would be machine-readable as well. As a result, the Commission believes that these features would facilitate its oversight of SROs.

Substantive changes would not be required to the information required to be filed on the Covered SRO Forms or the information required to be posted pursuant to Rule 19b-4(e). Rather, the proposal is intended simply to require and facilitate the electronic filing of the Covered SRO Forms and the disclosure of the information required under Rule 19b-4(e), which the SROs currently are required to provide to the Commission.

A. Form 1

1. Relevant Statutory Framework

Section 6(a) of the Exchange Act states, “[a]n exchange may be registered as a national securities exchange . . . by filing with the Commission an application for registration in such form as the Commission, by rule, may prescribe containing the rules of the exchange and such other information and documents as the Commission, by rule, may prescribe as necessary or appropriate in the public interest or for the protection.”⁴⁰ Rules 6a-1, 6a-2, and 6a-3⁴¹ under the Exchange Act and Form 1⁴² set forth the filing requirements for registration as a national securities exchange and for exempt exchanges, as well as requirements for the filing of supplemental material and reports.

2. Current Requirements for Filing Form 1

Rule 6a-1 under the Exchange Act generally requires that an entity seeking to register as a national securities exchange, or seeking an exemption from such registration based on limited

⁴⁰ See 15 U.S.C. 78f(a).

⁴¹ See 17 CFR 240.6a-1; 17 CFR 240.6a-2; 17 CFR 240.6a-3.

⁴² See 17 CFR 249.1.

volume, file an application on Form 1 and correct any inaccuracy therein upon discovery.⁴³ Form 1 contains an execution page as well as 14 exhibits that must be filed by the exchange.⁴⁴ The Form 1 execution page requires certain basic information from the exchange, such as the name and street and mailing addresses of the exchange; the name, title, and telephone number of the exchange's contact employee; and the legal status of the exchange (e.g., corporation or limited liability company). The Form 1 exhibits require the exchange to provide, among other things: its audited financial statements and unconsolidated financial statements for each subsidiary or affiliate; its governing documents and rules; the names of its members, participants, subscribers, and users; information regarding its non-member owners, shareholders, or partners; and the securities it lists or trades. The instructions to Form 1 require that one original and two copies of all the Form 1 materials be filed with the Commission in paper form.⁴⁵

Rule 6a-2 requires a registered national securities exchange or an exempt exchange⁴⁶ to amend its Form 1 as specified therein. Specifically, pursuant to 17 CFR 240.6a-2(a) ("Rule 6a-2(a)"), an exchange must file an amendment to its Form 1 within 10 days after it takes any action that renders any part of its Form 1 execution page or the information provided in its Form 1 Exhibits C, F, G, H, J, K, or M inaccurate or incomplete.⁴⁷

Pursuant to 17 CFR 240.6a-2(b) ("Rule 6a-2(b)"), on or before June 30 of each year, a national securities exchange or an exempt exchange⁴⁸ must file amendments to Exhibits D, I, K,

⁴³ See 17 CFR 240.6a-1.

⁴⁴ For purposes of this paragraph, these entities are collectively referred to as "exchanges."

⁴⁵ See 17 CFR 249.1.

⁴⁶ For purposes of this paragraph, these entities are collectively referred to as "exchanges."

⁴⁷ See 17 CFR 240.6a-2(a).

⁴⁸ For purposes of this paragraph, these entities are collectively referred to as "exchanges."

M, and N with the Commission.⁴⁹ Pursuant to 17 CFR 240.6a-2(c) (“Rule 6a-2(c)”), on a triennial basis, an exchange must file complete Exhibits A, B, C, and J with the Commission.⁵⁰ Further, 17 CFR 240.6a-2(d) (“Rule 6a-2(d)”) provides alternative means for satisfying the requirements to file amendments to certain exhibits.⁵¹ These alternative means require that the exchange: (i) on an annual or more frequent basis publish the information required by the pertinent exhibits, or cooperate in its publication;⁵² (ii) keep the information up to date and make it available to the Commission and the public upon request;⁵³ or (iii) make the required information available continuously on an internet website controlled by the exchange.⁵⁴ As with Form 1 filings pursuant to Rule 6a-1, all amendments to Form 1 pursuant to Rule 6a-2 currently are submitted in paper form in accordance with the instructions to Form 1.⁵⁵

Pursuant to Rule 6a-3, a national securities exchange or an exempt exchange⁵⁶ also must file certain supplemental material and reports with the Commission.⁵⁷ Specifically, Rule 6a-3(a)(1) requires an exchange to file with the Commission any material issued or made generally

⁴⁹ See 17 CFR 240.6a-2(b).

⁵⁰ See 17 CFR 240.6a-2(c).

⁵¹ See 17 CFR 240.6a-2(d). Rule 6a-2(d) applies to information required to be filed pursuant to paragraphs (b)(2) and (c) of Rule 6a-2. Rule 6a-2(d) sets forth alternative means of providing access to the information contained in Exhibits A, B, C, J, K, M, and N in lieu of filing the information with the Commission.

⁵² See The exchange would need to: (i) identify the publication in which the information is available, the name, address, and telephone number of the person from whom such publication may be obtained, and the price of the publication; and (ii) certify the accuracy of such information as of its publication date. 17 CFR 240.6a-2(d)(1).

⁵³ The exchange would need to certify that the information is kept up to date and is available to the Commission and the public upon request. 17 CFR 240.6a-2(d)(2).

⁵⁴ The exchange would need to: (i) indicate the location of the internet website where such information may be found; and (ii) certify that the information available at such location is accurate as of its date. 17 CFR 240.6a-2(d)(3).

⁵⁵ See 17 CFR 249.1.

⁵⁶ For purposes of this paragraph, these entities are collectively referred to as “exchanges.”

⁵⁷ See 17 CFR 240.6a-3.

available to members of, or participants or subscribers to, the exchange within 10 days after issuing or making such material available to such members, participants or subscribers.⁵⁸ 17 CFR 240.6a-3(a)(2) (“Rule 6a-3(a)(2)”) provides that, if information required by Rule 6a-3(a)(1) is available continuously on a website controlled by the exchange, in lieu of filing such information, the exchange may indicate the location of the website where the information can be found, and certify that the information is accurate as of its date.⁵⁹ Rule 6a-3(b) requires an exchange to file, within 15 days after the end of each calendar month, a volume report of securities transactions on the exchange during the calendar month. As with filings pursuant to Rules 6a-1 and 6a-2, all filings pursuant to Rule 6a-3 currently are submitted in paper form.⁶⁰

Form 1 filings are currently made available to the public.⁶¹ Form 1 filings made pursuant to Rule 6a-1 are scanned and the resulting PDF documents are posted on the Commission’s website. Form 1 filings made pursuant to Rule 6a-2 are scanned and the resulting PDF documents are uploaded to EDGAR. Form 1 filings made pursuant to Rule 6a-3 are available for inspection in paper form in the Commission’s public reading room.

⁵⁸ See 17 CFR 240.6a-3(a)(1).

⁵⁹ See 17 CFR 240.6a-3(a)(2).

⁶⁰ See 17 CFR 240.6a-3(b). This report must set forth: (i) the number of shares of stock sold and the aggregate dollar amount of such stock sold; (ii) the principal amount of bonds sold and the aggregate dollar amount of such bonds sold; and (iii) the number of rights and warrants sold and the aggregate dollar amount of such rights and warrants sold. Id.

⁶¹ When the Commission previously amended Form 1 and Rules 6a-1, 6a-2, and 6a-3, it stated that “[t]he information collected, retained, and/or filed pursuant to the rules for registration as a national securities exchange will not be confidential and will be available to the public.” Exchange Act Release No. 40760 (Dec. 8, 1998), 63 FR 70844, 70912 (Dec. 22, 1998) (Regulation of Exchanges and Alternative Trading Systems Adopting Release). Consistent with this statement, the Instructions to Form 1 specify that “[n]o assurance of confidentiality is given by the Commission with respect to the responses made in Form 1. The public has access to the information contained in Form 1.”

3. Proposed Requirement to Electronically File Form 1

The Commission proposes to amend Rules 6a-1, 6a-2, and 6a-3 under the Exchange Act, as well as Form 1 and the instructions to Form 1, to require the electronic filing on EDGAR of all submissions required by the rules. As explained in section II above, the Commission believes that, among other benefits, these proposed amendments should increase efficiencies related to the filing of these forms and the review and analysis of the filed forms by the Commission and its staff as well as by investors, market participants, and other interested parties. In addition, the Commission proposes conforming changes to Rule 3(b)(2) of its Informal and Other Procedures,⁶² discussed below,⁶³ to clarify that defective applications on Form 1 would be returned to the applicant and, although permitted as an option under the current rule, defective applications no longer would be held by the Commission. A description of the Commission's proposed amendments to Rules 6a-1, 6a-2, and 6a-3, Form 1, and the instructions to Form 1 to implement the proposed electronic filing requirement is provided below.

a. Proposed Amendments to Rules 6a-1, 6a-2, and 6a-3

The Commission proposes to add a new paragraph (e) to Rule 6a-1 to require the electronic filing on EDGAR of all Form 1 filings and amendments to such filings. The Commission also proposes to amend Rules 6a-2(a), (b), and (c) to mandate the electronic filing on EDGAR of the Form 1 amendments under those paragraphs by requiring the electronic filing of those amendments, in accordance with proposed 17 CFR 240.6a-1(e) ("Rule 6a-1(e)").⁶⁴

⁶² See 17 CFR 202.3(b)(2).

⁶³ See *infra* section II.G.

⁶⁴ The Commission also proposes a technical amendment to remove two extraneous commas from the text of Rule 6a-2(a). The Commission further proposes to amend paragraph (d) of Rule 6a-2 to clarify that any certifications and other information permitted under that paragraph in lieu of filing the required documents as exhibits to Form 1 must be provided using Form 1. The Commission believes that this proposed change should facilitate compliance with the Rule 6a-2 requirements by exchanges and exempt exchanges by

Moreover, the Commission proposes to update in Rule 6a-2(c) the due date for the next filings due pursuant to Rule 6a-2(c), from June 30, 2001, to June 30, 2025.

As stated earlier in this section, Rule 6a-3 requires national securities exchanges and exempt exchanges to file certain supplemental material and reports with the Commission after registration or being granted an exemption from registration. The Commission proposes to amend Rule 6a-3 to require national securities exchanges and exempt exchanges to file on EDGAR such supplemental material and reports electronically on Form 1, in accordance with proposed Rule 6a-1(e).

b. Proposed Amendments to Form 1 and the Form 1 Instructions

In addition to the proposed revisions to Rules 6a-1, 6a-2, and 6a-3, the Commission proposes to revise and reformat Form 1, and the instructions thereto, to accommodate the electronic filing on EDGAR of initial applications, subsequent amendments, supplemental material, and reports that are made on Form 1. The proposed changes to Form 1 to permit electronic submission to the Commission would require minimal modifications to the form, as described below. The Commission also proposes to revise the Form 1 instructions to facilitate the electronic filing and machine-readability of Form 1.⁶⁵ As discussed below, Commission believes that these proposed revisions to Form 1 would facilitate the filing and use of the information mandated by Form 1 and related Rules 6a-1, 6a-2, and 6a-3.

The Commission proposes that electronic Form 1 would solicit information through prompts on the form. Proposed electronic Form 1 also would require an exchange to attach

clarifying and standardizing the means to file any certifications and other information submitted pursuant to paragraph (d) of Rule 6a-2.

⁶⁵ In addition, the Commission proposes to remove the definition of the word “applicant” from the Form 1 instructions and replace the word “applicant” with the word “exchange” on Form 1. Currently, Form 1 uses both the words “exchange” and “applicant” to refer to the entity filing the Form 1. The Commission proposes this technical, non-substantive change to make consistent the terminology used in Form 1.

exhibits via a new exhibit table that would be part of electronic Form 1. Where Rule 6a-2 allows for alternative means of filing the information required under certain exhibits, the new exhibit table would permit an exchange to electronically provide the certifications and details necessary for an exchange to avail itself of those alternative means. The information required to be filed with the exhibits is not changing. Currently, Rule 6a-2 provides that in lieu of filing certain exhibits as part of a paper Form 1 submission, an exchange may: (i) identify where such information is published and certify its accuracy as of its publication date; (ii) certify that the information is available to the Commission and the public upon request; or (iii) indicate the location of the internet website where such information may be found and certify that the information available at such location is accurate as of its date.⁶⁶ The proposal would not change the availability of these alternative means, only the method of providing the necessary certifications and details. As described above, instead of attaching paper exhibits, the proposal would require the exhibits to be submitted electronically on EDGAR. Similarly, instead of providing on paper the certifications and details required for an exchange to avail itself of these alternative means, the proposal would require those certifications and details to be provided via the electronic Form 1. In the event an exchange indicates on Form 1 an internet website where such information may be found, where applicable, the Commission proposes to require the exchange to provide on Form 1 the Uniform Resource Locator(s) (“URL(s)”) of the location(s) on the internet website where such information may be found, and to certify that information

⁶⁶ See 17 CFR 240.6a-2(d).

posted on such a website is accurate as of its date and is free and accessible (without any encumbrances or restrictions) by the general public.

For electronic Form 1, the Commission proposes to add prompts prior to Section I that would require the exchange to identify the basis for submitting the form. Specifically, proposed electronic Form 1 would require the exchange to check a box stating one of the following: (i) whether the filing is an initial Form 1 application and if it is, whether the exchange is applying to be a national securities exchange or an exempt exchange; (ii) whether the filing is an amendment to an initial Form 1 application prior to Commission action to grant registration or an exemption based on limited volume; (iii) whether the filing is to provide the exchange's consent to an extension of the time period within which the Commission must take action on an initial Form 1 application;⁶⁷ (iv) whether the filing is to withdraw an initial Form 1 application prior to the Commission taking action on the application; (v) whether the filing is an amendment to Form 1 pursuant to Rule 6a-2 following the Commission's granting of registration or an exemption; or (vi) whether the filing is supplemental material or reports pursuant to Rule 6a-3.⁶⁸ Currently, there is no place on Form 1 for an exchange to indicate the type of filing that it is submitting. For example, current Form 1 does not provide an exchange the ability to indicate whether an initial Form 1 filing is an application to be a national securities exchange or an exempt exchange. Accordingly, the Commission believes that capturing information regarding the type of Form 1

⁶⁷ Such consents to an extension of the time period within which the Commission must take action currently are submitted as letters in paper form. Adding the ability to indicate that the exchange consents to an extension of time on electronic Form 1 would streamline the process for making such a submission. See 15 U.S.C. 78s(a)(1)(B).

⁶⁸ The Commission also proposes to amend the instructions to Form 1 to add a new section titled "When to Use the Form," which would explain when Form 1 filings are required.

filing would facilitate the exchange's communication with the Commission and help the Commission more efficiently review Form 1 submissions.

The proposed electronic Form 1 would also capture contact information for the exchange and certain individuals. Consistent with current Form 1, the proposed electronic Form 1 would require the exchange to identify contact information for the exchange, a contact employee, and counsel for the exchange. Unlike current Form 1, proposed electronic Form 1 would additionally require an email address for the contact employee. The Commission believes that the requirement to provide an email address for the exchange contact employee would expedite communications between Commission staff and the relevant exchange.

Proposed electronic Form 1 would require an exchange to electronically attach exhibits by using an exhibit table. The proposed exhibit table would contain columns for the name of the exhibit, information required by the exhibit, whether alternative means of satisfying the filing of an exhibit are available for that particular exhibit (e.g., URL(s)), if permitted by applicable Commission rule, and checkboxes to indicate whether such alternative means are being used.⁶⁹ The information proposed to be required by the exhibits to electronic Form 1 would remain the same as current Form 1. In addition, to facilitate the electronic filing of the supplemental materials required under 17 CFR 240.6a-3(a) ("Rule 6a-3(a)") and the volume reports required under Rule 6a-3(b), the Commission proposes to add new Sections III and IV, respectively, to Form 1. Sections III and IV would not add new requirements beyond those currently included in Rules 6a-3(a) and (b). Currently, Rule 6a-3(a) requires exchanges to file certain information with the Commission or, in the alternative, to indicate where such information can be found on an internet website controlled by the exchange. The proposal would require the filing of this

⁶⁹ See supra notes 52-54.

information through Section III of electronic Form 1 or, in the alternative, to provide through Section III of electronic Form 1 the URL(s) of the location(s) on the internet website where such information can be found. If an exchange chooses this latter option and provides URL(s) of an internet website where such information can be found, Section III would also clarify that such website must be free and accessible (without any encumbrances or restrictions) by the general public. Likewise, Section IV would not change the substance of what must be filed; it would merely require the filing of the volume reports required under Rule 6a-3(b) to be made on electronic Form 1 instead of in paper format.

Furthermore, electronic Form 1 would continue to require an exchange to consent to service of any civil action brought by, or notice of any proceeding before, the Commission in connection with its activities. The current language under which the exchange consents to service via registered or certified mail at the main or mailing address provided on Form 1 would continue to be included in the electronic form.⁷⁰

In addition, the proposed electronic Form 1 would require the individual who is submitting the form to check a box on behalf of the exchange to represent that the information and statements contained in the Form 1, including exhibits, schedules, or other documents, are current, true, and complete. The requirement to sign and notarize the form would be eliminated because it is unnecessary, not compatible with, and not required for electronic filing on EDGAR.

Finally, electronic Form 1 would require exchanges to structure Exhibits D (unconsolidated financial statements of each of the exchange's subsidiaries or affiliates), E (description of the electronic trading system's manner of operation, except for the attached copy

⁷⁰ The Commission also proposes to delete the outdated provision allowing for service of any civil action pursuant to confirmed telegram.

of the users' manual), and I (audited financial statements of the exchange) in Inline XBRL. The execution page, Exhibits C (information regarding each of the exchange's subsidiaries, affiliates, and entities with whom the exchange has an agreement relating to the operation of the exchange's electronic trading system, except for the copies of existing documents listed below), H (listing fee schedule and brief description of the criteria governing which securities may be traded on the exchange, except for the copies of existing documents listed below), J (list of officers, governors, standing committee members, or persons performing similar functions), K (list of significant shareholders or partners), L (description of criteria, conditions, and procedures governing membership in the exchange), M (list of members, participants, subscribers, or other users of the exchange and description of each user's activities), N (schedules of securities traded on the exchange), and the information required under Rule 6a-3(b) (reports regarding the securities sold on the exchange over the previous calendar month) would also be structured, albeit in a custom XML data language specific to Form 1 rather than in Inline XBRL.

Attached copies of existing documents, including those filed with Exhibits A (constitution, articles of incorporation or association, and existing by-laws or corresponding rules or instruments of the exchange), B (written rulings, settled practices having the effect of rules, and interpretations of the Governing Board or other committee of the exchange in respect of any provisions of the constitution, by-laws, rules, or trading practices of the exchange), C (written rulings, settled practices having the effect of rules, and interpretations of the Governing Board or other committee of the exchange in respect of any provisions of the constitution, by-laws, rules, or trading practices of the exchange's affiliates, subsidiaries, or entities with whom the exchange has an agreement related to the operation of the exchange's electronic trading system), E (listing applications and required agreements), F (forms pertaining to membership, participation, or

subscription, application for approval as a person associated with a member, participant, or subscriber of the exchange, or any other similar materials), G (forms of financial statements, reports, or questionnaires required of members, participants, subscribers, or any other users relating to financial responsibility or minimum capital requirements for such members, participants, or any other users), H (listing applications and agreements required to be executed in connection with listing), and the information required under Rule 6a-3(a)(1) (supplemental materials issued or made available to members of, or participants or subscribers to, the exchange), would be filed as unstructured PDF documents.

Proposed Structured Data Requirements for Form 1

Inline XBRL	Exhibits D, E (in part), I
Custom XML	Execution page, Exhibits C (in part), H (in part), J, K, L, M, N, Rule 6a-3(b) monthly reports
Unstructured PDF	Exhibits A, B, C (in part), E (in part), F, G, H (in part), Rule 6a-3(a)(1) supplemental materials

The proposed structuring requirements could facilitate access to the exchange’s disclosures (such as by enabling efficient retrieval of only those disclosures filed by a subset of exchanges over particular reporting periods) and their analysis (such as by enabling efficient comparisons of individual disclosures or sets of disclosures across different exchanges and reporting periods). This could benefit market participants through enhanced oversight of the exchanges. For example, Commission staff could leverage the machine-readability of Exhibit I to automatically flag any atypical fluctuations in particular financial line items across every exchange’s financial statements, and assess whether closer examination of any such fluctuations would be warranted. Similarly, Commission staff could leverage the machine-readability of Exhibit E by retrieving automated redline comparisons of the manner of operations description disclosed by exchanges from prior reporting periods to the current reporting period, thus pinpointing any widespread operational changes for further assessment.

Market participants (such as issuers, analysts, and other exchanges) could also benefit from direct use of the machine-readable disclosures on Form 1. For example, the structuring requirement for Exhibit H could allow issuers to more efficiently compare listing fees charged by different exchanges as they determine the exchange on which they list their securities. Without the proposed structured data requirements, these analyses, to the extent they are done, need to be performed manually, such as by gathering the current and former financial statements for each exchange and entering all financial line items of interest into databases, resulting in a significantly less efficient and precise process. In addition, the proposed structured data requirement would enable EDGAR to perform technical validations (*i.e.*, programmatic checks to ensure the documents are appropriately standardized, formatted, and complete) upon intake of the Form 1 disclosures, thus potentially improving the quality of the filed data by decreasing the incidence of non-substantive errors (such as the omission of values from fields that should always be populated).

The nature and extent of such benefits may vary based on the content of each Form 1 Exhibit. As discussed in the subsequent economic analysis, studies of XBRL requirements for public operating company financial statements indicate a number of benefits for investors and market participants.⁷¹ The probability that, and extent to which, these particular benefits would arise from structured Form 1 disclosures could be heightened for Exhibits D and I, which would likewise include structured financial statements under the proposed rule amendments. In addition, the particular benefits of structuring data would likely vary based on the type of disclosures included in each particular Exhibit. Structured numerical disclosures, such as those that would be included on Exhibit I, lend themselves to mathematical functionality, such as the

⁷¹ See *infra* section X.C.1.b.

calculation of key ratios or the identification of extreme statistical outliers. Structured textual disclosures, such as those that would be included on Exhibit E, lend themselves to targeted keyword searching and more sophisticated sentiment analysis.

The Commission is proposing to require Inline XBRL for certain exhibits to Form 1 and custom XML for others because the Commission believes each data language is better suited for particular types of disclosures. Exhibits D and I require disclosure of financial statements, and Inline XBRL was designed to accommodate financial statement information, including the particular metadata (e.g., the relevant fiscal period, whether the line item is on the balance sheet, whether the line item is a credit or debit) that must be linked to each data point within the financial statements to fully convey its semantic meaning to a machine reader. Exhibit E requires narrative disclosure regarding the trading system's manner of operations, and whereas custom XML data languages only have the capacity to accommodate brief narrative descriptions, Inline XBRL can accommodate longer narrative descriptions with presentation capabilities that preserve human-readability while maintaining machine-readability.⁷²

The execution page of Form 1, Exhibits C (in part), H (in part), J, K, L, M, and N to Form 1, and the Rule 6a-3(b) reports filed on Form 1 do not require such content. For these disclosures, the Commission believes the use of custom XML data languages would be preferable to Inline XBRL, because it would yield smaller file sizes and therefore enable more streamlined processing of the information.⁷³ The Commission believes requiring custom XML rather than Inline XBRL for these disclosures would also be preferable because it would enable

⁷² Compare, for example, the Inline XBRL requirement for the description of investment strategies that open-end funds disclose on Form N-1A to the custom XML requirement for the brief description of the applicant's business that SBS Entities disclose on Form SBSE. See Item 4 of Form N-1A; Item 7 of Form SBSE.

⁷³ See also infra section X.E.4 (discussing other structured data languages that would result in smaller file sizes than Inline XBRL).

EDGAR to generate fillable web forms that would permit exchanges to input their disclosures into form fields rather than structure their disclosures in custom XML themselves. This added flexibility could ease the burden of compliance on exchanges in some instances, although exchanges may have the requisite sophistication to encode the disclosures in custom XML themselves without relying on fillable web forms.⁷⁴

The proposed approach of requiring Inline XBRL for some Form 1 exhibits and custom XML for others would entail drawbacks for users of the information (including Commission staff and market participants). Specifically, data users would be unable to incorporate the Inline XBRL disclosures filed on Form 1 into the same datasets and applications as the custom XML disclosures filed on Form 1, and run analyses across the differently formatted Form 1 disclosures, without undertaking data conversion processes that are frequently burdensome and imprecise. Similarly, any technical validations programmed into EDGAR would be unable to check for any inappropriate inconsistencies between disclosures on Inline XBRL exhibits and disclosures on custom XML exhibits on a given Form 1, thus reducing the benefit of improved data quality that would be likely to result from structured data requirements. Finally, some Form 1 filers may already be using Inline XBRL to structure similar data for internal business purposes, such as through the use of Enterprise Resource Planning (“ERP”) systems; these filers may prefer to use Inline XBRL for all proposed structured data requirements of Form 1, rather than using a combination of Inline XBRL and custom XML.⁷⁵ Nonetheless, the Commission believes the streamlined data processing associated with the smaller sizes of the proposed custom XML exhibits, as described earlier in this section, would justify any such drawbacks.

⁷⁴ See infra note 441, as well as the text accompanying note 622.

⁷⁵ See infra note 538 (discussing the prevalence of XBRL integration into ERP systems).

The Commission is proposing to require exchanges to file copies of existing documents, such as copies of by-laws, written agreements, and listing applications, as unstructured PDF attachments. The Commission believes an unstructured PDF requirement would be preferable to a structured data requirement for these documents, because requiring exchanges to retroactively structure these existing documents, which were prepared for purposes outside of fulfilling the Commission's disclosure requirements, would likely impose costly compliance burdens on exchanges that may not be justified in light of the commensurate informational benefits associated with more efficient disclosure use. Thus, the Commission does not believe structured data requirements are warranted for these copies of existing documents.

4. Request for Comment

1. The Commission requests comment on all aspects of the proposed revisions to Form 1 to facilitate electronic filing on EDGAR. Are there any aspects of transitioning the form to electronic filing that the Commission has not addressed above? Please explain.
2. Would electronic filing of Form 1 on EDGAR and use of Inline XBRL and custom XML for certain elements of Form 1 filings improve the usefulness of Form 1 by members of the public? Would any market participants derive benefit from regulatory use of the Inline XBRL and custom XML disclosures on Form 1? Please explain why or why not.
3. What, if any, costs would be associated with preparing Form 1 filings for electronic filing through EDGAR? Are those costs more, less or the same as those currently expended under the current Form 1 filing process?
4. Form 1 filers would be required to prepare certain elements of Form 1 filings using Inline XBRL and custom XML. Would Form 1 filers experience practical difficulties or incur significant costs in preparing and submitting those elements of Form 1 using Inline

XBRL and custom XML? If so, please explain the nature of those difficulties and costs as well as any alternative approaches the Commission should adopt.

5. Would requiring different structured data languages for different Exhibits of Form 1 provide benefits to data users or filers that justify any drawbacks associated such an approach? Please explain the nature of such benefits and drawbacks, and why the benefits would justify the drawbacks (or vice versa).
6. If a mix of structured data languages would be appropriate, should the specific data languages proposed for each Form 1 Exhibit be modified? For example, are there Form 1 Exhibits proposed as custom XML documents that would be better suited as Inline XBRL documents, or vice versa? Please explain why or why not.
7. Are there other structured data languages (i.e., data languages other than Inline XBRL and custom XML) that would be more appropriate for some or all of the Form 1 disclosures? Please explain why or why not, and, if another structured data language is deemed more appropriate, please identify.
8. Would requiring exchanges to file copies of existing documents as unstructured PDF attachments, rather than requiring exchanges to retroactively structure those documents in machine-readable data languages, ease compliance burdens on exchanges? If so, would the reduced compliance burden on exchanges justify foregoing the benefits to data users of structuring these existing documents? Please explain why or why not.

B. Form 1-N

1. Relevant Statutory Framework

Section 6 of the Exchange Act⁷⁶ sets out a framework for the registration and regulation of national securities exchanges. The Exchange Act was amended by the Commodity Futures Modernization Act of 2000 (“CFMA”)⁷⁷ to allow the trading of security futures products. Under the CFMA, markets that wish to trade security futures products are regulated jointly by the SEC and the CFTC. The Exchange Act, as amended by the CFMA, provides that futures exchanges that meet certain criteria and that wish to trade security futures products may file notice with the SEC to become a “Security Futures Product Exchange.”⁷⁸

2. Current Requirements for Filing Form 1-N

Rule 6a-4 under the Exchange Act⁷⁹ sets forth the notice registration procedures for Security Futures Product Exchanges and permits futures exchanges to submit a notice registration on Form 1-N.⁸⁰ Form 1-N requires information regarding how the futures exchange operates, its rules and procedures, corporate governance, its criteria for membership, its subsidiaries and affiliates, and the security futures products it intends to trade. Rule 6a-4 also requires entities that have submitted an initial Form 1-N to file: (1) amendments to Form 1-N in the event any information provided in the initial Form 1-N is rendered inaccurate or incomplete; (2) periodic updates of certain information provided in the initial Form 1-N; (3) certain information that is provided to the Security Futures Product Exchange’s members; and (4) a monthly report summarizing the Security Futures Product Exchange’s trading of security futures

⁷⁶ See 15 U.S.C. 78f.

⁷⁷ See Pub. L. No. 106-554, Appendix E, 114 Stat. 2763.

⁷⁸ See 15 U.S.C. 78f(g).

⁷⁹ See 17 CFR 240.6a-4.

⁸⁰ See 17 CFR 249.10.

products. The information required to be filed with the Commission pursuant to Rule 6a-4 is designed to enable the Commission to carry out its statutorily mandated oversight functions and to ensure that Security Futures Product Exchanges continue to be in compliance with the Exchange Act.

3. Proposed Requirement to Electronically File Form 1-N

The Commission proposes to amend Rule 6a-4 under the Exchange Act, as well as Form 1-N and the instructions to Form 1-N, to require the electronic filing on EDGAR of all submissions required by the rule and forms. As explained in section II above, the Commission believes that, among other benefits, these proposed amendments should increase efficiencies and decrease overall costs⁸¹ related to the filing of these forms and the review of the filed forms by the Commission and its staff. A description of the Commission's proposed amendments to Rule 6a-4, Form 1-N, and the instructions to Form 1-N to implement this proposed electronic filing requirement is provided below.

a. Proposed Amendments to Rule 6a-4

The Commission proposes to add a new paragraph (d) to Rule 6a-4 to require the electronic filing of Form 1-N on EDGAR for exchange notice registrations and amendments made under Rule 6a-4 in accordance with the requirements of Regulation S-T.

The Commission also proposes changes to the text of Rule 6a-4 to accommodate electronic filing, as well as to make minor corrections and clarifications. Specifically, the Commission proposes to modify Rules 6a-4(a)(1) and 6a-4(c)(2) to resolve existing typographical errors and Rule 6a-4(b)(1)(i) to refer to the appropriate section of Form 1-N, rather

⁸¹ As discussed in more detail in the Economic Analysis, some entities that currently do not use EDGAR may incur relatively small initial costs to submit filings on EDGAR and there are some potential costs associated with structuring certain information. However, the Commission believes that savings from filing these forms electronically rather than in paper will be greater than the costs. See *infra* X.C.1.a.

than the “Execution Page,” to reflect the shift to electronic filing. The Commission proposes to modify Rules 6a-4(b)(5)(i), (ii) and (iii) to delete the phrase “satisfy this filing requirement by” because the language is superfluous. The Commission further proposes to make conforming changes to Rules 6a-4(b)(5)(i)(A) and (B), and 6a-4(b)(5)(ii) and (iii)(A) and (B) to make clear that certain certifications by the exchange and listing of websites containing information required by Rule 6a-4 would be required to be made on electronic Form 1-N. The Commission further proposes to update the due dates in Rules 6a-4(b)(3) and (4) for the next annual and triennial filings from June 30, 2002, and June 30, 2004, to June 30, 2023, and June 30, 2025, respectively. Finally, the Commission proposes to make non-substantive changes to Rules 6a-4(a)(1)(i), 6a-4(a)(1)(i)(B) and 6a-4(a)(1)(ii)(B) to update cross-references in those rules to the Commodities Exchange Act to reflect changes to the Commodities Exchange Act resulting from the Dodd-Frank Act.

b. Proposed Amendments to Form 1-N and the Form 1-N Instructions

In addition to the proposed revisions to Rule 6a-4, the Commission proposes to revise and reformat Form 1-N, and the instructions thereto, to accommodate the electronic filing of initial notices, subsequent amendments, supplemental material, and reports that are made on Form 1-N. The proposed changes to Form 1-N to permit electronic filing to the Commission would require minimal modifications to the form, as described below. The Commission also proposes to revise the Form 1-N instructions to facilitate the electronic filing of Form 1-N. As explained in the introduction to this section,⁸² these revisions would address when a form would be considered incomplete or deficient when filed and use of a custom XML data language for the

⁸² See supra introductory text to section II.

cover page. The Commission believes that these proposed revisions to Form 1-N and the Form 1-N instructions would facilitate the filing of the information mandated by Form 1-N and Rule 6a-4.

The Commission proposes that electronic Form 1-N would solicit information through prompts on the form that would better organize the information collected. Proposed electronic Form 1-N also would require an exchange to electronically attach exhibits (or provide website URL(s) where applicable) via a new exhibit table that would be part of electronic Form 1-N. The proposed exhibit table would contain columns for the name of the exhibit, information required by the exhibit, whether alternative means of satisfying the filing of an exhibit are available for that particular exhibit (e.g., URL(s)), if permitted by applicable Commission rule, and checkboxes to indicate whether such alternative means are being used. Where Rule 6a-4 allows for alternative means of filing the information required under certain exhibits, the new exhibit table would permit an exchange to electronically provide the certifications and details necessary for an exchange to avail itself of these alternative means. The information required to be filed with the exhibits is not changing. Currently, Rule 6a-4 provides that in lieu of filing certain exhibits as part of a paper Form 1-N submission, an exchange may either: (i) identify where such information is published and certify its accuracy as of its publication date; (ii) certify that the information is available to the Commission and the public upon request; or (iii) indicate the location of the internet website where such information may be found and certify that the information available at such location is accurate as of its date.⁸³ The proposal rule would not change the availability of these alternative means, only the method of providing the necessary certifications and details. As described above, instead of attaching paper exhibits, the proposal

⁸³ See 17 CFR 240.6a-2(b)(5).

would require those exhibits to be submitted electronically. Similarly, instead of providing on paper the certifications and details required for an exchange to avail itself of these alternative means, the proposal would require those certifications and details to be provided via the electronic Form 1-N. In the event an exchange indicates on Form 1-N the location(s) of an internet website where such information may be found, where applicable, the Commission proposes to require the exchange to provide the URL(s) of the location(s) on the internet website where such information may be found, to certify that the information posted on such website(s) is accurate as of its date and is free and accessible (without any encumbrances or restrictions) to the general public, as an alternative to filing certain exhibits required by electronic Form 1-N.

For electronic Form 1-N, the Commission proposes to add prompts prior to Section I that would require the exchange to identify the basis for submitting Form 1-N. Specifically, proposed electronic Form 1-N would require the exchange to check a box stating one of the following: (i) whether the filing is an initial notice of registration; (ii) whether the filing is an amendment to the notice of registration; (iii) whether the exchange is providing its annual filing for the year; (iv) whether the exchange is providing a triennial filing; (v) whether the exchange is providing supplemental materials; or (vi) whether the exchange is providing a report of security futures products traded during the prior calendar month.

The Commission also proposes to amend the instructions to Form 1-N to add a new section titled “When to Use the Form,” which would explain when Form 1-N filings are required, and which of the six types of Form 1-N filing is required (e.g., initial registration, supplemental material). Currently, there is no place on Form 1-N for an exchange to indicate the type of filing that it is submitting, other than whether it is an application or an amendment. Accordingly, the Commission believes that capturing information regarding the type of Form 1-

N filing would: (1) enhance the exchange's communication with the Commission; (2) help the Commission more efficiently review Form 1-N submissions; and (3) facilitate the searching and sorting through of Form 1-N submissions by other potential users such as market participants and investors.

The proposed electronic Form 1-N would also capture contact information for the exchange and certain individuals. Consistent with current Form 1-N, the proposed electronic Form 1-N would require the exchange to identify contact information for the exchange, a contact employee, and counsel for the exchange. Unlike current Form 1-N, proposed electronic Form 1-N would additionally require an email address for the contact employee and an email address for the exchange's counsel. The Commission believes that the requirement to provide an email address for the exchange contact employee and the exchange's counsel will expedite any subsequent communications between Commission staff and the relevant exchange.

In addition, to facilitate the electronic filing of the supplemental materials and monthly reports required under Rule 6a-4(c), the Commission proposes to add new Sections III and IV, respectively, to Form 1-N. Sections III and IV would require such materials and reports to be attached to Form 1-N via the new exhibit table in the same manner as exhibits to Form 1-N, and Section III would provide the exchange with the ability to enter URL(s) to the website location of the supplemental materials in lieu of its filing the supplemental materials via Form 1-N. Sections III and IV would not add new requirements beyond those currently included in Rule 6a-4(c). Currently, Rule 6a-4(c)(1) requires exchanges to file certain information with the Commission or in the alternative to indicate where such information can be found on an internet website controlled by the exchange. The proposed rule would require the filing of this information through Section III of electronic Form 1-N or, in the alternative, to provide through

Section III of electronic Form 1-N the URL(s) of the location(s) on the internet website where such information can be found. Section III would also clarify that such website must be free and accessible (without any encumbrances or restrictions) by the general public. Likewise, Section IV would not change the substance of what must be reported; it would merely require the reporting of information required under Rule 6a-4(c) to be made on electronic Form 1-N instead of in paper format.

Furthermore, the Commission proposes that electronic Form 1-N would continue to require an exchange to consent to service of any civil action brought by, or notice of any proceeding before, the Commission in connection with its activities. The current language under which the Security Futures Product Exchange consents to service via registered or certified mail at the main or mailing address provided on Form 1-N would continue to be included in the electronically filed form.⁸⁴

In addition, the proposed electronic Form 1-N would require the individual who is submitting the form to check a box on behalf of the Security Futures Product Exchange to represent that the information and statements contained in the Form 1-N, including exhibits, schedules, or other documents, are current, true, and complete. The requirement to sign and notarize the form would be eliminated because it is unnecessary, not compatible with, and not required for electronic for electronic filing through EDGAR.

Finally, the proposed electronic Form 1-N would require filers to submit the execution page in a custom XML data language specific to Form 1-N. As with the other Covered SRO Forms, filers would be able to input their execution page disclosures into a fillable web form that

⁸⁴ The Commission also proposes to delete the provision allowing for service of any civil action pursuant to confirmed telegram.

EDGAR would subsequently convert to custom XML. The Commission believes structuring the execution page in custom XML would improve the ability to sort, filter, and otherwise organize Form 1-N filings without creating significant additional burden on Form 1-N filers. The remainder of Form 1-N would not be structured, however, because the very limited number of Form 1-N filers and filings could mitigate much of the benefit derived from machine-readability of the disclosures contained therein.⁸⁵

4. Request for Comment

9. The Commission requests comment on all aspects of the proposed revisions to Form 1-N to facilitate electronic filing on EDGAR. Are there any aspects of transitioning the form to electronic filing that the Commission has not addressed above? Please explain.
10. Would allowing for the attachment of exhibits electronically on Form 1-N or to provide through Section III of electronic Form 1-N the internet website where such information can be found offer the most efficient means of complying with the requirements of Form 1-N and Rule 6a-4?
11. Do commenters agree with the Commission's belief that the proposed amendments would increase efficiencies and decrease costs compared to current requirements?
12. What, if any, costs would be associated with preparing Form 1-N filings for electronic filing through EDGAR? Are those costs more, less or the same as those currently expended under the current Form 1-N filing process?
13. Do commenters agree with the Commission's belief that structuring the execution page in custom XML would improve the ability to sort, filter, and otherwise organize Form 1-N filings without creating significant additional burden on Form 1-N filers?

⁸⁵ See infra Section IX.C.3.

14. Should the Commission require structuring other portions of Form 1-N (or the entirety of Form 1-N) rather than only structuring the execution page? Please explain why or why not. If so, which structured data language or languages should be used for structuring the other portions of Form 1-N?

C. Proposed Form 15A

1. Relevant Statutory Framework

Section 15A of the Exchange Act sets forth the statutory standards for registration as a national securities association or as an affiliated securities association.⁸⁶ Section 15A(b) states that the Commission shall not approve registration as a national securities association unless the Commission determines that the applicant meets specified statutory criteria.⁸⁷ Under Exchange Act Rule 15Aa-1, an applicant for registration as a national securities association must file a registration statement with the Commission on Form X-15AA-1.⁸⁸ The information required to be provided on Form X-15AA-1 includes, among other things, lists of officers, governors, and committee members, as well as membership lists.⁸⁹ The Commission reviews the completed Form X-15AA-1 to evaluate whether the applicant meets the standards set forth in section 15A(b) for registration as a national securities association.

Furthermore, under Exchange Act Rule 15Aj-1(a), every association applying for registration or registered as a national securities association must file with the Commission an

⁸⁶ See 15 U.S.C. 78q-3.

⁸⁷ See 15 U.S.C. 78q-3(b).

⁸⁸ See Exchange Act Rule 15Aa-1 (17 CFR 240.15Aa-1) and Form X-15AA-1 (17 CFR 249.801). Currently, FINRA is the only national securities association registered with the Commission. The National Futures Association (“NFA”), as specified in Section 15A(k) of the Exchange Act, is also registered as a national securities association, but only for the limited purpose of regulating the activities of NFA members that are registered as brokers or dealers in security futures products under section 15(b)(11) of the Exchange Act.

⁸⁹ See 17 CFR 249.801.

amendment to its registration statement or any amendment or supplement thereto promptly after discovering any inaccuracy therein. Similarly, under Exchange Act Rule 15Aj-1(b), every association applying for registration or registered as a national securities association, promptly after any change which renders no longer accurate any information contained or incorporated in its registration statement or in any amendment or supplement thereto, must file with the Commission a current supplement to its registration statement setting forth such change.⁹⁰

Finally, under Exchange Act Rule 15Aj-1(c), every association applying for registration or registered as a national securities association must file annual amendments to its registration statement with the Commission.⁹¹

2. Current Requirements for Filing Forms X-15AA-1, X-15AJ-1, and X-15AJ-2

An applicant for registration as a national securities association is required to file a registration statement and exhibits with the Commission on Form X-15AA-1 in triplicate.⁹² Every association applying for registration or registered as a national securities association is required to file with the Commission an amendment or supplement to its registration statement on Form X-15AJ-1 and an annual consolidated supplement to its registration statement on Form X-15AJ-2. These filings also must be made in triplicate, at least one copy of which must be signed and attested in the same manner as required in the case of the original registration

⁹⁰ See Exchange Act Rule 15Aj-1(a) and (b), 17 CFR 240.15Aj-1(a) and (b). These filings are submitted on Form X-15AJ-1, 17 CFR 249.802. See 17 CFR 240.15Aj-1(d) (requiring that such filings be made on Form X-15Aj-1).

⁹¹ See Exchange Act Rule 15Aj-1(c), 17 CFR 240.15Aj-1(c). These filings are submitted on Form X-15AJ-2, 17 CFR 249.803. See 17 CFR 240.15Aj-1(d) (requiring that such filings be made on Form X-15Aj-2). Rule 15Aj-1(c)(1)(ii) also requires the filing of complete sets of the constitution, by-laws, rules, and related documents of the association, once every three years.

⁹² See 17 CFR 240.15Aa-1.

statement.⁹³ Every association applying for registration or registered as a national securities association is required to file Form X-15AJ-2 with the Commission promptly after March 1 of each year.⁹⁴

Currently, the information collected by these forms is substantially similar: Form X-15AA-1, the registration statement for registration as a national securities association, requests 29 items of information and includes 3 exhibits;⁹⁵ Form X-15AJ-1, for filing any amendments or supplements to the registration statement, requests no information beyond that requested by Form X-15AA-1;⁹⁶ and Form X-15AJ-2, for filing the annual consolidated supplement to the registration statement, only requires one additional item of information, the inclusion of the date of the filing, which currently is not required by Form X-15AA-1.⁹⁷

3. Proposed Requirements to Electronically File on Form 15A Information Currently Filed on Forms X-15AA-1, X-15AJ-1, and X-15AJ-2

a. Proposed Amendments to Rules 15Aa-1 and 15Aj-1

As discussed in detail below, the Commission proposes to amend Rule 15Aa-1 and redesignate it as Rule 15aa-1,⁹⁸ redesignate Rule 15Aj-1⁹⁹ as Rule 15aa-2, redesignate Form X-

⁹³ See 17 CFR 240.15Aj-1.

⁹⁴ See 17 CFR 240.15Aj-1(c).

⁹⁵ See 17 CFR 249.801.

⁹⁶ See 17 CFR 249.802. Form X-15AJ-1 and Form X-15AA-1 both require that if the association is registered, or applying for registration, as an affiliated securities association, the respondent list the registered national securities association to which the applicant or reporting association is affiliated. In addition, Form X-15AA-1 asks the applicant to state its reasons for believing that such affiliation will be granted. Form X-15AA-1 also requires the applicant to estimate the annual dollar volume of transactions effected by members of the applicant association.

⁹⁷ See 17 CFR 249.803. Form 15A would require the inclusion of the date of the filing. Capturing the date (in a structured manner) would assist the Commission in determining compliance with the rule requirement that annual supplements be filed promptly after Mar. 1 of each year (17 CFR 240.15Aj-1(c)).

⁹⁸ See 17 CFR 240.15Aa-1.

⁹⁹ See 17 CFR 240.15Aj-1.

15AA-1 as Form 15A, amend the instructions to proposed Form 15A, and repeal Forms X-15AJ-1 and X-15AJ-2 in connection with the Commission’s proposal to require applicants and national securities associations to electronically file on a duly executed Form 15A the information currently filed on Forms X-15AA-1, X-15AJ-1, and X-15AJ-2. As stated above in the introduction to this section II, the Commission believes that, among other benefits, its proposal to revise the forms relating to registration as a national securities association should increase efficiencies and decrease costs incurred by applicants for registration as a national securities association and by national securities associations.¹⁰⁰ In addition, the proposal should facilitate Commission review of the information to be provided on proposed Form 15A.

To facilitate electronic filing of proposed Form 15A, the Commission is proposing to amend Rule 15Aa-1 to require electronic filing. The proposed amendments to Rule 15Aa-1 would require that filing submitted pursuant to Rule 15Aa-1 be filed electronically on EDGAR in accordance with the requirements of Regulation S-T (17 CFR Part 232). The proposed amendments to Rule 15Aa-1 would align the electronic filings requirements with changes being proposed under Rule 6a-1 (regarding Form 1 submissions) as well as the proposed amendments to Rule 17ab2-1, which would set forth the proposed electronic filing requirements for Form CA-1 submissions.¹⁰¹ As stated above, the Commission further proposes to redesignate Rule 15Aj-1¹⁰² as Rule 15aa-2.

b. Proposed Form 15A

¹⁰⁰ See supra section II.

¹⁰¹ See also proposed amendments to Rule 6a-4.

¹⁰² See 17 CFR 240.15Aj-1. The proposed amendments to Rule 15Aj-1 would include updated references to relevant forms as well as updates to take into account electronic filing.

The Commission proposes to redesignate Form X-15AA-1 as Form 15A and to incorporate in proposed Form 15A information related to amendments and supplements to the registration statement currently filed on Form X-15AJ-1 and information related to the annual consolidated supplement to the registration statement currently filed on Form X-15AJ-2. The Commission proposes that new Form 15A would solicit information through prompts on the form that would better organize the information that is currently collected through Forms X-15AA-1, X-15AJ-1, and X-15AJ-2, which would make it easier for respondents to comply with the filing requirements. Furthermore, exhibits would be required to be electronically uploaded to EDGAR. The Commission believes that, among other benefits as detailed in the Economic Analysis,¹⁰³ the proposal should increase efficiencies and decrease costs by consolidating substantially similar information currently filed on three paper forms into one electronic form. Because the information currently filed on the three forms would be captured entirely on proposed Form 15A, the Commission also proposes to repeal Forms X-15AJ-1 and X-15AJ-2.¹⁰⁴

Proposed Form 15A would contain eleven sections. Preceding Section I of proposed Form 15A, the proposed form would contain prompts that would require the association to note the basis for submitting the form. The prompts would indicate whether the submission is an initial application filed pursuant to Rule 15aa-1 or an amendment or supplement – which currently would be filed on Form X-15AJ-1 or X-15AJ-2, respectively – pursuant to proposed Rule 15aa-2. Section I would be titled “Organization,” and it would solicit the following information about the association: (i) its name; (ii) its statutory address, principal executive

¹⁰³ See infra Section X.C.1 (discussing benefits such as reducing the risk that non-electronic submissions are delayed or increasing the ability to run comparisons across reporting periods).

¹⁰⁴ The Commission proposed in 2004 to simplify and streamline the disclosure process for national securities associations by, among other things, redesignating Form X-15AA-1 and combining it with Forms X-15AJ-1 and X-15AJ-2. See Exchange Act Release No. 50699 (Nov. 18, 2004), See 69 FR 71126, 71155 (Dec. 8, 2004) (File No. S7-39-04). The Commission did not adopt any final rule based on that proposal.

office address, and the addresses of its branch or district offices (or if there are no such branch or district offices, the association would check the “Not Applicable” box); (iii) the contact information of each person authorized to receive service of process and notices on behalf of the association from the Commission; (iv) the contact information for the association’s counsel; (v) the association’s form of organization (e.g., corporation, sole proprietorship), date of organization, and name of state and reference to any statute thereof under which the association is organized; and (vi) information about its directors, officers, and certain other persons, and information about the members of its standing committees, or, in lieu of providing such information on proposed Form 15A, the association could provide a certification that the information can be obtained in a publication.¹⁰⁵ The information solicited in Section I would be the same as that solicited in Items 1 through 6 on current Form X-15AA-1.

Section I also would require the association to attach Exhibits A through D. Exhibit A would require the association to attach copies of its corporate governance documents (e.g., constitution, by-laws), or in lieu of filing such documents, the association could provide a certification that the information may be obtained in a publication¹⁰⁶ or that the information is kept up to date and available to the Commission and the public upon request.¹⁰⁷ Exhibit A of proposed Form 15A would solicit the same information as Exhibit A of current Form X-15AA-1 but would reflect additional ways that the association could satisfy its filing obligation. Exhibit B would require the association to attach a balance sheet of the association as of a date within 30 days of the filing of an initial application, or promptly after the close of each fiscal year if the filing is a supplement, together with an income and expense statement for the year preceding

¹⁰⁵ See proposed 17 CFR 240.15aa-2(c)(1)(ii)(A).

¹⁰⁶ See id.

¹⁰⁷ See proposed 17 CFR 240.15aa-2(c)(1)(ii)(B).

such date or, if the association was organized during such year, for the period from the date of such organization to the date of such balance sheet. Exhibit B of proposed Form 15A would solicit the same information as Exhibit B of current Form X-15AA-1. Exhibit C would require the association to provide a list, as of the latest practical date, of all of its members, and in lieu of supplementing the disclosed information regarding the names of members and their principal places of business when there is a change to that information – as is required under current Rule 15Aj-1(b) – the association would be able to certify that changes in that information are reported in a record which is published at least once a month and promptly filed with the Commission, reflecting an additional way that the association could satisfy its filing obligation.¹⁰⁸ Exhibit C of proposed Form 15A would solicit the same information as Exhibit C of current Form X-15AA-1, and would add the requirement that the association set forth the date of election to membership for each member elected to membership after December 31, 1994, which is currently required on Exhibit C of Form X-15Aj-2. Exhibit D of proposed Form 15A would solicit the same information as Exhibit D of current Form X-15AA-1, requiring the association to electronically file any notices, reports, circulars, loose-leaf insertions, riders, new additions, lists or other records of changes when, as, and if such records are made available to members of the association, as required by proposed Rule 15aa-2(d)(2).

Sections II through IX of proposed Form 15A would solicit information about specific association rules and other information that is currently solicited on Form X-15AA-1. Section II would be titled “Membership” and require the association to cite the specific rule(s) of the association addressing membership requirements, such as any rule restricting membership. Section II would pose the same questions about the association’s membership rules as Items 7

¹⁰⁸ See proposed 17 CFR 240.15aa-2(b)(3).

through 10 of current Form X-15AA-1. Section III would be titled “Representation of Membership” and require the association to cite the specific rule(s) of the association that assures fair representation of its members, which information is currently solicited in Item 11 of Form X-15AA-1. Section IV would be titled “Dues and Expenses” and require the association to cite the specific rule(s) of the association that provides for the equitable allocation of dues among its members to defray reasonable expenses of administration, which information is currently solicited in Item 12 of Form X-15AA-1.

Section V would be titled “Business Conduct and Protection of Members.” This section would require the association to cite specific rule(s) of the association addressing the protection of members and member conduct with regard to principles of fair trade and dealing, such as the association rule(s) designed to prevent fraudulent and manipulative acts and practices and the rule(s) designed to provide safeguards against unreasonable profits or unreasonable rates of commissions or other charges. Section V also would solicit information about association rule(s) addressing the disclosure of financial information or other business conduct requirements, such as the types of financial statements the association requires from its members, rules with respect to member insolvency, and rules requiring the keeping and preserving of books and records. Section V would pose the same questions about business conduct and the protection of members as Items 13 through 23 of current Form X-15AA-1.

Section VI would be titled “Disciplining of Members” and would require the association to cite the specific rule(s) of the association that addresses member discipline. Section VI would pose the same questions about member discipline as Items 24 and 25 of current Form X-15AA-1. Section VII would be titled “Affiliated Associations” and would require the association to cite the specific rule(s) of the association that provide for the admission of registered affiliated

securities associations. Section VII would pose the same question as Item 26 of current Form X-15AA-1. Section VIII would be titled “Miscellaneous” and require the association to cite the specific rule(s) of the association that (i) regulate the dealings of a member with any nonmember broker or dealer and (ii) provide a method for enforcing compliance on the part of its members with the rules of the association. Section VIII of proposed Form 15A would pose the same questions as Items 27 and 28 of current Form X-15AA-1. Section IX would be titled “Additional Information for Registration as an Affiliated Securities Association” and would apply only to applications submitted for registration as an affiliated securities association. Section IX would require the applicant to provide the registered national securities association with which it seeks to be affiliated, its reasons for believing that such affiliation will be granted, and the estimated dollar volume of transactions effected by members of the applicant. Section IX of proposed Form 15A would pose the same questions as Items 29 and 30 of current Form X-15AA-1.

Section X would require the association to provide the contact information for its contact employee, and Section XI would provide the signature block and attestation. Consistent with the proposed amendments to Form 1, Form 1-N, and Form CA-1, the entity filing the proposed Form 15A would consent to service of process to the individuals listed in Section I, item 3, which service of process could be via registered or certified mail. Section XI would also require the filer to represent that the information and statements contained in the form, including exhibits, schedules, or other documents, are current, true, and complete.

In addition, the Commission proposes to amend the instructions for proposed Form 15A to include general directions for preparing and filing the form, describe the seven types of

submissions that may be made under proposed Rules 15aa-1 and 15aa-2, and set forth the items, exhibits, and schedules required to be filed for each type of submission.

Finally, proposed Form 15A would require the execution page to be filed in a custom XML data language specific to Form 15A. As with the other Covered SRO Forms, filers would be able to input their execution page disclosures into a fillable web form that EDGAR would subsequently convert to custom XML. The Commission believes structuring the execution page in custom XML would improve the ability to sort, filter, and otherwise organize Form 15A filings, enhancing the ability of the Commission to compare filings from year to year without creating significant additional burden on filers. The remainder of Form 15A would not be structured, however, because the very limited number of Form 15A filers and filings could mitigate the benefit derived from machine-readability of the disclosures contained therein.¹⁰⁹

4. Request for Comment

15. The Commission requests comment on all aspects of the proposed revisions to Form 15A to facilitate electronic filing in EDGAR. Are there any aspects of transitioning the form to electronic filing that the Commission has not addressed above? Please explain.
16. Do commenters agree with the Commission's belief that the proposed amendments would increase efficiencies and decrease costs compared to current requirements?
17. Do commenters agree that the additional ways that the association could satisfy its filing obligations under the rule would be beneficial? Are there additional methods of satisfying the filing obligation that the Commission should adopt?

¹⁰⁹ See infra Section IX.C.4.

18. Do commenters agree with the Commission’s belief that structuring the execution page in custom XML would improve the ability to sort, filter, and otherwise organize Form 15A filings without creating significant additional burden on filers?
19. Should the Commission require structuring other portions of Form 15A (or the entirety of Form 15A) rather than only structuring the execution page? Please explain why or why not. If so, which structured data language or languages should be used for structuring the other portions of Form 15A?

D. Form CA-1

1. Relevant Statutory Framework

Section 17A of the Exchange Act governs the establishment of a national system for the prompt and accurate clearance and settlement of securities transactions.¹¹⁰ Section 17A(b)(2) of the Exchange Act¹¹¹ states that a clearing agency may be registered under the terms and conditions provided thereunder and in accordance with the provisions of section 19(a) of the Exchange Act¹¹² by filing with the Commission an application for registration in such forms as the Commission, by rule, may prescribe containing the rules of the clearing agency and such other information and documents as the Commission, by rule, may prescribe as necessary or appropriate in the public interest or for the prompt and accurate clearance and settlement of securities transactions. The Commission adopted Rule 17ab2-1¹¹³ and Form CA-1,¹¹⁴ pursuant to section 17A(b)(2) of the Exchange Act, in order to set forth the requirements for registration

¹¹⁰ See 15 U.S.C. 78q-1.

¹¹¹ See 15 U.S.C. 78q-1(b)(2).

¹¹² See 15 U.S.C. 78s(a).

¹¹³ See 17 CFR 240.17ab2-1.

¹¹⁴ See 17 CFR 249b.200.

as a clearing agency or for an exemption from registration as a clearing agency under section 17A.

2. Current Requirements for Filing Form CA-1

Rule 17ab2-1(a) states that an application for registration or for exemption from registration as a clearing agency or an amendment to any such application shall be filed with the Commission on Form CA-1, in accordance with the instructions thereto.¹¹⁵ Form CA-1 contains general instructions for preparing and filing Form CA-1 and instructions relating to the filing of amendments to a Form CA-1. It also includes an execution page and 19 exhibits. The Form CA-1 execution page requests general information from the applicant, as well as information regarding whether the clearing agency is exposed to loss if a participant fails to perform its obligations to the clearing agency. The exhibits to Form CA-1 also require an applicant clearing agency to provide information regarding business organization, financial position, operational capacity, access to its services, and, for those seeking an exemption from registration, a statement demonstrating why granting an exemption from registration would be consistent with the public interest, the protection of investors, and the purposes of section 17A, including the prompt and accurate clearance and settlement of securities transactions and the safeguarding of securities and funds. The instructions to Form CA-1 require that an applicant clearing agency file four completed copies of Form CA-1 with the Commission.¹¹⁶

Rule 17ab2-1(e) requires that if responses to items 1-3 of Form CA-1 become inaccurate, misleading or incomplete, the registrant shall promptly file an amendment on Form CA-1 to correct the inaccurate, misleading or incomplete information.¹¹⁷ The execution page of Form

¹¹⁵ See 17 CFR 240.17ab2-1(a).

¹¹⁶ See 17 CFR 249b.200.

¹¹⁷ See 17 CFR 240.17ab2-1(e).

CA-1 further states that, by submitting Form CA-1 along with any schedules, exhibits, and attachments thereto, the registrant and the person executing for the registrant represents that all information contained in Form CA-1 is true, current, and complete, and that submission of any amendment after registration has become effective represents that items 1-3 and any schedules, exhibits, and attachments related to items 1-3 remain true, current, and complete as previously submitted.¹¹⁸ Further, in accordance with the instructions to Form CA-1, if an item is amended, the registrant must repeat all unamended items as they last appeared on the page on which the amended item appears and must file four copies of the new page, each with updated and properly completed cover and execution pages.¹¹⁹

3. Proposed Requirement to Electronically File Form CA-1

The Commission is proposing to revise certain aspects of Rule 17ab2-1, Form CA-1, and the instructions to Form CA-1 to require electronic filing of applications on Form CA-1 and subsequent amendments thereto by applicants, registered clearing agencies, and exempt clearing agencies. The proposed revisions therefore would require: (i) an applicant to file electronically its initial application on Form CA-1 for registration or for an exemption from registration and any subsequent amendments thereto; (ii) a registered clearing agency to file electronically any amendments to its Form CA-1 after being granted registration as a clearing agency; and (iii) an exempt clearing agency to file electronically any amendments to its Form CA-1 after being granted an exemption from registration as a clearing agency. As explained above in the introduction to Section II, the Commission believes that the proposed rule and form revisions should increase efficiencies and decrease costs related to the filing of Form CA-1 and

¹¹⁸ See 17 CFR 249b.200.

¹¹⁹ See id.

amendments thereto by both registered and exempt clearing agencies, and the Commission's review of filed Forms CA-1 and amendments thereto.¹²⁰ In addition, while exempt clearing agencies are not subject to the SRO rule filing process under section 19(b) of the Exchange Act,¹²¹ certain exempt clearing agencies are currently subject to electronic filing requirements under Regulation SCI,¹²² and so the electronic filing of Form CA-1 and amendments thereto would not conflict with existing requirements for these entities under Regulation SCI, and therefore would simplify the process into only electronic filing procedures, rather than a mix of electronic and paper filing procedures.

4. Proposed Amendments to Rule 17ab2-1

To facilitate electronic filing of Form CA-1, the Commission is proposing to revise Rule 17ab2-1 to require electronic filing. Specifically, the Commission is proposing to revise paragraphs (a), (d), (e), and (f) to reference the method of filing as being electronic, and is adding paragraph (g) to provide specific instructions on the method of filing electronically, including a requirement for an electronic signature (defined as an electronic entry in the form of a magnetic impulse or other form of computer data compilation of any letter or series of letters or characters comprising a name, executed, adopted or authorized as a signature). Additionally, new paragraph (g) would specify a cutoff time of 5:30 p.m. eastern standard time or eastern daylight saving time for purposes of deeming which business day (defined to exclude certain days of the week, holidays, and closures) that a filing occurred. It would also specify that a filing would be deemed timely filed if it is required to be filed on a day that is not a business day

¹²⁰ See supra section I.B.

¹²¹ See 15 U.S.C. 78s(a) and (b).

¹²² See 17 CFR 242.1006; see also Exchange Act Release No. 73639 (Nov. 19, 2014), 79 FR 72251, 72258 (Dec. 5, 2014) (listing categories of SCI entities under Regulation SCI).

and is filed on the next available business day. As stated above in the introduction to Section II, the Commission believes that, among other benefits, its proposal to revise the forms relating to registration as a clearing agency should increase efficiencies and decrease costs incurred by applicants for registration as a clearing agency.

5. Proposed Amendments to Form CA-1 and the Form CA-1 Instructions

The Commission proposes that electronic Form CA-1 would solicit information through prompts on the form that would better structure the information collected. In addition, the Commission proposes that electronic Form CA-1 would require exhibits to be attached through a new exhibit table that would be part of electronic Form CA-1. The Commission further proposes that all information posted on a website pursuant to electronic Form CA-1 must be free and accessible (without any encumbrances or restrictions) by the general public. The Commission proposes to add prompts prior to Section I of the form that would require the registrant to note the basis for submitting Form CA-1. Specifically, proposed electronic Form CA-1 would require the registrant to check a box stating one of the following: (i) whether the filing is an application pursuant to Rule 17ab2-1(a) and if it is, whether the registrant is applying for registration as a clearing agency¹²³ or requesting an exemption from registration as a clearing agency; (ii) whether the filing is an amendment to an initial Form CA-1 application pursuant to Rule 17ab2-1(d) prior to the Commission's grant of registration or an exemption from registration, or an update to an initial Form CA-1 application correcting information that is inaccurate, misleading, or incomplete, pursuant to Rule 17ab2-1(e); (iii) whether the filing is to provide the registrant's

¹²³ If the registrant is applying for registration as a clearing agency, the proposed changes to Form CA-1 would require the registrant to indicate whether it requests the Commission to consider granting exemption from specified clearing agency requirements during a temporary registration period, in accordance with paragraph (c)(1) of Rule 17ab2-1 under the Exchange Act.

consent to an extension of the time period within which the Commission must take action on an initial Form CA-1 application and the date the extension expires;¹²⁴ (iv) whether the filing is to withdraw an initial Form CA-1 application prior to the Commission taking action on the application; (v) whether the filing is an amendment to Form CA-1 pursuant to Rule 17ab2-1(e) following Commission action to grant registration or an exemption; or (vi) whether the filing is required by a Commission order approving an application for exemption from registration as a clearing agency pursuant to section 17A(b)(1) of the Exchange Act. The Commission believes that requiring a registrant to indicate the type of filing would help facilitate the electronic filing of, and the Commission's review of, Form CA-1 submissions, including information required of an exempt clearing agency by an exemptive order.

The Commission also proposes to modify Form CA-1 to add a requirement for information about a contact employee. The proposed Form CA-1 would require the name, title, email address and telephone number of an employee prepared to respond to questions about the Form CA-1 submission. The Commission believes that including information about a contact employee would facilitate communication between the registrant and the Commission. Similarly, the Commission proposes to require the email address of the person in charge of the registrant's clearing agency activities. The Commission believes that obtaining that individual's email address would also facilitate communication between the registrant and the Commission.

In addition, the proposed Form CA-1 would require a registrant to electronically attach exhibits by using an exhibit table for all of the exhibits required by the current form, broken down into sections.¹²⁵ There are also sections in the proposed form that may be applicable to

¹²⁴ See 15 U.S.C. 78s(a)(1)(B).

¹²⁵ Sections III through VII of proposed Form CA-1 would consist of exhibits relating to General Information, Business Organization, Financial Information, Operational Capacity, and Access to Services, respectively.

only certain filings, with Section VIII covering requests for an exemption from registration under exhibit S, and Section IX covering submission of any conditions, reports, notices or other submissions to the Commission required as directed in any Order approving an application for exemption from registration as a clearing agency, under exhibit T. Furthermore, the proposed Form CA-1 would preserve the current ability for a registrant to indicate that it is requesting confidential treatment with respect to certain of the disclosed information, and make a request for confidential treatment, under Section X. In addition, as discussed further below in Section VII, the Commission is proposing new paragraph (j) to Rule 24b-2 to require that a filer not omit the confidential portion from the material filed in electronic format on Form CA-1, but rather request confidential treatment of information provided in electronic format by completing Section X of Form CA-1.

The Commission also is proposing to omit item 7(b) from the current Form CA-1. Item 7(b) solicits the following information: as of September 30, 1975, the dollar amount of the potential exposure of registrant, if any, as a result of differences (without offsetting long differences against short differences and without offsetting any suspense account items) in its clearing agency activities not resolved after 20 business days. On December 1, 1975, it became unlawful for any clearing agency—not subject to temporary exemptive relief under Rule 17ab2-1(b) that has since expired—to perform the functions of a clearing agency unless registered or exempt.¹²⁶ Before December 1, 1975, however, applicant clearing agencies may have performed the functions of a clearing agency prior to registering with the Commission or obtaining an exemption from registration. Therefore, to facilitate review by the Commission of applications

¹²⁶ Rule 17ab2-1(b) provides any clearing agency that filed an application with the Commission on or before Nov. 24, 1975, with a temporary exemption from the registration provisions of section 17A(b) of the Exchange Act and the rules and regulations thereunder until the Commission either grants registration, denies registration, or grants an exemption from registration. See 17 CFR 240.17ab2-1(b).

on Form CA-1 by such clearing agencies, item 7(b) of Form CA-1 requires disclosure, as of September 30, 1975, of the dollar amount of the potential exposure of the clearing agency from differences in its clearing agency activities not resolved after 20 business days. Information provided pursuant to this provision is no longer useful to the Commission because information on potential exposures to the clearing agency as of September 30, 1975, is stale data.

Accordingly, the Commission believes that it is no longer necessary to include item 7(b) on Form CA-1.

The Commission also is proposing to revise the instructions to Form CA-1 to facilitate the electronic filing of Form CA-1. The proposed form instructions would not contain the language in paragraph 2 under Part I of the current form stating that clearing agencies are required to file four completed copies of Form CA-1 with the Commission, or the language in paragraph 4 under Part I of the current form providing instructions relating to the requirements for copies of Form CA-1. Further, the proposed instructions would not contain the language of paragraph 3 under Part I of the current form, which states that “[t]he date on which a Form CA-1 is received by the Commission shall be the date of filing thereof if all the requirements with respect to filing have been complied with.” This language would be inconsistent with the proposed date-of-filing provision to be added to Rule 17ab2-1, which would provide for a 5:30 p.m. eastern standard time or eastern daylight saving time, whichever is currently in effect, on a business day, cutoff for a filing to be deemed filed on the day on which it is submitted.

In addition, existing paragraph 13 under Part III of the current form states that, if an item is amended, the registrant must repeat all unamended items as they last appeared on the page on which the amended item appears and must file four copies of the new page, each with updated and properly completed cover and execution pages. The requirement to repeat unamended items

on certain pages relates solely to the filing of amended paper copies and, therefore, the Commission believes it would not be relevant to the proposed electronic filing process. The Commission believes that requiring a registered or exempt clearing agency to electronically file a full exhibit would help facilitate the performance of the Commission's regulatory functions because the Commission would be able to review an amended exhibit to Form CA-1 in its entirety and more easily compare the revised exhibit against the prior version, particularly if numerous, non-consecutive pages are being amended. The proposed Inline XBRL requirement for certain Form CA-1 exhibits would further facilitate this comparison process, because Inline XBRL would allow reviewers to create automated redline comparisons of an exhibit (or specific portion thereof) to a prior version of the same exhibit (or specific portion thereof). Accordingly, the Commission proposes to delete the reference to pagination that is currently in Item III, paragraph 13.

In addition, Form CA-1 and the instructions to Form CA-1 would continue to require a registered or exempt clearing agency to consent to the service of notice of a proceeding under sections 17A or 19 of the Exchange Act involving the registrant. The current language under which the registrant consents to service via registered or certified mail at the address provided on Form CA-1 would continue to be included in the electronically filed form.¹²⁷

Finally, Form CA-1 would require a registered or exempt clearing agency to structure Schedule A (descriptive responses complementing the clearing agency's execution page disclosures) and Exhibits C (description of organizational structure), F (description of material pending legal proceedings), H (financial statements), J (description of services and functions), K (description of security measures and procedures), L (description of safeguarding measures and

¹²⁷ The provision allowing for service of any civil action pursuant to confirmed telegram would be deleted.

procedures), M (description of backup systems), O (description of, and reasons for, criteria governing access to services), R (prohibitions and limitations on access to services), and S (explanation of requested exemption) in Inline XBRL. The execution page and Exhibits A (persons controlling management or policies, but not the copies of written agreements with such persons), B (officers, managers, and individuals occupying similar positions), D (persons controlled by or under common control with the clearing agency, and description of control relationship), E (dues, fees, and other charges for clearing activities, but not the copies of the constitution, articles of incorporation or association, by-laws, rules procedures, and instruments corresponding thereto), I (office addresses and activities performed in each office), N (participants or applicants for participation), and Q (schedule of fees for services rendered by participants) would also be structured, albeit in a custom XML data language specific to Form CA-1 rather than in Inline XBRL.

The copies of existing documents filed with Exhibits A (copies of written agreements with control persons), E (copies of the constitution, articles of incorporation or association, by-laws, rules, procedures, and instruments corresponding thereto), G (copies of contracts with exchanges, national securities associations, and securities markets), P (copies of contracts governing subscription terms), and T (submissions to the Commission required as directed in any approval order) would be filed as unstructured PDF documents.

Proposed Structured Data Requirements for Form CA-1

Inline XBRL	Schedule A, Exhibits C, F, H, J, K, L, M, O, R, S
Custom XML	Execution page, Exhibits A (in part), B, D, E (in part), I, N, Q
Unstructured PDF	Exhibits A (in part), E (in part), G, P, T

The Commission believes the proposed structuring requirements would facilitate access to the clearing agency’s disclosures (enabling, for example, more efficient retrieval of only those

disclosures filed by a subset of clearing agencies over particular reporting periods) and analysis (such as by comparing individual disclosures or sets of disclosures across clearing agencies and time periods). This could benefit market participants through enhanced oversight of clearing agencies. Market participants (such as broker-dealers, analysts, and other clearing agencies) could also benefit from direct use of the machine-readable disclosures on Form CA-1. For example, institutional investors could leverage the machine-readability of Exhibit J to run automated redlines of a clearing agency's safeguarding procedure descriptions from prior periods, thereby detecting any significant procedural changes that could raise concern.

Without the proposed structured data requirements, performing these types of analyses would need to be done manually, such as by gathering the current and former descriptions of safeguarding procedures for each exchange and entering them all into databases, resulting in a significantly less efficient and precise process. In addition, the proposed structured data requirement would enable EDGAR to perform technical validations (*i.e.*, programmatic checks to ensure the documents are appropriately standardized, formatted, and complete) upon intake of the Form CA-1 disclosures, thus potentially improving the quality of the filed data by decreasing the incidence of non-substantive errors (such as the omission of values from fields that should always be populated).

The nature and extent of such benefits may vary based on the content of each Form CA-1 Exhibit. As discussed in the Economic Analysis, studies of XBRL requirements for public operating company financial statements indicate a number of benefits for investors and market participants.¹²⁸ The probability that, and extent to which, these particular benefits would arise from structured Form CA-1 disclosures could be heightened for Exhibit H, which would likewise

¹²⁸ See *infra* section X.C.1.b.

include structured financial statements. In addition, the particular benefits of structuring data would likely vary based on the type of disclosures included in each particular Exhibit.

Structured numerical disclosures, such as those that would be included on Exhibit H, lend themselves to mathematical functionality, such as the calculation of key ratios or the identification of extreme statistical outliers. Structured textual disclosures, such as those that would be included on Exhibit K, lend themselves to period-over-period redline comparisons, targeted keyword searching, and more sophisticated sentiment analysis.

The Commission is proposing to require Inline XBRL for certain exhibits to Form CA-1 and custom XML for others, because the Commission believes each data language is better suited for particular types of disclosures. Exhibit H requires disclosure of financial statements, and Inline XBRL was designed to accommodate financial statement information, including the particular metadata (e.g., the relevant fiscal period, whether the line item is on the balance sheet, whether the line item is a credit or debit) that must be linked to each data point within the financial statements to fully convey its semantic meaning to a machine reader. Exhibits C, F, J, K, L, M, O, R, and S require narrative disclosures on topics such as the clearing agency's services, security, backup systems, and criteria governing access to services; whereas custom XML data languages only have the capacity to accommodate brief narrative descriptions, Inline XBRL can accommodate longer narrative descriptions with presentation capabilities that preserve human-readability while maintaining machine-readability.¹²⁹

The execution page of Form CA-1, Exhibits A (in part), B, D, E (in part), I, N, and Q do not require such content. For these disclosures, the Commission believes the use of custom XML data languages would be preferable to Inline XBRL, because it would yield smaller file

¹²⁹ See supra note 72.

sizes and therefore enable more streamlined processing of the information.¹³⁰ The Commission believes requiring custom XML rather than Inline XBRL for these disclosures would also be preferable because it would enable EDGAR to generate fillable web forms that would permit clearing agencies to manually input their disclosures into the form fields, rather than structure their disclosure in the custom XML data language themselves. This added flexibility could ease the burden of compliance on clearing agencies in some instances, although clearing agencies may have the requisite sophistication to encode the disclosures in custom XML themselves without relying on fillable web forms.

The proposed approach of requiring Inline XBRL for some Form CA-1 exhibits and custom XML for others would entail drawbacks for users of the information (including Commission staff and market participants). Specifically, data users would be unable to incorporate the Inline XBRL disclosures on Form CA-1 into the same datasets and applications as the custom XML disclosures on Form CA-1, and run analyses that incorporate both types of information, without undertaking data conversion processes that are frequently burdensome and imprecise. Similarly, any technical validations programmed into EDGAR would be unable to check for any inappropriate inconsistencies between disclosures on Inline XBRL exhibits and disclosures on custom XML exhibits on a given Form CA-1, thus reducing the benefit of improved data quality that would be likely to result from structured data requirements. Finally, some Form CA-1 filers may already be using Inline XBRL to structure similar data for internal business purposes, such as through the use of ERP systems; these filers may prefer to use Inline XBRL for all proposed structured data requirements of Form CA-1, rather than using a

¹³⁰ See also *infra* section X.E.4 (discussing other structured data languages that would result in smaller file sizes than Inline XBRL).

combination of Inline XBRL and custom XML.¹³¹ Nonetheless, the Commission believes the streamlined data processing associated with the smaller file sizes of the proposed custom XML exhibits, as described earlier in this section, would justify any such drawbacks.

The Commission is proposing to require clearing agencies to file copies of existing documents, such as copies of by-laws, written agreements, and contracts governing subscription terms, as unstructured PDF attachments. The Commission believes requiring clearing agencies to retroactively structure these existing documents, which were prepared for purposes outside of fulfilling the Commission's disclosure requirements, would likely impose costly compliance burdens on clearing agencies that may not be justified in light of the commensurate informational benefits associated with more efficient disclosure use. Thus, the Commission does not believe structured data requirements are warranted for these copies of existing documents.

6. Request for Comment

20. The Commission requests comment on all aspects of the proposed revisions to Form CA-1 to facilitate electronic filing in EDGAR. Are there any aspects of transitioning the form to electronic filing that the Commission has not addressed above? Please explain.
21. The Commission has proposed new Section IX to address the submission of any conditions, reports, notices or other submissions to the Commission required as directed in any Order approving an application for exemption from registration as a clearing agency, under Exhibit T. Do the proposed modifications, as described above, appropriately address the wide range of submissions that these types of materials encompass, or is there a type of submission under any Order that would be

¹³¹ See infra note 538 (discussing the prevalence of XBRL integration into ERP systems).

technologically infeasible to require to be submitted under Section IX in EDGAR?

Please explain why or why not.

22. Clearing agencies would be required to prepare certain elements of Form CA-1 filings using Inline XBRL and custom XML. Would clearing agencies experience practical difficulties or incur significant costs in preparing and submitting those elements of Form CA-1 using Inline XBRL and custom XML? If so, please explain the nature of those difficulties and costs as well as any alternative approaches the Commission should adopt.
23. Would requiring different structured data languages for different Exhibits of Form CA-1 provide benefits to data users or filers that justify any drawbacks associated such an approach? Please explain the nature of such benefits and drawbacks, and why the benefits would justify the drawbacks (or vice versa).
24. If a mix of structured data languages would be appropriate, should the specific data languages proposed for each Form CA-1 Exhibit be modified? For example, are there Form CA-1 Exhibits proposed as custom XML documents that would be better suited as Inline XBRL documents, or vice versa? Please explain why or why not.
25. Are there other structured data languages (i.e., data languages other than Inline XBRL and custom XML) that would be more appropriate for some or all of the Form CA-1 disclosures? Please explain why or why not, and, if the former, please identify the structured data language or languages that would be more suitable.
26. Would requiring clearing agencies to file copies of existing documents as unstructured PDF attachments, rather than requiring clearing agencies to retroactively structure those documents in machine-readable data languages, ease compliance burdens on clearing agencies? If so, would the reduced compliance burden on clearing agencies justify

forgoing the benefits to data users of structuring these existing documents? Please explain why or why not.

E. Form 19b-4(e)

1. Relevant Statutory Framework

Section 19(b) of the Exchange Act, as amended, requires each SRO to file with the Commission, in accordance with such rules as the Commission may prescribe, copies of any proposed rule, or any proposed change in, addition to, or deletion from the rules of such SRO (collectively, a “proposed rule change”) accompanied by a concise general statement of the basis and purpose of such proposed rule change.¹³² Rule 19b-4(e)(1) provides that the listing and trading of a new derivative securities product by an SRO shall not be deemed a proposed rule change under the Exchange Act if the Commission has approved, pursuant to section 19(b) of the Exchange Act,¹³³ the SRO’s trading rules, procedures, and listing standards for the product class that would include the new derivative securities product, and the SRO has a surveillance program in place for such product class.¹³⁴

2. Background of Rule 19b-4(e)

As discussed above, Rule 19b-4(e)(1) under the Exchange Act provides that the listing and trading of a new derivative securities product¹³⁵ by an SRO shall not be deemed a proposed rule change subject to certain conditions. The Commission determined that, when it has approved an SRO’s trading rules, procedures, and listing standards for the product class that

¹³² See 15 U.S.C. 78s(b).

¹³³ See 15 U.S.C. 78s(b).

¹³⁴ See 17 CFR 240.19b-4(e)(1).

¹³⁵ Rule 19b-4(e) defines a new derivative securities product as “any type of option, warrant, hybrid securities product or any other security, other than a single equity option or a security futures product, whose value is based, in whole or in part, upon the performance of, or interest in, an underlying instrument.” See 17 CFR 240.19b-4(e).

would include the new derivative securities product, and the SRO has an adequate surveillance program in place for such product class, the listing and trading of the new derivative securities product would be “reasonably and fairly implied” by the SRO’s existing trading rules, procedures, and listing standards, and therefore, would not be deemed a proposed rule change under Rule 19b-4(c)(1).¹³⁶

For purposes of Rule 19b-4(e)(1), SROs have submitted, and the Commission has approved pursuant to section 19(b)(2) of the Exchange Act, trading rules, procedures, and listing standards for several types of new derivative securities products including, for example, exchange-traded funds, index-linked securities and other exchange-traded structured products, and narrow and broad-based index options.¹³⁷

As expressed in the Rule 19b-4(e) Adopting Release, the Commission adopted Form 19b-4(e) in order for the Commission to maintain an accurate record of all new derivative securities products traded on the SROs in order to notify the Commission when an SRO begins to trade a new derivatives securities product not required to be submitted as a proposed rule change to the Commission for approval.¹³⁸ The Commission also stated that it would make Forms 19b-4(e)

¹³⁶ See Exchange Act Release No. 40761 (Dec. 8, 1998), 63 FR 70952 (Dec. 22, 1998) (“Rule 19b-4(e) Adopting Release”). See also 17 CFR 240.19b-4(c)(1).

¹³⁷ See, e.g., Exchange Act Release Nos. 42787 (May 15, 2000), 65 FR 33598 (May 24, 2000) (SR-Amex-2000-14) (approving generic listing standards for exchange traded funds called Portfolio Depository Receipts and Index Fund Shares); 45718 (Apr. 9, 2002), 67 FR 18965 (Apr. 17, 2002) (SR-NYSE-2002-07) (approving generic listing standards for Trust Issued Receipts); 55687 (May 1, 2007), 72 FR 25824 (May 7, 2007) (SR-NYSE-2007-27) (approving generic listing standards for Index-Linked Securities); 48405 (Aug. 25, 2003), 68 FR 52257 (Sep. 2, 2003) (SR-ISE-2003-05) (approving generic listing standards for narrow-based index options); 78397 (June 22, 2016), 81 FR 49320 (July 27, 2016) (SR-NYSEArca-2015-110) (approving generic listing standards for Managed Fund Shares); and 88566 (Apr. 6, 2020), 85 FR 20312 (Apr. 10, 2020) (SR-CboeBZX-2019-097) (approving generic listing standards for Exchange-Traded Fund Shares).

¹³⁸ See Rule 19b-4(e) Adopting Release, 63 FR at 70963.

public.¹³⁹ At the time of the adoption of Rule 19b-4(e), the Commission estimated the new rule would eliminate approximately 45 SRO rule filings each year,¹⁴⁰ and the information regarding new derivative securities products required pursuant to Rule 19b-4(e) was required to be submitted using a paper Form 19b-4(e).

3. Current Requirements for Filing Form 19b-4(e)

Under Rule 19b-4(e)(2)(ii), SROs are required to submit Form 19b-4(e)¹⁴¹ to the Commission within five business days after commencement of trading a new derivative securities product.¹⁴² In addition, pursuant to the instructions for completing Form 19b-4(e), SROs are required to submit an original and nine paper copies of a duly executed Form 19b-4(e) with the Commission.¹⁴³

4. Proposed Rescission of Form 19b-4(e)

The Commission proposes to amend Rule 19b-4 to rescind Form 19b-4(e) and instead require SROs to post on their internet websites the information currently included on Form 19b-4(e). More specifically, under the proposal, an SRO would be required to post on its public internet website, within five business days after commencing the trading of a new derivatives securities product, the information required in current Part I, Items 2 through 9 of Form 19b-4(e)

¹³⁹ See *id.* at 70964, fn. 139 (“Form 19b-4(e) will be publicly available through the Commission’s Public Reference Room. In addition, the Commission will endeavor to make the Forms available on the Commission’s web site.”).

¹⁴⁰ See Rule 19b-4(e) Adopting Release, 63 FR at 70964.

¹⁴¹ See 17 CFR 249.820.

¹⁴² See Rule 19b-4(e)(2)(ii). Although Rule 19b-4(e) relates to the listing and trading of new derivative products by SROs, the only SROs that list and trade new derivative products and file Forms 19b-4(e) to the Commission are national securities exchanges.

¹⁴³ See Items II and III of the Instructions for Completing Form 19b-4(e), 17 CFR 249.820.

for that product:¹⁴⁴ (a) type of issuer of new derivatives securities product (e.g., clearinghouse, broker-dealer, corporation, etc.); (b) class of new derivative securities product; (c) name of underlying instrument; (d) if the underlying instrument is an index, state whether it is broad-based or narrow-based; (e) ticker symbol(s) of new derivative securities product; (f) market(s) upon which securities comprising the underlying instrument trades; (g) settlement methodology of new derivative securities product; and (h) position limits of new derivative securities product (if applicable). The Commission proposes that this information be provided using the most recent versions of an XML schema and the associated PDF renderer that would be published on the Commission's website.¹⁴⁵ The Commission believes that this information should be available at a prominently posted hyperlink on the SRO's website that is free and accessible (without any encumbrances or restrictions) by the general public.

As is required currently in Part II of Form 19b-4(e), an SRO would be required to provide on its website a representation by a duly authorized SRO official that the governing body of the SRO has duly approved, or has duly delegated its approval to such official for, the listing and trading of the new derivative securities product according to its relevant trading rules, procedures, surveillance programs, and listing standards to assure that such products are being listed and traded in accordance with the SRO's obligations under Rule 19b-4(e), as well as an email address to contact that official. The Commission believes that the requirement to provide an email address for the exchange contact employee will expedite communications between Commission staff and the relevant exchange. Any SRO that relies on Rule 19b-4(e) to list and

¹⁴⁴ Part I, Item 1, "Name of Self-Regulatory Organization Listing New Derivative Securities Product," would not be necessary to include because the table of new derivative securities products would be on the website of the SRO that has listed and is trading the new derivatives securities product, so the identity of the listing SRO will be self-evident.

¹⁴⁵ See proposed 17 CFR 240.19b-4(e)(2)(ii).

trade a new derivative securities product would continue to be subject to Rule 19b-4(e)(2)(i), which requires the SRO to maintain at its principal place of business a file, available to Commission staff for inspection, of all relevant records and information pertaining to each new derivatives securities product traded pursuant to Rule 19b-4(e) for a period of not less than five years, the first two years in an easily accessible place, as prescribed in Rule 17a-1 under the Exchange Act.¹⁴⁶ Thus, the SRO trading a new derivative securities product would need to maintain the relevant records and information regarding the new derivative securities product to comply with the recordkeeping and reporting requirements of Rule 19b-4(e). As under the current rule, and as contemplated in the adoption of the current rule, the Commission will review SRO compliance through its routine inspections of SROs.¹⁴⁷

The Commission believes that its proposal will provide the same information for the Commission and the public as is provided via current Form 19b-4(e) without necessitating the additional steps of submitting a paper form containing that information with the Commission. The Commission believes that, among other benefits, this proposal should increase efficiencies and decrease costs related to both the submission of Form 19b-4(e) by an SRO and the Commission's processing of submitted Forms 19b-4(e). As discussed above, since the Commission adopted Rule 19b-4(e), technology has evolved significantly and the internet has played an increasingly vital role in information distribution.¹⁴⁸ During this period, the Commission has encouraged the dissemination of information electronically via the internet and other automated systems and services.¹⁴⁹ In addition, the Commission now receives thousands

¹⁴⁶ See 17 CFR 240.17a-1.

¹⁴⁷ See Rule 19b-4(e) Adopting Release, 63 FR at 70963.

¹⁴⁸ See *supra* note 12.

¹⁴⁹ *Id.* See also *supra* note 13.

of Forms 19b-4(e) per year from the SROs, rather than the 45 per year as stated in the Form 19b-4(e) Adopting Release, each of which is submitted to the Commission and then must be made public individually by the Commission,¹⁵⁰ and therefore require, in the aggregate, additional time to process before the information contained in those Forms becomes available for Commission review and also publicly available.¹⁵¹ The Commission believes that requiring SROs to post the information contained in the current Form 19b-4(e) on its website would accomplish the goal outlined in the Rule 19b-4(e) Adopting Release, for the Commission to maintain accurate information regarding these new derivatives securities products, while ensuring that information remains publicly available.¹⁵² In addition, the Commission believes that requiring SROs to post that information within 5 business days after commencement of trading a new derivatives product, as the current rule requires, will continue to allow the Commission to determine that an SRO has properly relied on the rule and continue to do so in a timely fashion.¹⁵³ The Commission believes this is appropriate given the large number of Forms 19b-4(e) that are submitted currently as well as the nature of the information contained in those Forms, which is highly standardized. Providing that information on the relevant SRO's publicly available website would render that information in a more readily accessible format by both the Commission and the public than submitting numerous Forms 19b-4(e) does currently, and would have the added benefit of eliminating the two-step process of an SRO submitting a Form 19b-4(e) and then that Form being made public through the Commission. In addition, because that

¹⁵⁰ See *id.* at 70964, n. 139.

¹⁵¹ See FR Doc. 2022-17308, 87 FR 49894 (Aug. 12, 2022) (Request to OMB for extension of Rule 19b-4(e) and Form 19b-4(e); SEC File No. 270-447; OMB Control No. 3235-0504) (identifying 2,331 Forms 19b-4(e) submitted to the Commission based on the average annual number of Forms 19b-4(e) submitted in 2019, 2020, and 2021).

¹⁵² See Rule 19b-4(e) Adopting Release, 63 FR at 70963, 70964, n. 139.

¹⁵³ See 17 CFR 240.19b-4(e)(2)(ii).

information would be subject to the relevant SRO's books and records obligations¹⁵⁴ and subject to the Commission's examination and inspection authority,¹⁵⁵ the Commission believes that the accuracy of the records for Commission review would be commensurate with the accuracy of the information on the Forms 19b-4(e) submitted to the Commission under the current rule.

5. Request for Comment

27. Would it be appropriate to require the information submitted on current Form 19b-4(e) instead to be posted on the relevant SRO's publicly available internet website? Would there be particular compliance or oversight concerns such a requirement would raise even though the relevant SRO publication of that information would remain subject to existing books and records requirements and the Commission's examination and inspection authority? If so, explain what those concerns are, and why.
28. Should the Commission instead amend Rule 19b-4(e), Form 19b-4(e), and the instructions thereunder to require Form 19b-4(e) to be submitted electronically on EDGAR? If so, explain why.
29. Is there an alternative method for submitting Form 19b-4(e) that the Commission should use instead? If so, explain what such an alternative method would be, and why.
30. What, if any, costs would be associated with posting the information required under proposed Rule 19b-4(e) on the SRO's website? Are those costs more, less, or the same as those currently expended under the current Form 19b-4(e) filing process? Similarly, what costs would be associated with requiring SROs to post Rule 19b-4(e) information

¹⁵⁴ See 17 CFR 240.17a-1.

¹⁵⁵ See Rule 19b-4(e) Adopting Release, 63 FR at 70963.

using a custom XML data language and associated PDF renderer? Would such costs not justify the benefits associated with such requirements? Please explain why or why not.

31. Would requiring a different structured data language, such as Inline XBRL, for the Rule 19b-4(e) information provide benefits to data users justify any drawbacks associated such an approach? If so, please identify the more appropriate data language, explain the nature of such benefits and drawbacks, and why the benefits would not justify the drawbacks (or vice versa).
32. Should the Commission also amend Rule 19b-4(e) to require that the information submitted on current Form 19b-4(e) be posted on the relevant SRO's publicly available internet website sooner than five business days after commencement of trading a new derivative securities product? Please explain why or why not. Are there any issues, concerns or burdens with shortening the timeframe? If so, please describe. Is there another timeframe earlier than five business days (e.g., one business day, two business days, three business days) within which it would be appropriate to require such information be posted? If so, please explain what that timeframe should be, and why.

F. Rule 19b-4(j) and Form 19b-4

1. Relevant Statutory Framework

Section 19(b) of the Exchange Act, as amended, requires each SRO to file with the Commission, in accordance with such rules as the Commission may prescribe, copies of any proposed rule, or any proposed change in, addition to, or deletion from the rules of such SRO (collectively, a "proposed rule change") accompanied by a concise general statement of the basis

and purpose of such proposed rule change.¹⁵⁶ Rule 19b-4, subject to certain exceptions, requires an SRO to submit each proposed rule change by electronically filing Form 19b-4.¹⁵⁷

2. Proposed Rule Change

The Commission proposes to remove the requirement under 17 CFR 240.19b-4(j) (“Rule 19b-4(j)”) ¹⁵⁸ that the signatory to an electronically submitted Form 19b-4 manually sign a signature page or other document authenticating, acknowledging, or otherwise adopting his or her signature that appears in typed form within the electronic filing, execute that document before or at the time the rule filing is electronically submitted, and retain that document for its records in accordance with Rule 17a-1. The Commission also proposes to remove the related language in Form 19b-4 and the instructions to Form 19b-4 that a duly authorized officer of the SRO manually sign one copy of the completed Form 19b-4 and that the manually signed signature page be maintained pursuant to section 17 of the Exchange Act.¹⁵⁹ The Commission believes these amendments are appropriate because the manual signature requirement under Rule 19b-4 is redundant and therefore unnecessary given that Form 19b-4, which is filed electronically, already requires an electronic signature.

¹⁵⁶ See 15 U.S.C. 78s.

¹⁵⁷ See 17 CFR 240.19b-4(b).

¹⁵⁸ See 17 CFR 240.19b-4(j).

¹⁵⁹ This proposal is for purposes of filing with the Commission only and does not affect the requirements with which certain SROs subject to oversight by other regulatory agencies must continue to comply. Currently, under section F of the instructions to Form 19b-4, a registered clearing agency for which the Commission is not the appropriate regulatory agency also shall file with its appropriate regulatory agency three copies of the form, one of which shall be manually signed, including exhibits. A clearing agency that also is a designated clearing agency shall file with the Federal Reserve three copies of any form containing an advance notice, one of which shall be manually signed, including exhibits; provided, however, that this requirement may be satisfied instead by providing the copies to the Federal Reserve in an electronic format as permitted by the Federal Reserve. The Municipal Securities Rulemaking Board (“MSRB”) also shall file copies of the form, including exhibits, with the Federal Reserve, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. These requirements, all promulgated pursuant to 15 U.S.C. 78q(c)(1), would remain in effect.

3. Request for Comment

33. Should the Commission retain the requirement under Rule 19b-4(j) that the signatory to an electronically submitted Form 19b-4 manually sign a signature page or other document authenticating, acknowledging, or otherwise adopting his or her signature that appears in typed form within the electronic filing, execute that document before or at the time the rule filing is electronically submitted, and retain that document for its records in accordance with Rule 17a-1? If so, explain why.
34. Should the Commission retain the related language in Form 19b-4 and the instructions to Form 19b-4 that a duly authorized officer of the SRO manually sign one copy of the completed Form 19b-4 and that the manually signed signature page be maintained pursuant to section 17 of the Exchange Act? If so, explain why.
35. What, if any, costs would be associated with removing the manual signature requirement? Are those costs more, less, or the same as those currently expended under the current Form 19b-4 filing process?

G. Conforming Technical Amendment to Rule 202.3(b) under the Exchange Act

As noted above, the Commission proposes a technical amendment to conform its Informal and Other Procedures to the changes proposed herein to Rules 6a-1, 6a-2, and 6a-3 with respect to Form 1 filings and to Rule 6a-4 with respect to Form 1-N filings. Specifically, the Commission proposes conforming changes to Rules 202.3(b)(2) and (b)(3) of its Informal and Other Procedures¹⁶⁰ to clarify that defective applications on Form 1 and notices on Form 1-N,

¹⁶⁰ See 17 CFR 202.3(b)(2) and (3).

respectively, would be returned to the Filer,¹⁶¹ and would not be held by the Commission.¹⁶²

While Rules 202.3(b)(2) and (b)(3) currently permit the Commission to hold defective applications on Form 1 and defective notices on Form 1-N, the Commission believes that holding such applications or notices serves no purpose, as defective Form 1 and Form 1-N filings do not allow the Commission and its staff to review such applications and notices.¹⁶³ In such situations, the Commission believes that it would be appropriate to return the defective filings to the Filers so that the Filers may correct the defective filings. Additionally, Rules 202.3(b)(2) and (b)(3)¹⁶⁴ are being amended to update the name of the Division of Trading and Markets from the previously used Division of Market Regulation.

III. Proposed Requirements for Clearing Agencies to Electronically File Covered Supplemental Materials

A. Current Rule 17a-22

Current Exchange Act Rule 17a-22 requires that within 10 days after issuing, or making generally available, to its participants or to other entities with whom it has a significant relationship, such as pledgees, transfer agents, or SROs, any material (including, for example, manuals, notices, circulars, bulletins, lists or periodicals), a registered clearing agency shall file three copies of such material with the Commission.¹⁶⁵ A registered clearing agency for which

¹⁶¹ For purposes of this Rule, the Commission would return Form 1 and Form 1-N filings to Filers by deleting the application or notice from EDGAR and sending an email to the contact person notifying the Filer: (i) that the application or notice was deleted from EDGAR and thus is considered as being returned under Rule 202.3(b)(2) or Rule 202.3(b)(3), respectively, of the Commission's Informal and Other Procedures, as applicable; (ii) of the reason(s) for such return; and (iii) that, therefore, the application or notice is not considered filed with the Commission.

¹⁶² For purposes of this rule, an application on Form 1 or a notice on Form 1-N is deemed defective if: (i) it was not properly signed; (ii) it did not contain the required information, including exhibits; or (iii) the information provided was presented in a manner that would make it difficult for the Commission and its staff to conduct its review of the application or notice. See 17 CFR 249.1 and 249.10.

¹⁶³ Id.

¹⁶⁴ See 17 CFR 202.3(b)(2) and (3).

¹⁶⁵ See 17 CFR 240.17a-22.

the Commission is not the ARA shall at the same time file one copy of such material with its ARA.¹⁶⁶

In adopting Rule 17a-22 in 1980, the Commission established for clearing agencies a filing requirement that generally paralleled the filing requirements imposed under Exchange Act Rules 6a-3, 15Aj-1, and 17a-21 – rules applicable to national securities exchanges, registered securities associations, and the MSRB, respectively, that required the filing of certain supplemental materials.¹⁶⁷ Clearing agencies, unlike other SROs, previously had not been required to file with the Commission supplemental materials (other than stated policies, practices, and interpretations deemed to be SRO rules under Rule 19b-4) they made generally available. Accordingly, the rule established a filing requirement parallel to the filing requirements already imposed on other SROs.¹⁶⁸ The Commission stated in its adoption of the rule that receipt of such information was important to its oversight responsibilities for clearing agencies under the Exchange Act.¹⁶⁹

B. Updated Staff Statement and Resulting Alternate Arrangements for Rule 17a-22 Compliance

Since the Updated Staff Statement was issued, registered clearing agencies have been submitting electronic copies of filings required under Rule 17a-22 to the Commission through a

¹⁶⁶ See id.

¹⁶⁷ See 17 CFR 240.6a-3; 17 CFR 240.15Aj-1; and 17 CFR 240.17a-21, respectively.

¹⁶⁸ See 17 CFR 240.6a-3; 17 CFR 240.15Aj-1; and 17 CFR 240.17a-21, respectively. Since the adoption of Rule 17a-22 in 1980, the Commission has developed a robust and extensive regulatory regime applicable to clearing agencies. See generally Exchange Act Rule 17ad-22, 17 CFR 240.17ad-22 (establishing, among other things, requirements related to governance, operations, risk management). Much of the information required to be filed with the Commission under current Rule 17a-22 is available to the Commission both through this developed regime and through other regulatory sources.

¹⁶⁹ See Exchange Act Release No. 17258 (Oct. 30, 1980), 45 FR 73906, 73914 (Nov. 7, 1980) (“Rule 17a-22 Adopting Release”).

dedicated email inbox, rather than submitting paper copies.¹⁷⁰ In Part VIII.D., the Commission requests comment as to whether the Commission should preserve the ability of registered clearing agencies to submit materials for filing to the Commission through a dedicated email inbox if the proposed amendment is adopted. Such an alternative would eliminate the burdens associated with producing and mailing paper copies of the materials to the Commission for filing. It would also reduce the time between mailing and delivery of paper copies, improving the efficiency of the submission and review process. Since the Updated Staff Statement was issued, the Commission staff has observed that filing through the dedicated email inbox has resulted in a more efficient process for both the clearing agencies and for Commission staff.

C. Proposed Amendments to Rule 17a-22

The Commission is now proposing to amend Rule 17a-22 to: (i) replace the requirement to file supplementary materials with the Commission or an ARA in paper form with a requirement to post such materials on the clearing agency's internet website; and (ii) reduce the timeframe for compliance with the rule from 10 days to 2 business days for the posting requirement.¹⁷¹ By replacing the paper filing requirement for registered clearing agencies with an electronic posting requirement via the clearing agency's internet website, the proposed amendment aligns with the Commission's larger-scale objective tied to its mission of enhancing the efficiency and effectiveness of its regulatory regime for registered clearing agencies under the Exchange Act.

¹⁷⁰ See *supra* note 5.

¹⁷¹ In consultation with the Federal Reserve, the Commission is proposing to remove the obligation to send an additional paper copy to a clearing agency's ARA from Rule 17a-22. If the supplemental materials are prominently posted on the clearing agency's internet website, all its regulatory authorities will have access to them, removing the need to file an additional paper copy. Separate from any requirements in Rule 17a-22, certain provisions in section 17A of the Exchange Act require notice to the ARA, and the proposed amendments to Rule 17a-22 do not affect those provisions. See, e.g., 15 U.S.C. 78q-1(b)(5)(C).

Specifically, proposed Rule 17a-22 would require that within 2 business days after issuing, or making generally available, to its participants or other entities with whom it has a significant relationship, any material (including, for example, manuals, notices, circulars, bulletins, lists or periodicals) that is not otherwise required to be posted on its internet website pursuant to any requirement under section 19(b) of the Exchange Act or the rules thereunder, a registered clearing agency shall prominently post such material on its internet website.

1. Two-Day Timeframe for Compliance

The Commission believes reducing the notice timeframe from 10 days to 2 business days is reasonable and appropriate for three reasons. First, the timeframe of 2 business days helps ensure the timely dissemination of information to affected market participants and is consistent with a registered clearing agency's obligation under Rule 19b-4(m) to update its internet website to post any rule changes filed pursuant to Exchange Act Rule 19b-4 within two business days.¹⁷² As discussed above, like proposed rule changes, supplementary materials required by Rule 17a-22 are important to the Commission's ongoing supervision of clearing agencies, and the timely posting of such materials ensures that Commission supervision is effectively considering the most current information available to the clearing agency and its participants.¹⁷³ Clearing agencies should already have established internal policies and procedures in place to meet these posting requirements for proposed rule changes, and the Commission believes these procedures could be reasonably replicated to meet the timeframes under the proposed amendments to Rule 17a-22. Second, by replacing the requirement to file paper copies with a requirement to post the materials on the clearing agency's internet website, the Commission believes that the time

¹⁷² See 17 CFR 240.19b-4(m).

¹⁷³ See *supra* section I.C.

required to comply with the proposed rule (when compared to the current rule) should be significantly reduced. By eliminating the paper filing requirement, clearing agencies will no longer have to expend the time and resources associated with copying, packaging and mailing three copies of supplemental materials to the Commission and, where applicable, the ARA, which should in turn allow for shorter compliance timeframes. Third, the Commission believes that 2 business days for posting is reasonable because the supplemental materials will have already been prepared for distribution to its participants or other entities with whom it has a significant relationship, and as such, should be readily available for posting to the clearing agency's internet website within the proposed 2 business days.

2. Scope of Supplemental Materials

Rule 17a-22, as proposed to be amended, does not change the scope of supplemental materials to which the rule applies. Accordingly, the proposed rule retains the language that any supplemental material issued or made generally available to a clearing agency's participants or other entities with whom it has a significant relationship would be subject to Rule 17a-22. The proposed rule retains the list of illustrative examples of types of supplemental materials. In addition, copies of any material issued or made generally available to participants or other entities with whom the clearing agency has significant relationships (e.g., issuers, transfer agents, custodian, service providers, other non-participant entities that avail themselves of clearing agency services, etc.) are, under the current rule, required to be filed, where applicable.

Because the significant relationships vary across clearing agencies, the Commission is proposing to delete the list of examples of such relationships from the proposed rule text. However, the removal of these examples from the text of the proposed rule is not an indication that these entities are no longer considered within the scope of the rule. Rather, the Commission is proposing to eliminate this list to ensure that clearing agencies consider appropriately the

universe of entities with whom they have a significant relationship, which varies by registered clearing agency because they serve different markets or offer different services and may also change over time as market practices evolve. The Commission continues to believe that issuers, transfer agents, custodians, service providers, and other non-participant entities that use the clearing agency's services are examples of the types of entities to whom a clearing agency may provide supplementary materials under the rule, and the revisions are intended to avoid confusion because certain types of relationships, such as issuers and transfer agents, exist in some markets but not others. A clearing agency generally should consider the markets it serves, the services it offers, and the universe of entities with whom it has a significant relationship when addressing its compliance with the rule.

While the scope of supplemental materials subject to the rule remains unchanged under the proposed rule, the Commission is adding new rule text to expressly exclude any materials subject to section 19(b) of the Exchange Act or rules thereunder from the supplemental materials posting requirement, and thereby specify that the materials subject to proposed Rule 17a-22 are distinct from any posting requirements required under section 19(b) and Rule 19b-4 thereunder. This proposed added text is consistent with the Commission's stated purpose of Rule 17a-22 in 1980,¹⁷⁴ and this proposed change is intended to avoid the imposition of duplicative posting requirements.

Specifically, in the Rule 17a-22 Adopting Release, the Commission also amended, among other things, the requirements applicable to the filing by SROs of proposed rule changes and certain other materials under Rule 19b-4 and Form 19b-4.¹⁷⁵ There, the Commission

¹⁷⁴ See generally Rule 17a-22 Adopting Release.

¹⁷⁵ Id.

revoked a provision on Form 19b-4B requiring SROs to file notice of stated policies, practices and interpretations not deemed to be rules because, in part, the provision duplicated the filing requirements in Rules 6a-3, 15Aj-1, and 17a-21.¹⁷⁶ These rules required national securities exchanges, registered securities associations, and the MSRB, respectively, to submit to the Commission any material they made generally available. Accordingly, in conjunction with its revocation of the above-noted provision of Form 19b-4B, the Commission adopted Rule 17a-22, which established a filing requirement for registered clearing agencies parallel to the filing requirement under Rules 6a-3, 15Aj-1, and 17a-21. In so doing, the Commission distinguished between materials subject to Rule 19b-4 and those subject to the supplemental material rules. The proposed inclusion of new text relating to Rule 19b-4 is meant to specify clearing agencies' obligations under Rule 17a-22 as being separate and distinct from the obligation under Rule 19b-4. In general, a clearing agency should consider within the scope of Rule 17a-22 policies, procedures, and other documents that help explain to affected parties the rules of the clearing agency but are not also required to be filed under Rule 19b-4.

3. Meaning of “Generally Available”

The existing requirement under Rule 17a-22 to post only those materials that the clearing agency is “making generally available” would remain unchanged. Any document that is made “generally available” to a wide or diverse group of individuals or entities should be considered supplemental material and as such, posted to the clearing agency’s website. Because of the

¹⁷⁶ Id. See also 17 CFR 240.6a-3; 17 CFR 240.15Aj-1; and 17 CFR 240.17a-21. Rule 6a-3 was amended in 2001 to allow a national securities exchange the option of posting supplementary information to its website and certifying that the information available on its website is accurate as of its date. See Exchange Act Release No. 44692 (Aug. 13, 2001), 66 FR 43721 (Aug. 20, 2001). Since the adoption of this amendment, usage of and familiarity with the internet among affected market participants has increased substantially, and so in proposing to amend Rule 17a-22, the Commission believes it is appropriate to transition the requirement in Rule 17a-22 for clearing agencies solely to internet posting.

“generally available” component in Rule 17a-22, the Commission does not envision that documents of a confidential or sensitive nature, or that would cause harm if publicly disclosed, would fall within the scope of the rule. Accordingly, the Commission believes that amending Rule 17a-22 to require the posting of supplemental material on an internet website should not create concerns from a clearing agency’s perspective regarding privacy or confidentiality of materials because such material would not be in scope of the rule. In the Commission’s experience, most, if not all, of the filings required by current Rule 17a-22 are already being posted on a registered clearing agency’s website.

4. Requirement to “Prominently Post”

Finally, in the proposed amendment to Rule 17a-22 that would require the clearing agency to “prominently post” any supplemental material subject to the amended rule on the clearing agency’s website, the Commission is proposing to interpret “prominently” to mean that the supplemental materials will be readily identifiable and accessible on the website for as long as the information remains applicable to affected parties. If access to the supplemental materials requires in-depth familiarity with the website or is not readily apparent because it requires searching through multiple layers to access the information, the supplemental materials generally would not be considered prominently posted. The Commission believes generally that supplemental materials should be available at a prominently posted hyperlink on the clearing agency’s website that is free and accessible (without any encumbrances or restrictions) by the general public. To the extent one does not already exist, a registered clearing agency generally should consider creating a specific webpage that identifies and catalogues (such as through a list of hyperlinks) the supplemental materials that it maintains pursuant to Rule 17a-22.

D. Request for Comment

36. Would the proposal to replace the requirement to file paper copies with a requirement to post supplemental materials on a clearing agency's website benefit or harm the clearing agencies, market participants or the general public? If so, please describe any benefits or harms. The Commission particularly is interested in comments or analysis related to costs on both a qualitative or quantitative basis.
37. Does the two-business day requirement to post supplemental materials allow for sufficient time to prepare and post the materials? If not, why not? What alternative timeframe would be appropriate and why?
38. The proposed amendment to the rule would require that materials issued or made generally available to clearing agency participants or other entities with whom the clearing agency has a significant relationship to be posted to the clearing agency's internet website. Is the rule as proposed to be amended clear in terms of which participants or entities would be included? Should this group of persons or entities be expanded, contracted or otherwise modified? If so, why, and how? Are there any other concerns related to this requirement, such as with respect to documents that may be confidential or non-public? If so, please describe.
39. The Commission is proposing to require supplemental materials to be "prominently" posted on the clearing agency's website. Is this proposed requirement clear? Should it be modified, and if so, why and how?
40. Should the Commission provide registered clearing agencies with the opportunity to continue the alternate arrangements established pursuant to the Updated Staff Statement, rather than requiring internet posting under the rule? If so, why?

41. What, if any, costs would be associated with preparing documents for posting on the clearing agency's internet website? Are those costs more, less or the same as those currently expending under the current Updated Staff Statement processes? Would the proposed two business day timeframe to post supplemental materials cause any change in the costs associated with complying with the rule? If so, please provide as much detail as possible as to whether such costs increase or decrease, and the underlying reasons for the change.

IV. Proposed Requirements to Electronically File Broker-Dealer, OTC Derivatives Dealer, and SBS Entity Reports

The Commission proposes that the following forms and reports be filed in electronic format on EDGAR:

Form or Report	Filer Type	Proposed Amendments
Form X-17A-5 Part III: Annual reports and related annual filings	Broker or Dealer	No amendments to the form; Exchange Act Rules 17a-5 and 17a-12 (17 CFR 240.17a-5; 17 CFR 240.17a-12). Rule 101(a) of Regulation S-T (17 CFR 232.101(a)).
Form 17-H: Risk Assessment Report for Brokers and Dealers	Broker or Dealer	No amendments to the form; Exchange Act Rule 17h-2T (17 CFR 240.17h2-T). Rule 101(a) of Regulation S-T.
Form X-17A-5 Part III: Annual reports and related annual filings	SBS Entity	No amendments to the form; Exchange Act Rule 18a-7 (17 CFR 240.18a-7). Rule 101(a) of Regulation S-T.

A. Rules 17a-5, 18a-7, and 17a-12

1. Rule 17a-5 Filing Requirements

Paragraph (d) of Exchange Act Rule 17a-5 generally requires a broker-dealer registered with the Commission to file annual reports with the Commission not more than 60 calendar days after the fiscal year end of the broker-dealer.¹⁷⁷ Paragraph (d)(6) of Rule 17a-5 provides that the annual reports “must be filed with the Commission at the regional office of the Commission for the region in which the broker or dealer has its principal place of business and to the Commission’s principal office in Washington, DC, or the annual reports may be filed with the Commission electronically in accordance with directions provided on the Commission's website.”¹⁷⁸ The annual reports include a financial report and either a compliance report or an exemption report, as well as reports prepared by an independent public accountant registered with the Public Company Accounting Oversight Board (“PCAOB”) covering the financial report and compliance or exemption report in accordance with standards of the PCAOB.

Approximately 3,218 broker-dealers file annual reports with the Commission, and the reports vary in size from approximately 20 pages for smaller firms to approximately 100 pages for larger firms. Rule 17a-5 currently provides for paper filing of the annual reports, and paper filings are processed manually by Commission staff. However, the Commission has prepared EDGAR to receive broker-dealer annual reports electronically, and Commission staff issued a

¹⁷⁷ See 17 CFR 240.17a-5(d). See also Order Extending the Annual Reports Filing Deadline for Certain Smaller Broker-Dealers, Exchange Act Release No. 91128 (Feb. 12, 2021), 86 FR 10372 (Feb. 19, 2022) (extending the filing deadline for the annual reports by 30 days for certain smaller broker-dealers on certain conditions, including that the annual reports be filed electronically).

¹⁷⁸ See 17 CFR 240.17a-5(d)(6).

no-action letter¹⁷⁹ not objecting to broker-dealers voluntarily filing their annual reports electronically on EDGAR in accordance with instructions posted on the Commission’s website instead of filing them in paper form. Approximately half of broker-dealers have filed the reports electronically consistent with the staff no-action letter. Based on EDGAR data, for the 12 months ended December 31, 2022, the Commission received 1,559 filings of the annual reports in paper and 1,659 electronically via EDGAR. Approximately 85% of broker-dealers have a fiscal year end of December 31, so that a significant number of filings are made at approximately the same time each year, straining the current manual intake process. A portion of the annual reports filed pursuant to Rule 17a-5 must be made public, and the Commission publishes the public portion on EDGAR. It takes on average several weeks from the date of receipt of a paper filing of a broker-dealer’s annual reports until it is scanned and the public portion published on EDGAR, and the confidential portion available to Commission staff. In contrast, an automated process is used to make the applicable portions of annual reports filed on EDGAR available to Commission staff and the public, typically within seconds of the electronic filing being made.

Paragraph (e)(2) of Rule 17a-5 provides that the broker-dealer must attach to the financial report an oath or affirmation that, among other things, the financial report is true and correct.¹⁸⁰ The oath or affirmation must be made by an individual specified in the rule, such as a chief executive officer, and must be made “before a person duly authorized to administer such oaths or

¹⁷⁹ See Letter to Kris Dailey, Vice President, Risk Oversight and Operational Regulation, FINRA, from Michael Macchiaroli, Associate Director, Division, Commission (Jan. 27, 2017), available at <https://www.sec.gov/divisions/marketreg/mr-noaction/2017/finra-012717-electronic-filing-annual-reports.pdf> (“Annual Reports No-Action Letter”).

¹⁸⁰ See 17 CFR 240.17a-5(e)(2).

affirmations.”¹⁸¹ The Commission has promulgated Form X-17A-5 Part III as the means by which the broker-dealer provides the oath or affirmation required under paragraph (e)(2) of Rule 17a-5.¹⁸²

The first sentence of paragraph (e)(3) of Rule 17a-5 provides that the annual reports are not confidential, except that, if the Statement of Financial Condition in a format that is consistent with Part II or Part IIA of Form X-17A-5¹⁸³ is bound separately from the balance of the annual reports filed under paragraph (d) of Rule 17a-5, and each page of the balance of the annual reports is stamped “confidential,” then the balance of the annual reports will be deemed confidential to the extent permitted by law.¹⁸⁴

Paragraph (k) of Rule 17a-5 requires a broker-dealer that has been approved to use internal models when computing net capital pursuant to Appendix E of Exchange Act Rule 15c3-1¹⁸⁵ (“ANC broker-dealer”) to file a supplemental report on management controls concurrently with the annual reports (the “ANC broker-dealer supplemental report”).¹⁸⁶ The ANC broker-dealer supplemental report must be prepared by a registered public accounting firm and must

¹⁸¹ Id. See also Updated Staff Statement, supra note 6 (addressing a temporary situation with respect to paper filing and notarization requirements that applied to certain filings, which included broker-dealer annual reports).

¹⁸² See 17 CFR 249.617. See also FOCUS Reporting System; Requirements for Financial Reporting, Exchange Act Release No. 14242 (Dec. 9, 1977), 42 FR 63883 (Dec. 21, 1977) (“The Commission proposed the facing page for the annual report based on its experience that the processing of the annual report would be greatly facilitated if the identification information were submitted in a consistent format. The proposed facing page requires basic identification information, including the...name and address of the broker or dealer and its accountant, the oath or affirmation, and the itemization of the materials included in the report.”). Form X-17A-5 Part III is available at http://www.sec.gov/about/forms/formx-17a-5_3.pdf.

¹⁸³ See 17 CFR 249.617.

¹⁸⁴ The Commission is proposing to replace “deemed confidential to the extent permitted by law” with “deemed confidential for the purposes of section 24(b) of the Act” for consistency with the language used in other rules (e.g., paragraph (c)(4) of Rule 17h-2T) and to clarify the legal basis of the rule. This proposed amendment is not intended to change the substantive meaning of this sentence.

¹⁸⁵ See 17 CFR 240.15c3-1e.

¹⁸⁶ See 17 CFR 240.17a-5(k).

indicate the results of the accountant’s agreed-upon procedures review of the internal risk management control system of the broker-dealer.¹⁸⁷ As of June 15, 2022, there were five ANC broker-dealers. The ANC broker-dealer supplemental reports average approximately 100 pages in length and are generally sent to the Commission staff via email.

2. Rule 18a-7 Filing Requirements

Paragraph (c) of Rule 18a-7, which was modeled on paragraph (d) of Rule 17a-5, generally requires an SBSB or a MSBSP for which there is no prudential regulator and which is not a broker-dealer to file annual reports with the Commission not more than 60 calendar days after the fiscal year end of the entity.¹⁸⁸ As of June 15, 2022, there were nine such entities.

Paragraph (c)(6) of Rule 18a-7 provides that the annual reports “must be filed with the Commission at the regional office of the Commission for the region in which the security-based swap dealer or major security-based swap participant has its principal place of business and the Commission’s principal office in Washington, DC, or the annual reports may be filed with the Commission electronically in accordance with directions provided on the Commission's website.”¹⁸⁹

Paragraph (d)(1) of Rule 18a-7 provides that the SBSB or MSBSP must attach to the financial report an oath or affirmation that, among other things, the financial report is true and correct.¹⁹⁰ The oath or affirmation must be made by an individual specified in the rule, such as a

¹⁸⁷ See id.

¹⁸⁸ See 17 CFR 240.18a-7(c).

¹⁸⁹ See 17 CFR 240.18a-7(c)(6).

¹⁹⁰ See 17 CFR 240.18a-7(d)(1).

chief executive officer, and must be made “before a person duly authorized to administer such oaths or affirmations.”¹⁹¹

The first sentence of paragraph (d)(2) of Rule 18a-7 provides that the annual reports are not confidential, except that, if the Statement of Financial Condition in a format that is consistent with Part II of Form X-17A-5¹⁹² is bound separately from the balance of the annual reports filed under paragraph (c) of Rule 18a-7, and each page of the balance of the annual reports is stamped “confidential,” then the balance of the annual reports will be deemed confidential to the extent permitted by law.¹⁹³

3. Rule 17a-12 Filing Requirements

Paragraph (b) of Rule 17a-12 requires that every OTC derivatives dealer annually file audited financial statements.¹⁹⁴ Paragraph (b)(6) of Rule 17a-12 requires that the OTC derivatives dealer file two copies of the audited financial statements at the Commission’s principal office in Washington, DC.¹⁹⁵ As of June 15, 2022, there were three OTC derivatives dealers. All three OTC derivatives dealers voluntarily file audited financial statements via EDGAR.

Paragraph (c)(2) generally provides that the OTC derivatives dealer must attach to the audited financial statements an oath or affirmation that, to the best knowledge and belief of the

¹⁹¹ See 17 CFR 240.18a-7(d)(1)(ii).

¹⁹² See 17 CFR 249.617.

¹⁹³ The Commission is proposing to replace “deemed confidential to the extent permitted by law” with “deemed confidential for the purposes of section 24(b) of the Act” for consistency with the language used in other rules (e.g., paragraph (c)(4) of Exchange Act Rule 17h-2T) and to clarify the legal basis of the rule. This proposed amendment is not intended to change the substantive meaning of this sentence.

¹⁹⁴ See 17 CFR 240.17a-12(b). Although an OTC derivatives dealer is a type of broker-dealer, paragraph (p) of Rule 17a-5 provides that an OTC derivatives dealer may comply with Rule 17a-5 by complying with Rule 17a-12.

¹⁹⁵ See 17 CFR 240.17a-12(b)(6).

person making the oath or affirmation, among other things, the audited financial statements and required schedules are true and correct.¹⁹⁶ The oath or affirmation must be made by an individual specified in the rule, such as a duly authorized officer, and must be made before a person duly authorized to administer such oaths.¹⁹⁷

Paragraph (c)(3) of Rule 17a-12 provides that all of the statements filed pursuant to paragraph (b) of Rule 17a-12 are confidential,¹⁹⁸ except that they will be available for use by any official or employee of the United States or by any other person to whom the Commission authorizes disclosure of such information as being in the public interest.¹⁹⁹

Paragraphs (k), (l), and (m) of Rule 17a-12 require that the accountant's report on material inadequacies and reportable conditions, accountant's report on management controls, and accountant's report on inventory pricing and modeling, respectively, be filed concurrently with the annual audit report.²⁰⁰

4. Proposed Amendments to Rules 17a-5, 18a-7, and 17a-12

The Commission is proposing amendments to Rules 17a-5, 18a-7, and 17a-12 that would require that the annual reports and related annual filings that firms must file under Rules 17a-5, 18a-7, and 17a-12 be filed with the Commission electronically on EDGAR in a structured data

¹⁹⁶ See 17 CFR 240.17a-12(c)(2).

¹⁹⁷ See 17 CFR 240.17a-12(c)(2).

¹⁹⁸ The Commission is proposing to replace “shall be confidential” with “shall be deemed confidential for the purposes of section 24(b) of the Act” for consistency with the language used in other rules (e.g., paragraph (c)(4) of Exchange Act Rule 17h-2T) and to clarify the legal basis of the rule. This proposed amendment is not intended to change the substantive meaning of this sentence.

¹⁹⁹ See 17 CFR 240.17a-12(c)(3). The Commission is proposing to replace “to whom the Commission authorizes disclosure of such information as being in the public interest” with “to whom the Commission authorizes disclosure of such information” to conform with section 24 of the Exchange Act and the rules thereunder.

²⁰⁰ See 17 CFR 240.17a-12(k), (l), and (m).

language.²⁰¹ Specifically, the Commission proposes amending paragraphs (d)(6) and (k) of Rule 17a-5, paragraph (c)(6) of Rule 18a-7, and paragraphs (b)(6), (k), (l), and (m) of Rule 17a-12 to provide that the annual reports and related annual filings must be filed with the Commission electronically on EDGAR in accordance with the EDGAR Filer Manual, as defined in Rule 11 of Regulation S-T, and must be filed in accordance with the requirements of Regulation S-T. The amended paragraphs would also provide that the annual reports must be submitted in Inline XBRL (i.e., as an Interactive Data File in accordance with 17 CFR 232.405 (“Rule 405 of Regulation S-T”)).²⁰² If these proposed amendments are adopted, the EDGAR Filer Manual would be updated to reflect these amendments to Rules 17a-5, 18a-7, and 17a-12. As is currently the case, first-time EDGAR filers would need to obtain EDGAR access credentials.²⁰³

The Commission is proposing to amend paragraph (e)(2) of Rule 17a-5 to add a new paragraph (e)(2)(iii). The new paragraph would provide that the notarized oath or affirmation must be kept “for a period of not less than six years, the first two years in an easily accessible place and in accordance with the requirements of Rule 17a-4.”²⁰⁴ Similarly, the Commission is proposing to amend paragraph (d)(1) of Rule 18a-7 to add a new paragraph (d)(1)(iii). The new paragraph would provide that the notarized oath or affirmation must be kept “for a period of not less than six years, the first two years in an easily accessible place in accordance with the

²⁰¹ For further discussion of the proposed structured data requirements, including Inline XBRL requirements, see infra section VII.A.

²⁰² See Rule 405(a)(3) of Regulation S-T, which specifies Inline XBRL as the data language to be used for the Interactive Data File. See 17 CFR 232.405(a)(3).

²⁰³ Instructions for obtaining EDGAR access credentials are on the Commission’s website at www.sec.gov/divisions/marketreg/broker-dealer-edgar-access-credentials.htm.

²⁰⁴ See paragraph (e)(2)(iii) of proposed Rule 17a-5.

requirements of Rule 18a-6.”²⁰⁵ The Commission also is proposing an analogous change to paragraph (c) of Rule 17a-12 by redesignating current paragraph (c)(3) as (c)(4) and adding a new paragraph (c)(3). The new paragraph would state that the oath or affirmation must be kept “for a period of not less than six years, the first two years in an easily accessible place and in accordance with the requirements of Rule 17a-4.”²⁰⁶

In light of the proposed requirement that the annual reports and related annual filings under Rules 17a-5 and 18a-7 be filed electronically on EDGAR, the Commission is proposing amendments to the confidentiality provisions of the first sentence of paragraphs (e)(3) of Rule 17a-5 and (d)(2) of Rule 18a-7. Those sentences contain requirements that certain parts of the reports be “bound separately” and that certain pages be “stamped confidential,” which do not apply to the process of designating portions of the annual reports confidential when filing them on EDGAR.²⁰⁷ The Commission is proposing amendments to the confidentiality provisions to conform to the proposed electronic process for filing on EDGAR. The Commission proposes

²⁰⁵ See paragraph (d)(1)(iii) of proposed Rule 18a-7. As stated above, with respect to Rules 17a-5 and 18a-7, the oath or affirmation must be made “before a person duly authorized to administer such oaths or affirmations.” The Commission recently updated Volume I of the EDGAR Filer Manual so that, in connection with EDGAR access requests, the required notarized signature of an authorized individual may be obtained by “manual, electronic, or remote online notarization recognized by the law of any state or territory of the United States or the District of Columbia, and must include a manual or electronic signature of the authorized individual, as required by the notary for the type of notarization at issue. Foreign filers who do not have access to a United States notary public must use the foreign local equivalent of a notary public or obtain notarization by a remote online notary recognized by the law of any state or territory of the United States or the District of Columbia.” See Adoption of Updated EDGAR Filer Manual, Proposed Collection and Comment Request for Form ID, Release Nos. 33-10902; 34-90637; 39-2536, IC-34137 (Dec. 11, 2020), 86 FR 7968, 7969 (Feb. 3, 2021). If the Commission were to adopt the proposed amendments to Rules 17a-5 and 18a-7, these recent updates to the EDGAR Filer Manual would apply to the oath or affirmation requirement in both rules. The recordkeeping requirements of Rules 17a-5 and 18a-7 could be met by keeping an electronic copy of the notarized oath or affirmation for the required length of time.

²⁰⁶ See paragraph (c) of Rule 17a-12, as proposed to be amended.

²⁰⁷ See *supra* sections IV.A.1. through 3. At present, a broker-dealer filing its annual reports on EDGAR designates the portions of the reports for which it is requesting confidentiality by checking a “Request Confidentiality” box when it uploads the relevant documents. As with the other aspects of the current voluntary filing program, this aspect of the EDGAR filing process would not change.

amending the first sentence of paragraph (e)(3) of Rule 17a-5 to state that the annual reports “may be filed as: (i) One public document; or (ii) Two documents: (A) A document consisting of the Statement of Financial Condition, the notes to the Statement of Financial Condition, and the report of the independent public accountant covering the Statement of Financial Condition, which is not confidential; and (B) A document containing the balance of the annual reports for which confidential treatment may be requested and which will be deemed confidential for the purposes of section 24(b) of the Act.”

The Commission is proposing to replace “deemed confidential to the extent permitted by law” with “deemed confidential for the purposes of section 24(b) of the Act” for consistency with the language used in other rules (e.g., paragraph (c)(4) of Rule 17h-2T) and to clarify the legal basis of the rule. The Commission is also proposing this change in paragraph (a)(2) of Rule 17a-5 regarding FOCUS Report filings so that the language in Rule 17a-5 is internally consistent. The proposed amendments are not intended to change the substantive meaning of these provisions.

The phrase “for which confidential treatment may be requested,” in proposed paragraph (e)(3)(ii)(B) is not in the current rule. This proposed new language is intended to clarify that an EDGAR filer may request confidential treatment, but that ultimately whether any filed material is confidential is determined pursuant to applicable law, including but not limited to the Freedom of Information Act,²⁰⁸ and Commission rules governing requests for confidential treatment.²⁰⁹ The Commission is proposing to make analogous changes to the first sentence of paragraph (d)(2) of Rule 18a-7. Rule 17a-12 does not contain an analogous provision relating to separately

²⁰⁸ See generally 5 U.S.C. 552.

²⁰⁹ See 17 CFR 240.24b-2.

binding the public portion of the report from the portion for which confidential treatment will be requested. However, the Commission is proposing to amend current paragraph (c)(3) of Rule 17a-12 (which is proposed to be re-designated as paragraph (c)(4)) to add language to state that an EDGAR filer may request confidential treatment, but that ultimately whether any filed material is confidential is determined pursuant to applicable law, including but not limited to the Freedom of Information Act,²¹⁰ and Commission rules governing requests for confidential treatment.²¹¹

Currently, a firm filing annual reports with the Commission under Rules 17a-5, 18a-7, and 17a-12 using EDGAR submits the information contained in a “facing page” to the annual reports by completing an electronically fillable form on the EDGAR system.²¹² The inputted information, which includes information about the firm submitting the filing and about the filing itself, is subsequently converted into a custom XML-based data language specific to the Form X-17A-5 Part III facing page.²¹³ The documents required to be filed are then uploaded electronically. Currently, the documents are generally uploaded as PDF documents. As with other entities that make submissions through EDGAR, these submissions are subject to the provisions of Regulation S-T and the EDGAR Filer Manual, as defined in Rule 11 of Regulation S-T.²¹⁴

²¹⁰ See id.

²¹¹ See 17 CFR 240.24b-2.

²¹² See EDGAR Filer Manual (Volume II) version 64 (Dec. 2022), at 8.2.20. The EDGAR Filer Manual is available at <http://www.sec.gov/info/edgar/edmanuals.htm>. See also Information for EDGAR Filers, available at <http://www.sec.gov/info/edgar.shtml#guidance>.

²¹³ See EDGAR X-17A-5 Part III Technical Specification, available at <https://www.sec.gov/info/edgar/specifications/form-x-17a-5-xml-tech-specs.htm>.

²¹⁴ See 17 CFR 232.11.

Under the proposal, firms filing annual reports or annual supplemental reports with the Commission under Rules 17a-5, 18a-7, and 17a-12 would be required to apply machine-readable Inline XBRL data “tags” to the disclosures contained in those documents before filing them through EDGAR. These data tags can include numerical detail tags (which are used for tagging individual data points) for individual reported numeric values, such as line items on a financial statement, or text block tags for textual narratives, such as the discussions in the notes to financial statements. In complying with the proposed Inline XBRL requirements, filers could use Inline XBRL tagging software to apply Inline XBRL tags to their reports before submitting them to EDGAR, or could employ a tagging service provider to apply the Inline XBRL tags to their reports on their behalf. The Commission expects the proposed structuring requirements would provide informational benefits to users of the disclosures provided in the reports. Specifically, the Commission believes requiring the annual and supplemental reports to be structured would make the information included on the reports more readily accessible for retrieval, aggregation, and comparison across different broker-dealers, OTC derivatives dealers, SBSBs, and MSBSBs, and across different time periods, as compared to an unstructured PDF, HTML, or ASCII format requirement for the reports.²¹⁵ For the confidential portion of the report, such benefits would redound indirectly to investors and markets through more timely and detailed supervision of filers. For the public portion of the report, such as the Statement of Financial Condition and the notes thereto, such benefits would redound directly to public users of the data, which could include investors, analysts, and financial media, as well as indirectly to

²¹⁵ For further discussion of the expected benefits of the proposed structuring requirements, see infra sections VII.A and X.C.1.b.

investors and markets through more timely and detailed supervision of filers.²¹⁶ Evidence from the Commission’s XBRL requirement for public companies indicates that enhanced accessibility to financial and related information may be particularly important for disclosures made by smaller broker-dealers, as investors in small companies have been observed to prefer the XBRL filings made by those companies over the non-XBRL version of those filings.²¹⁷ In addition, the proposed structured data requirement would enable EDGAR to perform technical validations (i.e., programmatic checks to ensure the documents are appropriately standardized, formatted, and complete) upon intake of the reports, thus potentially improving the quality of the filed data by decreasing the incidence of non-substantive errors (such as the omission of values from fields that should always be populated).

For example, Commission staff could leverage the machine-readability of the computational schedules to automatically flag any mathematical inconsistencies or calculation errors therein. Market participants (such as customers, analysts, or other broker-dealers) could also benefit from direct use of the machine-readable disclosures; for example, analysts could leverage the machine-readability of financial statements to determine which broker-dealers have comparatively high proportions of liabilities due to affiliates. Without the proposed structured data requirements, performing these types of analyses would need to be done manually, such as by gathering the current and former financial statements for each broker-dealer and entering all

²¹⁶ Unlike annual audited financial statements filed with the Commission by broker-dealers, SBSBs, and MSBSPs, all of the annual audited financial statements OTC derivatives dealers filed under paragraph (b) of Rule 17a-12 are confidential.

²¹⁷ See Yu Cong, Hui Du, and Miklos A. Vasarhelyi, “Are XBRL Files Being Accessed? Evidence from the SEC EDGAR Log File Dataset,” *Journal of Information Systems* 32(3), 23-29 (concluding that “small company investors not only access XBRL files but also prefer them to the non-XBRL files when both are available to download for a filing”). Because the Commission has only recently begun requiring Inline XBRL (rather than “exhibit-only” XBRL) reporting, most empirical observations are based on samples with exhibit-only XBRL requirements.

financial line items of interest into databases, resulting in a significantly less efficient and precise process.

The proposed Inline XBRL requirement would apply to all disclosures required by Form X-17A-5 Part III other than disclosures required on the facing page. Inline XBRL was designed to accommodate financial statement information, including the particular metadata (e.g., the relevant fiscal period, whether the line item is on the balance sheet, whether the line item is a credit or debit) that must be linked to each data point within the financial statements to fully convey its semantic meaning to a machine reader. Other exhibits filed on Form X-17A-5 Part III include reports such as compliance or exemption reports that feature extended narrative descriptions, and whereas custom XML data languages are only technically suitable to accommodate brief narrative descriptions, Inline XBRL is technically suitable to accommodate longer narrative descriptions with presentation capabilities that preserve human-readability while maintaining machine-readability.²¹⁸

The facing page of Form X-17A-5 Part III is currently a fillable form that EDGAR converts into a custom XML data language, and would remain so under the proposal. As a result, data users would be unable to incorporate the custom XML disclosures on the facing page into the same datasets and applications as the Inline XBRL disclosures on the rest of Form X-17A-5 Part III, and run analyses across the differently formatted Form X-17A-5 Part III disclosures, without undertaking data conversion processes that are frequently burdensome and imprecise. Similarly, any technical validations programmed into EDGAR would be unable to check for any inappropriate inconsistencies between disclosures on Inline XBRL exhibits and disclosures on custom XML exhibits on a given Form X-17A-5 Part III, thus reducing the benefit

²¹⁸ See supra note 69.

of improved data quality that would be likely to result from structured data requirements. Finally, some Form X-17A-5 Part III filers may already be using Inline XBRL to structure similar data for internal business purposes, such as through the use of ERP systems; these filers may prefer to use Inline XBRL to file the entirety of Form X-17A-5 Part III.²¹⁹ Nonetheless, the Commission believes the benefits associated with requiring data languages more technically suitable for the particular disclosures on each exhibit, as described earlier in this section, would justify any such drawbacks.

B. Rule 17h-2T and Form 17-H

Under section 17(h) of the Exchange Act and Rule 17h-2T, broker-dealers that are part of a holding company structure and that maintain capital of at least \$20 million must file quarterly and annual risk assessment reports with the Commission.²²⁰ The reports are filed using Form 17-H.²²¹ The form elicits information concerning the financial and securities activities of the holding company and affiliates and subsidiaries of the broker-dealer that are reasonably likely to have a material impact on the financial or operational condition of the broker-dealer. Certain of this information must be entered directly onto the form in individually numbered fields. Other

²¹⁹ See *infra* note 538 (discussing the integration of XBRL into many ERP systems).

²²⁰ On June 29, 2020, the Commission exempted from the requirements of Rules 17h-1T and 17h-2T broker-dealers that do not hold funds or securities for, or owe money or securities to, customers and do not carry customer accounts, or that are exempt from Rule 15c3-3 pursuant to paragraph (k)(2) of that rule, and that maintain total assets of less than \$1 billion and capital, including debt subordinated in accordance with appendix D of Rule 15c3-1 under the Exchange Act (“Rule 15c3-1d”), of less than \$50 million. See Order Under Section 17(h)(4) of the Securities Exchange Act of 1934 Granting Exemption from Rule 17h-1T and Rule 17h-2T for Certain Broker-Dealers Maintaining Capital, Including Subordinated Debt of Greater than \$20 Million but Less than \$50 Million, Exchange Act Release No. 89184 (June 29, 2020), [available at https://www.sec.gov/rules/exorders/2020/34-89184.pdf](https://www.sec.gov/rules/exorders/2020/34-89184.pdf).

²²¹ See 17 CFR 249.328T. Form 17-H is [available at http://www.sec.gov/about/forms/form17-h.pdf](http://www.sec.gov/about/forms/form17-h.pdf).

information – which is specified in Items 1, 2, 3, and 4 of the form – is provided by submitting copies of documents, narrative descriptions, or financial statements.²²²

Paragraph (a)(2) of Rule 17h-2T requires that the reports be filed with the Commission at its principal office in Washington, DC. The reports must be filed within 60 calendar days of the end of each fiscal quarter, but the year-end financial statements included in the reports may be filed separately from the remainder of the broker-dealer’s fiscal fourth quarter report within 105 calendar days of the end of that quarter. Presently, broker-dealers may choose to file these reports on EDGAR.²²³ As of September 30, 2022, approximately 238 of the 245 broker-dealers subject to Rule 17h-2T utilized EDGAR to make their required Form 17-H filings. The remaining firms submitted them in paper form. For electronic filing on EDGAR, the facing page of Form 17-H and Part II of Form 17-H are fillable forms that EDGAR subsequently converts into a structured, XML-based data language specific to Form 17-H. The information required by Items 1, 2, 3, and 4 of Part I of Form 17-H is uploaded in separate documents. These documents are currently generally uploaded as PDF documents.

The Commission proposes amending paragraph (a)(2) of Rule 17h-2T to require that the quarterly and annual risk assessment reports be filed with the Commission electronically through EDGAR. The process used to access EDGAR would be the same used by those broker-dealers voluntarily using EDGAR for their respective quarterly and annual risk assessment reports. As proposed to be amended, the paragraph would also provide that the financial statements required

²²² See Form 17-H, Item 1 (copy of organizational chart), Item 2 (copies of financing, capital adequacy, and risk management and other policies or systems), Item 3 (description of any material pending legal or arbitration proceedings), and Item 4 (certain consolidated and consolidating financial statements).

²²³ See supra note 212 at 8.2.23.

by Item 4 of Form 17-H must be submitted in Inline XBRL.²²⁴ With respect to the proposed Inline XBRL requirement, the proposed process would mirror the proposed process described above for broker-dealers filing annual reports in Inline XBRL.²²⁵ Specifically, broker-dealers would apply machine-readable Inline XBRL tags to the financial statements included in the quarterly and annual risk assessment reports. The existing custom XML requirement for the facing page and Part II of Form 17-H would remain in place, as would the PDF requirement for Item 1, 2, and 3 of Form 17-H (which require copies of organizational charts, risk management procedures, and descriptions of pending legal proceedings that the broker-dealer maintains pursuant to paragraph (a)(1) of Rule 17h-1T).²²⁶

Proposed Structured Data Requirements for Form 17-H

Inline XBRL	Item 4
Custom XML	Execution page, Part II
Unstructured PDF	Items 1, 2, and 3

The Commission believes requiring Form 17-H to be structured would make the information filed on Form 17-H more readily accessible for retrieval, aggregation, and comparison across different broker-dealers. For example, Commission staff could leverage the machine-readability of the financial statements to automatically flag broker-dealers with current asset ratios lower than a certain value, and assess whether any such broker-dealers warrant further examination. Without the proposed structured data requirements, performing these types of analyses would need to be done manually, such as by gathering the current and former financial statements for each Form 17-H filer and entering all financial line items of interest into

²²⁴ For further discussion of the proposed structured data requirements, including Inline XBRL requirements, see infra section VII.A.

²²⁵ See supra section IV.A.4.

²²⁶ See 17 CFR 240.17h-1T(a)(1).

databases, resulting in a significantly less efficient and precise process. In addition, the proposed structured data requirement would enable EDGAR to perform technical validations (i.e., programmatic checks to ensure the documents are appropriately standardized, formatted, and complete) upon intake of the reports, thus potentially improving the quality of the filed data by decreasing the incidence of non-substantive errors (such as the omission of values from fields that should always be populated).

The proposed Inline XBRL requirement would apply specifically to the financial statements required by Item 4 of Form 17-H. The Commission believes an Inline XBRL would be appropriate for the financial statements, because Inline XBRL was designed to accommodate financial statement information, including the particular metadata (e.g., the relevant fiscal period, whether the line item is on the balance sheet, whether the line item is a credit or debit) that must be linked to each data point within the financial statements to fully convey its semantic meaning to a machine reader.

By contrast, the facing page and Part II of Form 17-H are currently fillable forms that EDGAR converts into a custom XML data language, and would remain so under the proposal. As a result, data users would be unable to incorporate the custom XML disclosures on the facing page and Part II into the same datasets and applications as the Inline XBRL disclosures on Item 4, and run analyses across the differently formatted Form 17-H disclosures, without undertaking data conversion processes that are frequently burdensome and imprecise. Similarly, any technical validations (i.e., automated checks to ensure filed documents are appropriately standardized, formatted, and complete) programmed into EDGAR would be unable to check for any inappropriate inconsistencies between disclosures on the facing page and Part II and disclosures on Item 4 on a given Form 17-H, thus reducing the benefit of improved data quality

that often arises from structured data requirements. Finally, some Form 17-H filers may already be using Inline XBRL to structure similar data for internal business purposes, such as through the use of ERP systems; these filers may prefer to use Inline XBRL to file the entirety of Form 17-H.²²⁷ Nonetheless, the Commission believes the benefits of retaining the existing custom XML requirement for the facing page and for Part II—specifically, the alleviation of compliance burdens to be incurred by broker-dealers as a result of the proposed requirements—would justify any such drawbacks.

The Commission is proposing to require Form 17-H filers to file copies of existing documents, such as copies of organizational charts and risk management procedures, as unstructured PDF attachments. The Commission believes requiring Form 17-H filers to retroactively structure these existing documents, which were prepared for purposes outside of fulfilling the Commission's disclosure requirements, would likely impose costly compliance burdens on broker-dealers without justifying the commensurate informational benefit associated with more efficient disclosure use. Thus, the Commission does not believe structured data requirements would be warranted for these copies of existing documents.

Request for Comment

42. Would it be appropriate to require the annual reports or annual supplemental reports that must be filed with the Commission under Rule 17a-5, Rule 18a-7, and Rule 17a-12 to be submitted electronically with the Commission on the EDGAR system? If so, explain why. If not, explain why not. If the Commission requires that the annual reports or annual supplemental reports that must be filed with the Commission under Rule 17a-5, Rule 18a-7, and Rule 17a-12 be submitted electronically with the Commission on the

²²⁷ See infra note 538 (discussing the integration of XBRL into many ERP systems).

- EDGAR system, would it be appropriate to require those annual reports or annual supplemental reports to be filed in a structured data language? If so, explain why. If not, explain why not.
43. Would broker-dealers, OTC derivatives dealers, SBSs, MSBSs, or certain of these firms, experience practical difficulties or incur significant costs in preparing and submitting these reports electronically on EDGAR in a structured data language? If so, explain why they would experience difficulties and quantify the costs. What, if any, costs would be associated with requiring these firms to file their annual reports electronically on EDGAR in a structured data language? Are those costs more, less or the same as those currently expended to file annual reports?
44. Does the current requirement to file annual reports and annual supplemental reports either in paper or via email or on EDGAR (where they are generally uploaded as PDF documents) provide flexibility to broker-dealers, OTC derivatives dealers, SBSs, or MSBSs that could be lost if these filings were required to be made electronically on EDGAR in a structured data language? Explain why or why not. Should the Commission instead require that all of the annual reports or annual supplemental reports be filed electronically on EDGAR as PDF documents, as broker-dealers have the option of doing currently under the Annual Reports No-Action Letter? Explain, and identify the costs of these two alternatives.
45. If the Commission requires the annual reports and annual supplemental reports to be filed in a structured data language, should the Commission require broker-dealers, OTC derivatives dealers, SBSs, and MSBSs to use Inline XBRL or a custom XML data language for the reports or another structured data language? If not, which data language,

if any, should the Commission permit or require and why? If certain firms were not required to file their annual reports and annual supplemental reports using Inline XBRL or a custom XML data language, should they be required to file these reports electronically using PDF format? Would a requirement to file these reports in a structured data language impose additional costs on or create cost efficiencies for these firms as compared to other languages? Would a requirement to file these reports in a structured data language enable the public to analyze the public information in the reports more efficiently and effectively? If yes, how would this efficiency and effectiveness affect investors, securities markets, broker-dealers, OTC derivatives dealers, SBSs, or MSBSs? Would a requirement to file these reports in a non-structured data language result in similar benefits for lower costs as compared to a structured data language? Even if the proposal to require these reports to be filed electronically on EDGAR in a structured data language would provide greater benefits as compared to the current requirement to file via paper or on EDGAR in an unstructured data language, would an alternative manner of filing provide even more benefits than the Commission's proposal relative to the costs of the alternative approach? If so, identify the alternative approach and explain why or why not.

46. If the Commission requires the annual reports or annual supplemental reports to be filed in a structured data language on EDGAR, should the Commission apply these requirements to all broker-dealers, OTC derivatives dealers, SBSs, and MSBSs? Explain why or why not. If not, identify an alternative and provide empirical support for the alternative. If the structured data requirement should not apply to all of these firms, should the Commission exempt certain firm types? For example, should the Commission

apply the structured data requirement to a subset of broker-dealers consisting of some or all of the following types of broker-dealers: (1) broker-dealers that carry customer accounts and receive or hold customer cash and securities; (2) broker-dealers that are OTC derivatives dealers; (3) broker-dealers with a net capital requirement below a certain amount (e.g., \$250,000); (4) broker-dealers below a certain asset threshold, such as \$500,000 or less in total assets; (5) broker-dealers with less than \$250,000 or less in total revenues; (6) broker-dealers with capital less than \$50 million and with less than \$1 billion in total assets; (7) broker-dealers with an aggregate amount outstanding under repurchase agreements, securities loan contracts, and bank loans less than a certain threshold (e.g., \$1 billion); (8) broker-dealers with less than a certain amount of free credit balances and other credit balances (e.g., \$1 million); or (9) broker-dealers with less than a certain amount of tentative net capital (e.g., \$500 million).²²⁸ Commenters should also identify whether a combination of the aforementioned criteria; or some other criteria would be appropriate.

47. Would it be appropriate to require ANC broker-dealer and OTC derivatives dealer supplemental reports to be submitted electronically on EDGAR? If so, explain why. If not, explain why not. Would it be appropriate to require ANC broker-dealer and OTC derivatives dealer supplemental reports to be submitted in Inline XBRL? If so, explain why. If not, explain why not. If a different structured data language should be required, explain why. If there should be no structured data language requirement for the ANC broker-dealer and OTC derivatives dealer supplemental reports, explain why not.

²²⁸ Tentative net capital is defined in Rule 15c3-1. See 17 CFR 240.15c3-1(c)(15).

48. Would it be appropriate to require Form 17-H to be submitted electronically with the Commission on the EDGAR system? If so, explain why. If not, explain why not. If the Commission requires Form 17-H to be submitted electronically with the Commission on the EDGAR system, would it be appropriate to require Form 17-H to be filed in a structured data language? If so, explain why. If not, explain why not.
49. Would Form 17-H filers experience practical difficulties or incur significant costs in preparing and submitting these reports electronically on EDGAR in a structured data language? If so, explain why they would experience difficulties and quantify the costs. What, if any, costs would be associated with requiring these firms to file Form 17-H electronically on EDGAR in a structured data language? Are those costs more, less or the same as those currently expended to file Form 17-H?
50. Does the current requirement to file Form 17-H either in paper or via email or on EDGAR provide flexibility to Form 17-H filers that could be lost if these filings were required to be made electronically on EDGAR in a structured data language? Explain why or why not. Should the Commission instead require that the entirety of Form 17-H be filed electronically on EDGAR as PDF documents? Explain, and identify the costs of these two alternatives.
51. Would requiring different structured data languages for different Items of Form 17-H provide benefits to data users or filers that justify any drawbacks associated such an approach? Please explain the nature of such benefits and drawbacks, and why the benefits would justify the drawbacks (or vice versa).
52. If a mix of structured data languages would be appropriate, should the specific data languages proposed for each Form 17-H Item be modified? For example, are there Form

17-H Items proposed as custom XML documents that would be better suited as Inline XBRL documents, or vice versa? Please explain why or why not.

53. Would requiring Form 17-H filers to file copies of existing documents as unstructured PDF attachments, rather than requiring filers to retroactively structure those documents in machine-readable data languages, ease compliance burdens on Form 17-H filers? If so, would the benefits to data users of structuring these existing documents justify the reduced compliance burden on Form 17-H filers? Please explain why or why not.
54. Rules 15c3-1, 15c3-3, 17a-4, 17a-5, 17a-11, and 17a-12 require a broker-dealer to send notices to the Commission after the occurrence of certain events. Similarly, Rules 18a-1, 18a-4, 18a-6, 18a-7, and 18a-8 require SBS Entities to send notices to the Commission after the occurrence of certain events. Currently, such notices must be transmitted to the Commission through an email address provided on the Commission’s website, or alternatively, delivered to the principal office of the Commission in Washington DC and the regional office of the Commission for the region in which the broker or dealer has its principal place of business. Should the Commission require such reports to be submitted through the EDGAR system in a structured data language? Explain why or why not.

V. Other Forms, Reports or Notices

The Commission proposes that the following forms, reports and notices be filed or submitted on EDGAR:

Form, Report or Notice	Filer/Submitter Type	Proposed Amendments
Form X-17A-19: Information Required of National Securities Exchanges and Registered National Securities Associations pursuant to sections 17 and	Exchange or Association	The form and instructions to the form (17 CFR 249.635), and corresponding Exchange Act Rule 17a-19 (17 CFR 240.17a-19).

19 of the Exchange Act and Rule 17a-19 thereunder Report of Change in Membership Status		Rule 101(a) of Regulation S-T (17 CFR 232.101(a)).
Notices pursuant to Rule 3a71-3(d)(1)(vi) That Associated Persons of Certain Registrants May Conduct Arranging, Negotiating, or Executing Activity in Reliance on the Conditional Exception from SBSB <u>De Minimis</u> Thresholds (and any withdrawals of notices)	Certain registered SBSBs or registered brokers that meet certain capital and other requirements	17 CFR.240.3a71-3(d)(1)(vi) (Rule 3a71-3(d)(1)(vi)). 17 CFR 232.101(a), 232.201(a), and 232.202(a) (Rule 101(a), 201(a) and 202(a) of Regulation S-T).
Notices (and any amendments to the notices) to the Commission of Security-Based Swap Valuation Disputes pursuant to Rule 15fi-3(c)	SBS Entity	17 CFR 240.15fi-3(c) (Rule 15fi-3(c)). 17 CFR 232.101(a) and (d) (Rule 101(a) and (d) of Regulation S-T).
Compliance Reports pursuant to Rule 15fk-1(c)(2)(ii)(A)	SBS Entity	17 CFR 240.15fk-1(c)(2)(ii)(A). (Rule 15fk-1(c)(2)(ii)(A)). 17 CFR 232.101(a) (Rule 101(a) of Regulation S-T).

A. Notices Pursuant to Rule 17a-19 and Form X-17A-19

Generally, before commencing business activities, a broker-dealer must become a member of an SRO. SROs assist the Commission in regulating the activities of broker-dealers. Rule 17a-19 requires every national securities exchange and registered national securities association to file a Form X-17A-19 with the Commission at its principal office in Washington, DC and with the Securities Investor Protection Corporation (“SIPC”) within five business days of the initiation, suspension, or termination of any member and, when terminating the membership interest of any member, to notify that member of its obligation to file financial

reports as required by paragraph (b) of Rule 17a-5.²²⁹ As of June 15, 2022, there were 24 national securities exchanges and one registered national securities association.²³⁰

The instructions to Form X-17A-19 provide that the original of the form must be mailed to the Commission at its principal office and a copy of the form must be mailed to SIPC. Both the original and the copy must be “executed by a manual signature.” Upon the Commission’s receipt of a Form X-17A-19 filing, the information is entered into a database, which is regularly shared with the SROs. Commission staff use the information contained in Form X-17A-19 to assign the appropriate SRO as the designated examining authority for the member firms. This information is also used by SIPC in determining which SRO is the collection agent for the SIPC Fund.²³¹

The Commission proposes to amend this requirement to provide that Form X-17A-19 must be filed with the Commission electronically on EDGAR in accordance with the EDGAR Filer Manual, as defined in Rule 11 of Regulation S-T, and in accordance with the requirements of Regulation S-T. Accordingly, Form X-17A-19 would be filed in a custom XML-based data language.²³² As is the case with most of the Commission’s other XML-based forms, such as the aforementioned facing page to Form X-17A-5 Part III,²³³ national securities exchanges and registered national securities associations would comply with the custom XML requirement by either inputting the information into a fillable web form that EDGAR would then convert into the

²²⁹ 17 CFR 240.17a-5(b).

²³⁰ See Self-Regulatory Organization Rulemaking, available at <https://www.sec.gov/rules/sro.shtml>.

²³¹ SIPC members are required to pay annual assessments to the SIPC Fund which is used to protect customer assets when a SIPC-member brokerage firm fails financially.

²³² Requirements to submit forms on EDGAR in custom XML structured data languages are set forth in the EDGAR Filer Manual, and the specific XML requirements for Form X-17A-19, if adopted, would be included in an updated version of the EDGAR Filer Manual. See *supra* note 212 at 8.

²³³ See *supra* section IV.A.4.

custom XML-based data language, or submitting the information directly to EDGAR in the custom XML-based data language.

The Commission expects the proposed custom XML requirement for filing Form X-17A-19 would provide similar benefits to those described for the proposed Inline XBRL requirements for Form X-17A-5 Part III.²³⁴ Like Inline XBRL, the proposed custom XML requirement for Form X-17A-19 would make the information included on the form more readily accessible for retrieval, sorting, filtering, and other analysis. The enhanced usability of the information on Form X-17A-19 may be particularly helpful given the high volume of filings on Form X-17A-19 that the Commission receives annually.²³⁵ In addition, the proposed structured data requirement would enable EDGAR to perform technical validations (*i.e.*, programmatic checks to ensure the documents are appropriately standardized, formatted, and complete) upon intake of the forms, thus potentially improving the quality of the filed data by decreasing the incidence of non-substantive errors (such as the omission of values from fields that should always be populated).

The Commission also proposes making conforming amendments to the “General Instructions” to Form X-17A-19. Instruction 2 would be amended to replace the instruction to mail the original of the form to the Division with an instruction to file the original “electronically on EDGAR in accordance with the EDGAR Filer Manual, as defined in Rule 11 of Regulation S-T (§ 232.11) and in accordance with the requirements of Regulation S-T.” Instruction 2 would also be amended to instruct filers to send copy number 1 of Form X-17A-19 to SIPC at SIPC’s updated address. Instruction 3 would be amended to replace the words “shall be executed with a manual signature” with the words “shall be signed.” Instruction 4 would be deleted (and

²³⁴ See *supra* section IV.A.4; see *infra* section X.C.1.b.

²³⁵ See *infra* sections IX.D.11 and X.C.1.b.

subsequent instructions would be renumbered accordingly), because the instruction about what to do if there is insufficient space in the form is unnecessary if the filing is submitted on EDGAR. Renumbered instruction 6 (formerly instruction 7) would be amended to provide that copies of the form may be obtained “on the Commission’s website” instead of “from the main office of the Securities and Exchange Commission in Washington, D.C.”

Request for Comment

55. Would it be appropriate to require Form X-17A-19 to be filed with the Commission electronically on EDGAR? If so, explain why. If not, explain why not. Would it be appropriate to require Form X-17A-19 to be filed in a custom XML-based data language? If so, explain why. If not, explain why not. What alternative approaches would be appropriate instead?

B. Notice (and Any Withdrawal of a Notice) Filed Pursuant to Rule 3a71-3(d)(1)(vi)

1. Exchange Act Rule 3a71-3(d)(1)(vi) Notice Filing Requirement

The Commission’s rules under the Exchange Act define when a person is an SBSB.²³⁶ Those rules set de minimis thresholds for security-based swap dealing activity below which a person is deemed not to be an SBSB.²³⁷ For purposes of determining whether non-U.S. persons will be deemed to be SBSBs, 17 CFR 240.3a71-3(b)(1)(iii)(C) (“Rule 3a71-3(b)(1)(iii)(C)”) provides that non-U.S. persons must count, against the applicable de minimis threshold, their security-based swap dealing transactions that were arranged, negotiated, or executed by personnel located in a U.S. branch or office, or by personnel of an agent of such non-U.S. person

²³⁶ See 17 CFR 240.3a71-1 et seq.

²³⁷ See 17 CFR 240.3a71-2.

located in a U.S. branch or office (“ANE Activity”).²³⁸ Exchange Act Rule 3a71-3(d),²³⁹ however, includes a conditional exception to this counting requirement (the “ANE Exception”).²⁴⁰

One of the conditions to the ANE Exception is that all ANE Activity for which the non-U.S. person is relying on the exception (the “Relying Entity”) be conducted by the U.S. personnel in their capacity as persons associated with a majority-owned affiliate²⁴¹ of the Relying Entity that is either a registered SBSB or a registered broker that meets certain capital and other requirements (such a registered majority-owned affiliate, the “Registered Entity”).²⁴² Before an associated person of the Registered Entity commences this ANE Activity pursuant to the ANE Exception, the Registered Entity must file with the Commission a notice that its associated persons may conduct such activity (an “ANE Exception Notice”).²⁴³ Exchange Act Rule 3a71-3(d)(1)(vi) currently requires the Registered Entity to file the ANE Exception Notice by submitting it to the electronic mailbox described on the Commission’s website at www.sec.gov at the “ANE Exception Notices” section.²⁴⁴ The Commission is

²³⁸ See Rule 3a71-3(b)(1)(iii)(C).

²³⁹ See 17 CFR 240.3a71-3(d).

²⁴⁰ The exception does not apply to dealing activities involving U.S. counterparties or U.S. guarantees. See Exchange Act Release No. 87780 (Dec. 18, 2019), 85 FR 6270, 6278 (Feb. 4, 2020) (“Cross-Border Adopting Release”).

²⁴¹ For this purpose, an entity is a majority-owned affiliate of another entity if the entity directly or indirectly owns a majority interest in the other, or if a third party directly or indirectly owns a majority interest in both entities, where “majority interest” is the right to vote or direct the vote of a majority of a class of voting securities of an entity, the power to sell or direct the sale of a majority of a class of voting securities of an entity, or the right to receive upon dissolution, or the contribution of, a majority of the capital of a partnership. See 17 CFR 240.3a71-3(a)(10).

²⁴² See 17 CFR 240.3a71-3(d)(1).

²⁴³ See 17 CFR 240.3a71-3(d)(1)(vi).

²⁴⁴ See www.sec.gov/tm/ane-exception-notice.

required to publicly post filed ANE Exception Notices on the same section of its website.²⁴⁵ The Relying Entity is able to review ANE Exception Notices published on the Commission's website to determine whether its affiliated Registered Entity's notice has been successfully filed, and thus whether the Rule 3a71-3(d)(1)(vi) notice condition to the ANE Exception has been satisfied.

The ANE Exception also is subject to a cap on the amount of certain inter-dealer security-based swaps positions.²⁴⁶ Positions subject to the cap include security-based swaps between a Relying Entity and a non-U.S. person that is, or is an affiliate of, any Registered Entity that has filed an ANE Exception Notice with the Commission.²⁴⁷ All such positions of the Relying Entity and certain of its affiliates are counted toward the cap.²⁴⁸ The Relying Entity and its affiliates can review the ANE Exception Notices published on the Commission's website to determine whether any of the filed ANE Exception Notices are relevant to the Relying Entity's or any of its affiliates' progress toward the cap on inter-dealer security-based swaps.

2. Proposed Amendment to Exchange Act Rule 3a71-3(d)(1)(vi)

The Commission is proposing an amendment to Exchange Act Rule 3a71-3(d)(1)(vi) to change the method of filing the ANE Exception Notice. Instead of filing the notice via email to an electronic mailbox specified on the Commission's website, the proposed amendment would require the Registered Entity to file the notice electronically through the Commission's EDGAR system. For all Registered Entities, only the manner of filing an ANE Exception Notice, and not its content, would change. The ANE Exception Notice would continue to consist of the name of the Registered Entity whose associated persons may conduct activity covered by the ANE

²⁴⁵ See 17 CFR 240.3a71-3(d)(1)(vi).

²⁴⁶ See 17 CFR 240.3a71-3(d)(1)(vii).

²⁴⁷ See 17 CFR 240.3a71-3(a)(13).

²⁴⁸ See 17 CFR 240.3a71-3(d)(6).

Exception, the fact that those associated persons may conduct such activity, and the date. ANE Exception Notices filed electronically on EDGAR also would be permitted, but not required, to include contact details of a person or department at the Registered Entity that counterparties may contact regarding the ANE Exception. Each ANE Exception Notice thus contains a minimal amount of information. As of January 31, 2023, only three Registered Entities had filed an ANE Exception Notice, and the Commission estimates that up to 24 entities that engage in security-based swap dealing activity may rely on the ANE Exception.²⁴⁹ Because of the minimal amount of, and basic, narrative nature of, the information included in ANE Exception Notices, the Commission preliminarily believes that, even if Registered Entities file ANE Exception Notices (and the withdrawals described in this section below) in a structured data language, users of this data would be unlikely to employ structured data tools to analyze the data, as these tools typically would assist in making analysis of large data sets more efficient. Unless and until use of the ANE Exception increases substantially, the benefits of structured data in ANE Exception Notices may be limited. Accordingly, the Commission believes that accepting ANE Exception Notices (and the withdrawals described in this section below) in unstructured data format would make the better use of the resources of the Commission and market participants who use the data.

The proposed change would require the Registered Entity to have EDGAR access credentials and the ability to file electronically via EDGAR. The Commission believes that requiring submission of ANE Exception Notices electronically through EDGAR is appropriate because most Registered Entities should already have access to EDGAR by virtue of having used

²⁴⁹ See Cross-Border Adopting Release, 85 FR at 6336 n.642.

the system to register or file information with the Commission,²⁵⁰ and should therefore also be familiar with how to use the system. For those Registered Entities, the Commission would expect there to be no additional burden associated with mandating EDGAR filing of ANE Exception Notices, and would help to streamline and manage those filings. A small number of Registered Entities may be first-time EDGAR filers who would need to obtain EDGAR access credentials.²⁵¹ If a Registered Entity does not already have an EDGAR account, the proposed amendment would require it to obtain EDGAR access credentials and be able to file electronically on EDGAR before it could file an ANE Exception Notice. Further, because reliance on the ANE Exception, which requires the filing of an ANE Exception Notice, is voluntary, and because the Commission provided the ANE Exception only for Relying Entities whose affiliated Registered Entity is operationally capable of complying with certain disclosure, communication and recordkeeping conditions, the Commission would not provide for the possibility of temporary or continuing hardship exemptions to allow the ANE Exception Notice (or the withdrawals described in this section below) to be filed on paper.²⁵² An inability to file an ANE Exception Notice using the Commission's EDGAR system may indicate that a Registered Entity's operational conditions would present undue risk if the ANE Exception were available to permit Relying Entities to defer registration as SBSBs. Further, the ANE Exception is premised in part on the public availability of the notice to Relying Entities. For these reasons,

²⁵⁰ A Registered Entity that is an SBSB must file its application for registration on EDGAR, and this requirement has been in place from the original compliance date for registration of SBSBs. See 17 CFR 240.15Fb2-1(c). Additionally, a Registered Entity that is a broker may be required to file with the Commission certain information that is currently permitted to be filed on EDGAR. See, e.g., 17 CFR 240.17a-5(d); supra note 179 and accompanying text.

²⁵¹ A party that succeeds to the registration of a Registered Entity in a merger, conversion, or other corporate transaction may not yet have EDGAR access credentials.

²⁵² See proposed amendments to 17 CFR 232.201(a), and 17 CFR 232.202(a).

as well as the simplicity of the expected filings and sophistication of filing entities, the Commission does not believe there would be a need for a hardship exemption.

The Commission believes that requiring an ANE Exception Notice to be filed electronically on the Commission's established EDGAR filing system would, among other things, facilitate more efficient and timely transmission and dissemination of information and would benefit the Commission, the Registered Entities, the Relying Entities, and other market participants.²⁵³ The Commission additionally believes that electronic EDGAR filing of ANE Exception Notices is appropriate because it will enhance the ability of Relying Entities and their affiliates to access and use the filed ANE Exception Notices to determine their progress toward the ANE Exception's cap on inter-dealer security-based swaps. Other members of the public also would be able to access and review ANE Exception Notices more efficiently. Instead of reviewing each notice individually in PDF format, users would be able to access the public-facing portion of the Commission's EDGAR system to search for a specific filer, for ANE Exception Notices filed after the effective date of the amendment to Rule 3a71-3(d)(1)(vi), and/or for withdrawals of ANE Exception Notices. Further, electronic EDGAR filing of the ANE Exception Notices as proposed is intended to provide market participants with access to such notices, including the names of the Registered Entities that have filed notices, together with the date of each notice, on EDGAR promptly after filing. The proposed EDGAR filing requirement is intended to allow for the ANE Exception Notices to be made available for public viewing promptly after filing without the need for manual staff processing and the associated delays and demands on Commission resources.

²⁵³ Currently, Rule 3a71-3(d)(1)(vi) provides that the Commission shall publicly post ANE Exception Notices at the "ANE Exception Notices" section of its website. The proposed amendment to the rule would provide that such notices filed after the effective date of the amendment would instead be publicly disseminated through the Commission's EDGAR system.

The proposed amendment to Exchange Act Rule 3a71-3(d)(1)(vi) would include a new mechanism for withdrawing the ANE Exception Notice filed through EDGAR. Currently, a Registered Entity whose associated persons will no longer conduct ANE Activity pursuant to the ANE Exception and who wishes to withdraw a filed ANE Exception Notice may contact the Commission to request that the notice be manually removed from the ANE Exception Notices webpage.²⁵⁴ Upon removal of the notice from the website, the ANE Exception Notice would be withdrawn and a Relying Entity would no longer be able to rely on the ANE Exception unless another relevant ANE Exception Notice is filed. The Commission also is proposing to specify that, if the Registered Entity later becomes unregistered or otherwise ineligible to serve as the Registered Entity for purposes of the ANE Exception, the Registered Entity must promptly withdraw its ANE Exception Notice.²⁵⁵ This would help to ensure that ANE Exception Notices published on EDGAR remain accurate for market participants and other users of the information.

The Commission's proposal to move the ANE Exception Notice to EDGAR would require the Registered Entity to file any withdrawal electronically via EDGAR. If the original ANE Exception Notice was filed on EDGAR, it would not be removed from EDGAR; rather, a withdrawal filing on EDGAR would identify the notice as no longer active.²⁵⁶ Users would have the ability to search for ANE Exception Notices filed after the effective date of the amendment to

²⁵⁴ See Cross-Border Adopting Release, 85 FR at 6283 n.138.

²⁵⁵ Though the proposed requirement to withdraw would require prompt filing of the withdrawal, this promptness standard would not extend a Relying Entity's ability to rely on the ANE Exception after the Registered Entity is no longer registered or otherwise no longer satisfies the conditions described in 17 CFR 240.3a71-3(d)(1) ("Rule 3a71-3(d)(1)") but before the Registered Entity withdraws the ANE Exception Notice. The proposed changes to Rule 3a71-3(d)(1)(vi) to include a new mechanism for withdrawing the ANE Exception Notice filed through EDGAR do not change whether a Relying Entity can rely on the exception. Regardless of whether a withdrawal is filed by the Registered Entity, each condition of Rule 3a71-3(d)(1) must be satisfied in order for the Relying Entity to rely on the exception.

²⁵⁶ Consistent with current Rule 3a71-3(d)(1)(vi), the EDGAR system also would not allow for amendments to an ANE Exception Notice. To report a name change or change of contact details on an ANE Exception Notice via EDGAR, a Registered Entity must file a new notice with the updated information.

Rule 3a71-3(d)(1)(vi) that have not been withdrawn, i.e., the notices that remain eligible to satisfy the ANE Exception’s notice condition. These filed and not withdrawn ANE Exception Notices would help identify the Registered Entities who, together with their affiliates, could cause a transaction to fall under the ANE Exception’s cap on certain inter-dealer security-based swaps. The inclusion of ANE Exception Notices previously filed on EDGAR and withdrawn in EDGAR’s publicly available data further would aid Relying Entities and their affiliates in determining their progress toward the ANE Exception’s cap at a particular point in the past.²⁵⁷ This functionality is not available under the current email-based filing system, as the Commission retains only currently active notices on the “ANE Exception Notices” webpage.

Request for Comment

56. Should the Commission require ANE Exception Notices, and withdrawals of ANE Exception Notices, to be filed electronically on EDGAR? Explain why or why not.
57. Does the current requirement to file this information via email provide flexibility to Registered Entities, or promote efficiency for Relying Entities and other market participants who use the information in the ANE Exception Notices, that could be lost if these filings were required to be made electronically on EDGAR? Explain why or why not.
58. Would Registered Entities experience any practical difficulties in preparing and filing an ANE Exception Notice or withdrawal of an ANE Exception Notice on EDGAR as proposed? Explain why or why not.

²⁵⁷ The inclusion of ANE Exception Notices previously filed on EDGAR and withdrawn in EDGAR’s publicly available data also may aid Relying Entities and their affiliates in determining their progress toward the cap during the 12-month period described in 17 CFR 240.3a71-3(d)(1)(vii) (“Rule 3a71-3(d)(1)(vii)”). Security-based swap positions that counted toward the cap before withdrawal of an ANE Exception Notice continue to count toward the cap after such withdrawal for the period described in Rule 3a71-3(d)(1)(vii).

59. Does any market participant that acts, or expects to act, as a Registered Entity for purposes of the ANE Exception not have, or expect not to have, EDGAR access credentials? If yes, describe any burdens that the Registered Entity would face in obtaining EDGAR access credentials and explain whether the benefits of mandatory EDGAR filing—for the Registered Entity, the Relying Entity, other users of the ANE Exception Notices, and the Commission—justify those burdens.
60. Would Relying Entities and/or other market participants that use the information in the ANE Exception Notices experience any practical difficulties in accessing or utilizing information in ANE Exception Notices and withdrawals of ANE Exception Notices on EDGAR? Explain why or why not. Would Relying Entities and/or other market participants that use the information in the ANE Exception Notices experience greater efficiency in identifying currently active ANE Exception Notices on EDGAR? Would these users find it helpful to be able to search for previously filed and withdrawn ANE Exception Notices? Explain why or why not.
61. Should an alternative manner of filing ANE Exception Notices and withdrawals of ANE Exception Notices be required? Even if the proposal to require these filings to be made electronically on EDGAR would provide greater benefits as compared to filings made via email, would an alternative manner of filing provide even more benefits than the proposal? Please describe any alternative manner in detail and assess how the alternative would impact Registered Entities, Relying Entities, other market participants, and the Commission. For example, should the Commission instead permit, but not require, ANE Exception Notices to be filed electronically on EDGAR? Should the Commission instead

- retain the current email-based filing system? Should the Commission implement another method for filing ANE Exception Notices and withdrawals of ANE Exception Notices?
62. Should the Commission require or allow a specific unstructured or structured data format for ANE Exception Notices and withdrawals of ANE Exception Notices? If yes, describe the format and why it is appropriate. If no, explain why not.
63. Should the Commission require a Registered Entity to promptly withdraw its ANE Exception Notice if it becomes unregistered or otherwise ineligible to serve as the Registered Entity for purposes of the ANE Exception? If yes, explain how this withdrawal information would be useful to Registered Entities, Relying Entities and/or other market participants. If no, explain how Relying Entities and other market participants could use other methods to determine that any particular Registered Entity is eligible or ineligible, particularly if the Registered Entity is a broker who must comply with certain capital requirements to maintain eligibility.
64. Should the Commission allow Registered Entities to file ANE Exception Notices and/or withdrawals of ANE Exception Notices on paper in case of a temporary or continuing hardship in accordance with Rules 201 and 202 of Regulation S-T?²⁵⁸ Explain why or why not.
65. What, if any, costs would be associated with preparing ANE Exception Notices and withdrawals for filing on EDGAR? Are those costs more, less or the same as those under the current filing processes?

²⁵⁸ 17 CFR 232.201 and 232.202.

66. How does the cost of the proposed amendments to Rule 3a71-3(d)(1)(vi) compare to the cost of current requirements and the cost of the alternatives described above or other alternatives?

C. Notice (and Any Amendment, including Notice of Dispute Termination) Provided Pursuant to Rule 15fi-3(c)

1. Overview of Valuation Dispute Notice Requirements

Rule 15fi-3 under the Exchange Act generally requires SBS Entities to: (1) engage in periodic portfolio reconciliation activities with counterparties who are also SBS Entities; and (2) establish, maintain, and follow written policies and procedures reasonably designed to ensure that they engage in periodic portfolio reconciliation with counterparties who are not SBS Entities with respect to their outstanding (and uncleared) security-based swaps.²⁵⁹ Among other things, Rule 15fi-3 specifies the requirements applicable to an SBS Entity for purposes of engaging in portfolio reconciliation with either type of counterparty, with regard to: (1) the information that the two sides are required to exchange as part of the reconciliation process; (2) the frequency by which an SBS Entity is required to reconcile its security-based swap portfolios with its counterparties; (3) the required policies and procedures specifying the means and timeframes by which an SBS Entity is required to resolve discrepancies with respect to either the valuation or a material term of a security-based swap; and (4) the requirement that an SBS Entity agree in writing with each of its counterparties on the terms of the portfolio reconciliation, including agreement of the selection of any third-party service provider.²⁶⁰

²⁵⁹ See 17 CFR 240.15Fi-3(a) and (b).

²⁶⁰ See id.

Rule 15fi-3 also contains a reporting requirement. Specifically, Rule 15fi-3(c) requires each SBS Entity to promptly notify the Commission and any applicable prudential regulator²⁶¹ of any security-based swap valuation dispute in excess of \$20,000,000 (or its equivalent in any other currency), at either the transaction or portfolio level, if not resolved within: (1) three business days, if the dispute is with a counterparty that is an SBS Entity; or (2) five business days, if the dispute is with a counterparty that is not an SBS Entity.²⁶²

SBS Entities are also required to notify the Commission and any applicable prudential regulator if the amount of any security-based swap valuation dispute that was the subject of a previous notice increases or decreases by more than \$20,000,000 (or its equivalent in any other currency), at either the transaction or portfolio level.²⁶³ Such amendments are required to be provided to the Commission and any applicable prudential regulator no later than the last business day of the calendar month in which the applicable security-based swap valuation dispute increases or decreases by the applicable dispute amount.²⁶⁴

Rule 15fi-3(c) requires that the notices to the Commission be submitted “in a form and manner acceptable to the Commission.” When the Commission first proposed Rule 15fi-3(c), the Commission explained that including the phrase “in a form and manner acceptable to the Commission” was intended to provide SBS Entities with flexibility to determine the most efficient and cost-effective means of making such submissions, so long as it is deemed to be

²⁶¹ The term “prudential regulator” is defined in 17 CFR 240.15Fi-1(m) to have the same meaning as in section 1a of the Commodity Exchange Act (7 U.S.C. 1a) and includes the Federal Reserve, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Farm Credit Association, and the Federal Housing Finance Agency, as applicable to the SBS Entity.

²⁶² See 17 CFR 240.15fi-3(c).

²⁶³ Id.

²⁶⁴ Id.

acceptable by the Commission.²⁶⁵ Such flexibility was important for a number of reasons, including the fact that SBS Entities that are dually registered with the CFTC as either a swap dealer or major swap participant (each, a “Swap Entity”) have been subject to a comparable CFTC requirement since 2013.²⁶⁶ In providing flexibility, SBS Entities currently have two options for submitting these notices: (1) an electronic submission using EDGAR; or (2) submission to a dedicated Commission email address. Under both submission types, the system is capable of accepting the notice using unstructured data in PDF format, either as an attachment to an email or as an uploaded document to EDGAR.

Security-based swap valuation dispute notices are not required to include specific fields. However, SBS Entities are encouraged to include in the notice basic information about the security-based swap valuation dispute, including: (1) identifying information about both counterparties (including each party’s Legal Entity Identifier); (2) the date of the dispute (or the termination date, if applicable); (3) the type of dispute; (4) disclosure about which counterparty is the receiver and which is the payer; and (5) the disputed amount, in U.S. Dollars (“USD”).²⁶⁷ This information is consistent with the notices that Swap Entities are required to provide to the NFA, which receives notices from Swap Entities pursuant to CFTC Rule 23.502(c)²⁶⁸ regarding swap valuation disputes.²⁶⁹ SBS Entities also are encouraged to provide any applicable identifier

²⁶⁵ See Risk Mitigation Techniques for Uncleared Security-Based Swaps, Exchange Act Release No. 84861 (Dec. 19, 2018), 84 FR 4614, 4621, n. 47 (Feb. 15, 2019).

²⁶⁶ See Confirmation, Portfolio Reconciliation, Portfolio Compression, and Swap Trading Relationship Documentation Requirements for Swap Dealers and Major Swap Participants, 77 FR 55904 (Sep. 11, 2012).

²⁶⁷ See Security-Based Swap Valuation Dispute Notices, Staff Statement on Submitting Security-Based Swap Valuation Dispute Notices, available at <https://www.sec.gov/tm/Security-Based-Swap-Valuation-Dispute-Notices>.

²⁶⁸ 17 CFR 23.502(c).

²⁶⁹ See NFA Interpretive Notice 9072 to Compliance Rule 2-49: Swap Valuation Dispute Filing Requirements (May 18, 2017), available at <https://www.nfa.futures.org/rulebook/rules.aspx?Section=9&RuleID=9072>

about the relevant security-based swap (such as the product ID), the notional amount of the security-based swap, and disclosure about which counterparty is calling the dispute (i.e., the direction of the dispute).²⁷⁰

2. Proposal to Require Valuation Dispute Notices to be Submitted in EDGAR

Based on the Commission’s experience over the course of implementing Rule 15fi-3(c), the Commission believes that it is now appropriate to require that the security-based swap valuation dispute notices be submitted to the Commission electronically on EDGAR using a structured data language. Accordingly, the Commission is now proposing to amend Rule 15fi-3(c) to affirmatively require SBS Entities to submit these notices electronically in EDGAR using a custom XML-based data language specific to the notices.²⁷¹ This requirement would apply to initial notices of a dispute and amendments of such notices, including notices of termination of disputes.²⁷² If these proposed changes are adopted, SBS Entities would no longer be able to submit dispute notices to the Commission using a dedicated email address or in PDF format on

(“NFA Interpretive Notice 9072”) and Effective date of Interpretive Notice to NFA Compliance Rule 2-49: Swap Valuation Dispute Filing Requirements, Notice I-17-13 (July 20, 2017), available at <https://www.nfa.futures.org/news/newsNotice.asp?ArticleID=4827> (“NFA Notice to Members I-17-13” together with NFA Interpretive Notice 9072, “NFA Swap Valuation Dispute Guidance”).

²⁷⁰ See supra note 267.

²⁷¹ SBS Entities relying on Commission orders granting substituted compliance pursuant to 17 CFR 240.3a71-6 may be required to provide the Commission reports regarding disputes between counterparties, among other conditions in the orders. See, e.g., Exchange Act Release No. 93411 (Oct. 22, 2021), 86 FR 59797, 59815 (Oct. 28, 2021) (File No. S7-08-21). To satisfy that requirement, SBS Entities currently can use either of the submission methods available for submitting notices under Rule 15fi-3(c). If the Commission adopts the proposed amendment to Rule 15fi-3(c), the remaining method available for SBS Entities to provide the dispute notices required by the Commission orders would be to submit them electronically in EDGAR using the custom XML-based data language specific to valuation dispute notices.

²⁷² Under the proposal, SBS Entities would be required to submit amendments electronically in EDGAR using the custom XML-based data language if the valuation dispute increases or decreases by the amount specified in Rule 15fi-3(c)(2), regardless of the method the SBS Entity used to submit the original notice or previous amendments.

EDGAR.²⁷³ As explained in further detail below, the Commission is encouraging SBS Entities to include specific disclosures in their dispute notices, and the custom XML-based data language that the Commission would create for the dispute notices would include specific elements reflecting those specific disclosures; however, SBS Entities would also be permitted to leave those specific fields unpopulated and provide their own description of the dispute in a separate field.²⁷⁴

The Commission believes that requiring submission of security-based swap valuation dispute notices electronically on EDGAR and in a structured data language is appropriate at this time for at least three reasons. First, an SBS Entity should already have access to EDGAR (and have already completed a Form ID, the form used to apply for EDGAR access) at the time it becomes required to submit a valuation dispute notice (or a related amendment, including a termination notice), as the SBS Entity would have to use EDGAR to register with the Commission in such capacity, and should therefore be familiar with how to use the system. As such, the Commission would not expect there to be any additional burden associated with expressly mandating EDGAR submission.

Second, the Commission understands that the security-based swap valuation dispute notices may contain information that is sensitive to one or both of the counterparties. The Commission does not intend for these notices to operate as a means for providing public disclosure of security-based swap valuation disputes. To the extent that the notices provided to

²⁷³ The proposed changes to Rule 15fi-3(c) would require SBS Entities with a U.S. prudential regulator to notify the prudential regulator in a form and manner acceptable to the prudential regulator. See proposed amendments to paragraph (c) of Rule 15fi-3, 17 CFR 240.15fi-3(c). Currently, Rule 15fi-3(c) does not specify how SBS Entities must notify the prudential regulator. The Commission believes that this additional proposed specificity in the rule would provide additional guidance to SBS Entities, while allowing them the flexibility to notify any applicable U.S. prudential regulator in any form and manner acceptable to that regulator.

²⁷⁴ See infra note 278 and accompanying text.

the Commission include confidential information that is otherwise not publicly available, the SBS Entity can request the confidential treatment of the information.²⁷⁵ If such a confidential treatment request is made, the Commission anticipates that it would keep the information confidential, subject to the provisions of applicable law;²⁷⁶ whether any material is confidential is determined pursuant to applicable law, including but not limited to the Freedom of Information Act and Commission rules governing requests for confidential treatment. As such, the Commission believes that using EDGAR – as opposed to a dedicated email inbox – provides a more efficient and secure way to submit these notices and allows SBS Entities to electronically access and sort their notices.

Third, the Commission expects that the proposed requirement to submit security-based swap valuation dispute notices in a structured data language would enable the Commission to analyze the information in those notices more efficiently and effectively. Under the current requirements, should Commission staff seek to analyze the dispute notice information (such as to identify trends in the incidence and magnitude of disclosed valuation disputes across SBS Entities or a given population thereof), the analysis would require significant manual effort because the notices are not machine-readable. In addition, the proposed structured data requirement would enable EDGAR to perform technical validations (*i.e.*, programmatic checks to ensure the notices are appropriately standardized and formatted) upon intake of the notices, thus potentially improving the quality of the submitted data by decreasing the incidence of non-

²⁷⁵ See 17 CFR 200.83.

²⁷⁶ See, *e.g.*, 5 U.S.C. 552 *et seq.*; 15 U.S.C. 78x (governing the public availability of information obtained by the Commission). See also Risk Mitigation Techniques for Uncleared Security-Based Swaps, Exchange Act Release No. 87782 (Dec. 18, 2019), 85 FR 6359, 6389-90. (Feb 4, 2020) (“Risk Mitigation Adopting Release”).

substantive errors (such as the inclusion of text characters in a field designated to accept only numeric characters).

Under the proposal, SBS Entities would no longer be permitted to submit PDF versions of dispute notices to the Commission. SBS Entities currently may email or submit on EDGAR PDF versions of dispute notices, and in some cases these notices may have been prepared using systems that were designed also to comply with NFA swap valuation dispute notice requirements. The proposal to require SBS Entities to submit security-based swap valuation dispute notices to the Commission in a structured data language would not allow SBS Entities to continue to upload notices in a non-machine-readable, unstructured data language, and instead would require SBS Entities to format these notices using a custom XML-based data language.

As a general matter, the Commission believes that the type of information that Swap Entities are currently required to include in the valuation dispute notices pursuant to the NFA Swap Valuation Dispute Guidance should generally satisfy what the Commission believes to be one of the primary objectives of Rule 15fi-3(c), which is to inform the Commission and its staff that such a dispute has arisen, allowing the Commission and staff to consider whether additional follow-up is warranted. Accordingly, as a general matter, the Commission believes it is likely that a timely notice provided to the Commission with respect to a security-based swap valuation dispute would satisfy Rule 15fi-3(c), as proposed to be amended, if it continued to contain the information currently required by the NFA Swap Valuation Dispute Guidance (but for the fact that such notice pertains to a security-based swap).²⁷⁷ While Rule 15fi-3(c) is intended to provide SBS Entities with flexibility to submit the required information to the Commission in a

²⁷⁷ See supra note 269. See also Risk Mitigation Adopting Release 85 FR at 6368.

manner that is most efficient for each SBS Entity,²⁷⁸ the Commission encourages SBS Entities to include in the notice basic information about the security-based swap valuation dispute, including: (1) identifying information about both counterparties (including each party's Legal Entity Identifier); (2) the date of the dispute (or the termination date, if applicable); (3) the type of dispute; (4) disclosure about which counterparty is the receiver and which is the payer; and (5) the disputed amount, in U.S. Dollars ("USD"). SBS Entities are also encouraged to provide any applicable identifier about the relevant security-based swap (such as the product ID), the notional amount of the security-based swap, and disclosure about which counterparty is calling the dispute (*i.e.*, the direction of the dispute). In amendments to previously submitted notices by SBS Entities, including notices of termination of a dispute, SBS Entities would be encouraged to provide information to assist the Commission in understanding the purpose of the amendment or the circumstances of termination of a dispute. Such information would assist staff in focusing the scope of any follow-up inquiries and thus reduce both Commission and SBS Entity resources used in connection with valuation dispute reports.

Consistent with this approach, the Commission's custom XML-based data language would include discrete XML elements for each of the encouraged disclosures listed above, and the associated fillable web form on EDGAR would contain discrete fields mirroring those XML elements. However, to provide the flexibility inherent to the Commission's approach to dispute notices, the custom XML data language (and associated fillable web form) would also contain an XML element (and fillable field) to capture any information provided by SBS Entities that does

²⁷⁸ See Risk Mitigation Adopting Release 85 FR at 6368; see also Security-Based Swap Valuation Dispute Notices, available at <https://www.sec.gov/tm/Security-Based-Swap-Valuation-Dispute-Notices> (where the staff notes that, "In terms of the contents of the notice, the Commission explained when it adopted Rule 15fi-3(c) that the notice is not required to include specific fields, 'in order to provide SBS Entities with the flexibility to submit the required information to the Commission in a manner that is most efficient for each SBS Entity.'").

not fall within the encouraged disclosures listed above. For the same reason, the custom XML data language for dispute notices would permit SBS Entities to refrain from populating one or more of the XML elements (and associated fillable fields) that reflect the encouraged disclosures if responsive information is not needed to report the dispute.

Request for Comment

67. Should the Commission require security-based swap valuation dispute notices and amendments, including notices of dispute termination, to be submitted electronically with the Commission through the EDGAR system? Explain why or why not.
68. Does the current requirement to submit security-based swap valuation dispute notices and amendments to the Commission via either email or EDGAR provide flexibility to SBS Entities that could be lost if these submissions were required to be made electronically on EDGAR in a structured data language? Explain why or why not.
69. Would SBS Entities experience practical difficulties in preparing and submitting these notices electronically on EDGAR in a structured data language? If so, explain why.
70. What, if any, costs would be associated with valuation dispute notices for submission on EDGAR? Are those costs more, less or the same as those currently expending under the current submission processes?
71. Should the Commission instead require that security-based swap valuation dispute notices, and amendments (including dispute termination notices) be submitted through a different process, such as by email to a dedicated mailbox? Is so, explain why and whether such process should be adopted in lieu of requiring the notices to be submitted electronically on EDGAR system in a structured data language, or as a non-exclusive alternative (as is currently the case). How would that process affect costs and

implementation of the proposed amendment to Rule 15fi-3(c) as compared to the current requirements?

72. Even if the proposal to require these notices to be submitted to the Commission electronically on EDGAR in a structured data language would provide greater benefits as compared to the current requirement to submit via email or EDGAR in an unstructured data format, would an alternative manner of submission provide even more benefits than the proposal, or be more appropriate? Why would an alternative manner of submission be appropriate or more appropriate? Please describe any alternative manner in detail and assess how the alternative would impact SBS Entities, security-based swap markets and the Commission. For example, should the Commission instead permit, but not require, security-based swap valuation dispute notices to be submitted electronically on EDGAR in structured data language? Should the Commission instead retain the current email-based submission system and/or the current unstructured data format for these reports made on EDGAR? Should the Commission implement another method for submitting security-based swap valuation dispute notices and amendments, including notices of dispute termination? How would these or other alternatives affect costs and implementation of the proposed amendment to Rule 15fi-3(c) as compared to the current requirements?
73. Should the Commission require security-based swap valuation dispute notices, and amendments, including notices of dispute termination, to be made in a structured data language? If yes, should the Commission require SBS Entities to use a custom XML data language for these reports or another structured data language? If no, which data language should the Commission permit these reports to use and why? Would a

requirement to submit these reports in a structured data language impose additional costs on, or create cost efficiencies for, SBS Entities as compared to other (non-structured) data languages? Please explain the benefits and costs of a requirement to submit these reports in a non-structured data format, as compared to the benefits and costs of requiring them in a structured data language.

D. Compliance Reports Submitted to the Commission pursuant to Rule 15fk-1(c)(2)(ii)(A)

Rule 15fk-1(c) requires that the chief compliance officer (“CCO”) of an SBS Entity prepare and sign an annual compliance report (“CCO report”) that must be submitted to the Commission within 30 days following the deadline for filing the SBS Entity’s annual financial report with the Commission pursuant to section 15F of the Exchange Act and the rules and regulations thereunder.²⁷⁹ Rule 15fk-1(c) does not specify the manner in which the CCO report must be submitted, whether in paper or electronic format.²⁸⁰ Accordingly, an SBS Entity may submit its CCO report as a paper or electronic submission.

To facilitate submission of the CCO reports, the Commission has prepared the EDGAR system to receive the reports electronically. The Commission is proposing to amend Rule 15fk-1(c)(2)(ii)(A) to require the CCO report to be submitted electronically in Inline XBRL (i.e., as an Interactive Data File in accordance with Rule 405 of Regulation S-T)²⁸¹ through EDGAR.²⁸² Requiring the electronic submission of these reports through EDGAR would specify the manner of submission, streamline and simplify the filing process for an SBS Entity and the Commission,

²⁷⁹ 17 CFR 240.15Fk-1(c).

²⁸⁰ See id.

²⁸¹ 17 CFR 232.405.

²⁸² The proposed amendment would not change what is required to be included in the CCO report under Exchange Act Rule 15fk-1(c). See 17 CFR 240.15Fk-1(c).

eliminate the need to establish manual processes that may introduce error, and make submissions available immediately to Commission staff. Furthermore, requiring the report to be submitted electronically in Inline XBRL would facilitate access to the information included on the CCO reports, enabling Commission staff to perform more efficient retrieval, aggregation, and comparison across different SBS Entities and time periods, as compared to an unstructured PDF, HTML, or ASCII format requirement for the reports.²⁸³ The functionality enabled by a machine-readable data requirement would allow Staff to better utilize CCO reports to gauge the soundness of SBS Entity compliance programs (e.g., by enabling efficient staff identification of material changes to compliance policies or material non-compliance matters) to ensure compliance with the Exchange Act and rules and regulations thereunder applicable to security-based swaps, thus ultimately furthering the Commission’s mission of maintaining fair, orderly, and efficient markets.²⁸⁴ In addition, the proposed structured data requirement would enable EDGAR to perform technical validations (i.e., programmatic checks to ensure the reports are appropriately standardized, formatted, and complete) upon intake of the reports, thus potentially improving the quality of the submitted data by decreasing the incidence of non-substantive errors. The Commission is proposing Inline XBRL (and not custom XML) as the structured data language to be required for CCO reports, because those reports consist of extended narrative descriptions, and whereas custom XML data languages only have the capacity to accommodate brief narrative

²⁸³ For further discussion of the proposed structured data requirements, see *infra* section VII.A.

²⁸⁴ See Business Conduct Standards for Security-Based Swap Dealers and Major Security-Based Swap Participants, Exchange Act Release No. 77617 (Apr. 14, 2016) 81 FR 29959, 30054 (May 13, 2016) (stating that the proposed (and subsequently adopted) requirements for Rule 15fk-1, including the requirement for the chief compliance officer to prepare an annual compliance report that is submitted with the Commission, “underscore[s] the central role that sound compliance programs play to ensure compliance with the Exchange Act and rules and regulations thereunder applicable to security-based swaps”); see also Business Conduct Standards for Security-Based Swap Dealers and Major Security-Based Swap Participants, Exchange Act Release No. 64766 (June 29, 2011), 76 FR 42395, 42435 (July 18, 2011).

descriptions, Inline XBRL can accommodate longer narrative descriptions with presentation capabilities that preserve human-readability while maintaining machine-readability.

Request for Comment

74. Should the Commission require CCO reports to be submitted electronically with the Commission through the EDGAR system in a structured data language? Explain why or why not.
75. Would SBS Entities experience practical difficulties in preparing and submitting CCO reports electronically on EDGAR in a structured data language? If so, explain why.
76. Should the Commission instead require that CCO reports be submitted through a different process or format? If so, explain why and whether such process or format should be adopted in lieu of requiring CCO reports to be submitted electronically on EDGAR system in a structured data language.
77. Even if the proposal to require CCO reports to be submitted electronically on EDGAR in a structured data language would provide greater benefits as compared to submitting via email or on EDGAR in an unstructured data language, would an alternative manner of submitting provide even more benefits than the proposal, or be more appropriate? Please describe any alternative manner in detail and assess how the alternative would impact SBS Entities, security-based swap markets and the Commission. For example, should the Commission instead permit, but not require, CCO reports to be submitted electronically on EDGAR in structured data language? Should the Commission require a different structured data language, such as custom XML, for the CCO reports? Should the Commission implement another method for filing CCO reports?

78. Would a requirement to submit CCO reports in a structured data language impose additional costs on, or create any benefits for, SBS Entities as compared to other (non-structured) data languages? How would the benefits and costs of a requirement to submit CCO reports in an unstructured data language compare to the benefits and costs of a requirement to submit in a structured data language?

VI. Amendments Regarding the FOCUS Report and Signature Requirements in Rule 17a-5, 17a-12, and 18a-7 Filings

Until 2021, broker-dealers were the only entities required to file Parts II and IIA of Form X-17A-5, the FOCUS Report, which are used to report unaudited financial and operational information on a monthly or quarterly basis. In 2019, as part of a new regime to regulate security-based swap activity, the Commission amended FOCUS Report Part II to: (1) elicit additional information about the security-based swap activities of broker-dealers that file Part II; (2) add OTC derivatives dealers and SBS Entities that are not dually registered as broker-dealers (“stand-alone SBS Entities”) as additional filers for FOCUS Report Part II; and (3) adopt new FOCUS Report Part IIC to be filed by SBS Entities with a prudential regulator (“bank SBS Entities”).²⁸⁵ Since these changes have taken effect, and firms have begun to file these forms, it has come to the Commission’s attention that amendments are needed regarding the FOCUS Report to correct certain technical errors and to provide clarifications. These proposed changes will help improve the accuracy of the information the Commission collects on the FOCUS Report, consistent with the goals set forth in section IV of this release to require these reports to be filed in structured data language. In addition, the Commission is proposing to allow

²⁸⁵ See Recordkeeping and Reporting Requirements for Security-Based Swap Dealers, Major Security-Based Swap Participants, and Broker-Dealers, Exchange Act Release No. 87005 (Sept. 19, 2019), 84 FR 68550 (Dec. 16, 2019) (“SBS Recordkeeping and Reporting Adopting Release”).

electronic signatures in Rule 17a-5, 17a-12, and 18a-7 filings, including the FOCUS Report. The proposed amendments are described in more detail below.

A. Corrective and Clarifying Amendments to the FOCUS Report Part II

1. Computation of Minimum Regulatory Capital Requirements

In the Calculation of Minimum Net Capital Requirement in the Computation of Minimum Regulatory Capital Requirements section of the FOCUS Report Part II, firms have noted that Rule 15c3-1²⁸⁶ instructs a broker-dealer that is also a futures commission merchant (“FCM”) to report the greater of the broker-dealer ratio requirement or “4 percent of the funds required to be segregated” pursuant to the CFTC rules.²⁸⁷ However, the form does not include a line for firms to report the 4% of segregated funds. In addition, the FOCUS Report does not align with Rule 15c3-1 in instructing firms at what point in the net capital computation to compute the percentage of the risk margin amount (if applicable)²⁸⁸ and the 10% addition for broker-dealers engaged in reverse repurchase agreements.²⁸⁹ To align the FOCUS Report’s net capital computation with Rule 15c3-1, the Commission proposes to add a line for the reporting of 4% of segregated funds and to renumber other lines to clarify in the FOCUS Report when certain computations should be made as set forth in Rule 15c3-1’s net capital computation. These changes are intended to conform the FOCUS Report to Rule 15c3-1, with no substantive impact on the broker-dealer’s required capital computation under Rule 15c3-1.²⁹⁰

²⁸⁶ See 17 CFR 240.15c3-1 (“Rule 15c3-1”).

²⁸⁷ See 17 CFR 240.15c3-1(a)(1)(iii).

²⁸⁸ See 17 CFR 240.15c3-1(a)(7)(i) and (a)(10).

²⁸⁹ See 17 CFR 240.15c3-1(a)(9)(i) through (iii).

²⁹⁰ To align the FOCUS report’s net capital computation with Rule 15c3-1, the Commission is proposing the following changes to the Calculation of Minimum Net Capital Requirement sub-section in the Computation of Minimum Regulatory Capital Requirements section of FOCUS Report Part II: (1) Delete old Line 5Bi; (2) Add new Line 5C; (3) Add a subtotal line as new Line 5D and renumber subsequent lines and line

2. Statement of Income (Loss) or Statement of Comprehensive Income, As Applicable

The Commission is also proposing amendments to the FOCUS Report Part II income statement. Currently, the income statement only provides fields for reporting revenue from securities commissions, even though firms may generate revenue from other types of commissions (e.g., commodity transactions and insurance products). Because it is important for the Commission to receive comprehensive data on all types of firms' commission revenue to ensure compliance with relevant rules and properly supervise firms as part of the Commission's mission, the Commission proposes to revise the revenue section of the income statement to account for these other types of commission revenue.²⁹¹

3. Computation of CFTC Minimum Capital Requirements

CFTC rules permit a firm that is registered with the CFTC as an introducing broker, an FCM, or a swap dealer, and also registered with the Commission as a broker-dealer or SBS Entity, to file the FOCUS Report in lieu of the unaudited financial reports required under the CFTC regulations.²⁹² Because the CFTC is not receiving its own form from these dual registrants and relies upon the Commission's FOCUS Report as a source of data for these firms, the Commission's FOCUS Report includes several sections or schedules set forth in the CFTC's Form 1-FR that address the segregation of customer funds and the calculation of CFTC

references accordingly; and (4) Move old Line 5D to new Line 7 and renumber subsequent lines and line references accordingly.

²⁹¹ In summary, the Commission is proposing to revise Line 1E and add new Lines 1F-1H in the Revenue subsection in the Income Statement section of FOCUS Report Part II.

²⁹² See 17 CFR 1.10(h); 17 CFR 23.105(d)(3).

minimum capital requirements to ensure the CFTC receives complete information about these firms.²⁹³

While CFTC FCMs are required to complete the Computation of CFTC Minimum Capital Requirements section of FOCUS Report Part II, the FOCUS Report does not instruct CFTC introducing brokers or swap dealers not also registered as an FCM (“stand-alone introducing brokers” or “stand-alone swap dealers,” respectively) to complete this section of the form. Therefore, the Commission proposes to require CFTC-registered introducing brokers and swap dealers (that are also registered with the Commission as a broker-dealer or SBS Entity) to complete the Computation of CFTC Minimum Capital Requirements section of FOCUS Report Part II.

B. Harmonizing FOCUS Report Part IIC with the Call Report

In 2019, the Commission adopted FOCUS Report Part IIC, a new unaudited financial report to be filed by bank SBS Entities.²⁹⁴ FOCUS Report Part IIC requires bank SBS Entities to report certain information domestic banks already report on Federal Financial Institutional Examination Council (“FFIEC”) Form 031 (also known as the “Call Report”),²⁹⁵ in an effort to reduce the administrative burden of completing FOCUS Report Part IIC. The FOCUS Report Part IIC is closely modelled on FFIEC Form 031, and when the same information is solicited in

²⁹³ See FOCUS Report Part II’s Computation of CFTC Minimum Capital Requirements, Statement of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges, Statement of Cleared Swaps Customer Segregation Requirements and Funds in Cleared Swaps Customer Accounts under Section 4d(f) of the Commodity Exchange Act, Statement of Segregation Requirements and Funds in Segregation for Customers’ Dealer Options Accounts, Statement of Secured Amounts and Funds Held in Separate Accounts for Foreign Futures and Foreign Options Customers Pursuant to CFTC Regulation 30.7.

²⁹⁴ See SBS Recordkeeping and Reporting Adopting Release.

²⁹⁵ See Federal Financial Institutions Examination Council, Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices – FFIEC 031, [available at https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC031_202203_f.pdf](https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC031_202203_f.pdf).

both FFIEC Form 031 and FOCUS Report Part IIC, the same line item number is used in both forms, except that the FOCUS Report Part IIC line item ends with an additional “b” character.²⁹⁶

However, since FOCUS Report Part IIC was adopted, FFIEC Form 031 has been updated to, among other things, reflect changes in the prudential regulators’ capital rules and generally accepted accounting principles.²⁹⁷ This has resulted in inconsistencies between FOCUS Report Part IIC and FFIEC Form 031, and SEC staff have received a number of phone calls seeking assistance on how to reconcile these incompatibilities. For example, FFIEC Form 031 now includes a third type of securities to be reported on the Balance Sheet section, while FOCUS Report Part IIC continues to solicit values for the original two types of securities.²⁹⁸ Similarly, FOCUS Report Part IIC continues to solicit Tier 3 capital in the Regulatory Capital section even though this concept no longer exists in the prudential regulators’ capital rules or in FFIEC Form 031, and FFIEC Form 031 now solicits a new capital ratio (common equity tier 1 capital ratio) that is not solicited in FOCUS Report Part IIC.²⁹⁹ Therefore, the Commission proposes amendments to the assets and liabilities subsections of the Balance Sheet section,³⁰⁰ the

²⁹⁶ See id. at 68581.

²⁹⁷ See Federal Financial Institutions Examination Council, Reporting Forms – FFIEC 031, Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices, available at <https://www.ffiec.gov/forms031.htm> (identifying current and historical versions of FFIEC Form 031).

²⁹⁸ Compare FFIEC Form 031, Schedule RC – Balance Sheet, Lines 2a-2c, with FOCUS Report Part IIC, Balance Sheet, Lines 2a-2b.

²⁹⁹ Compare FFIEC Form 031, Schedule RC-R – Regulatory Capital, with FOCUS Report Part IIC, Regulatory Capital, Line 4.

³⁰⁰ The Commission is proposing the following changes to the Balance Sheet section of FOCUS Report Part IIC: (1) Add new Line 2C; (2) Revise Lines 4B, 4D, 10, 15, and 16; and (3) Delete Lines 10A and 10B.

Regulatory Capital section,³⁰¹ and the Income Statement section³⁰² of FOCUS Report Part IIC to harmonize FOCUS Report Part IIC with FFIEC Form 031. In sum, the proposed changes would simplify the filing of FOCUS Report Part IIC by bank SBS Entities by permitting such entities to file with the Commission the identical information required by the current version of the Call Report, without the current inconsistencies raising questions from filers regarding whether the Commission is seeking information different than that required by the comparable line in the Call Report.

C. OTC Derivatives Dealer FOCUS Report Filing Requirement

Most broker-dealers file the FOCUS Report electronically on the FINRA eFOCUS system developed by the Financial Industry Regulatory Authority, Inc. (“FINRA”). These broker-dealers file the FOCUS Report pursuant to a plan established by the broker-dealer’s SRO, the procedures and provisions of which have been submitted to and declared effective by the Commission pursuant to paragraph (a)(3) of Exchange Act Rule 17a-5.³⁰³ Domestic stand-alone SBS Entities and bank SBS Entities are not dually registered as broker-dealers, and therefore are not subject to these SRO plans, but they are subject to a Commission order that separately requires these firms to file the FOCUS Report electronically on the system developed by the Commission, the “SEC eFOCUS system.”³⁰⁴ Although the SEC eFOCUS system is separate from the FINRA eFOCUS system, it appears the same to users, is developed and maintained by

³⁰¹ The Commission is proposing the following changes to the Regulatory Capital section of FOCUS Report Part IIC: (1) Delete Line 4 and renumber subsequent lines; (2) Revise renumbered Lines 4, 9, and 10, and parenthetical note after Capital Ratios subheading; and (3) Add new Line 8.

³⁰² The Commission is proposing the following changes to the Income Statement section of FOCUS Report Part IIC: (1) Revise Line 7; and (2) Add new Lines F.i, F.ii, G.i, and G.ii, and delete Lines F and G’s fill-in fields due to addition of sub-lines.

³⁰³ See 17 CFR 240.17a-5(a)(3).

³⁰⁴ See Order Designating Financial Industry Regulatory Authority, Inc., to Receive Form X-17A-5 (FOCUS Report) from Certain Security-Based Swap Dealers and Major Security-Based Swap Participants, Exchange Act Release No. 88866 (May 14, 2020), 85 FR 29993 (May 19, 2020).

FINRA, and is modelled on the FINRA eFOCUS system. The Commission order designating FINRA to receive FOCUS Reports from stand-alone SBS Entities and bank SBS Entities reasoned that FINRA is uniquely qualified to provide the Commission with a familiar and consolidated platform for these firms to file the FOCUS Report, uniform ancillary ongoing services associated with these filings, and a consolidated platform for transmitting this data to the Commission.³⁰⁵

OTC derivatives dealers are a type of broker-dealer that engages in limited securities activities and is exempt from SRO membership.³⁰⁶ OTC derivatives dealers are required to file FOCUS Report Part II, but unlike other broker-dealers and stand-alone SBS Entities, OTC derivatives dealers are required to file FOCUS Report Part II in paper “at the Commission’s principal office in Washington, DC.”³⁰⁷ Given the similarities between OTC derivatives dealers and the broker-dealers and stand-alone SBS Entities filing FOCUS Report Part II, the Commission proposes to require OTC derivatives dealers to file the FOCUS Report Part II on the SEC eFOCUS system developed and maintained by FINRA. Because OTC derivatives dealers are required to be affiliated with a broker-dealer,³⁰⁸ OTC derivatives dealers’ operational staff already are familiar with the FINRA eFOCUS system’s interface, and would be able to use the same preexisting templates, software, and procedures currently used by the broker-dealer to file FOCUS Reports on the FINRA system. This would help contain costs and time burdens on OTC derivatives dealers associated with the proposed amendment to electronically submit these reports. Having this information submitted in the eFOCUS system would furthermore facilitate

³⁰⁵ See id.

³⁰⁶ See 17 CFR 240.3b-12.

³⁰⁷ See 17 CFR 240.17a-12(a).

³⁰⁸ See 17 CFR 240.3b-12.

the ability of Commission staff to compare data between these different types of entities in a consistent manner and in the same database, which would allow staff to monitor these registrants more comprehensively and effectively.³⁰⁹ For these reasons, the Commission proposes to amend paragraph (a)(2) of Rule 17a-12 to require OTC derivatives dealers to file FOCUS Report Part II on the SEC eFOCUS system maintained by FINRA.³¹⁰

D. Signature Requirements in Rule 17a-5, 17a-12, and 18a-7 Filings

1. Number of Signatures on FOCUS Report

The cover pages of Parts II, IIA, and IIC of the FOCUS Report include signature lines for the filer’s principal executive officer, principal financial officer, and principal operations officer (or their comparable officers).³¹¹ In the time since the revised FOCUS Report was adopted, it has come to the Commission’s attention that obtaining the signatures of all three principal officers on or close to the same day may be burdensome, especially with respect to larger firms with thousands of employees. Further, the Commission believes that obtaining the signatures of two of the three senior officers would help ensure that the broker-dealer’s senior executives are responsible for the accuracy of the information being filed with the Commission. Therefore, the Commission proposes to require only two of the three principal officers’ signatures in an effort to balance the Commission’s desire for individual accountability with the burden on the filer.

³⁰⁹ As an alternative, the Commission considered whether to require OTC derivatives dealers to file their FOCUS Reports on EDGAR, but preliminarily concludes that filing on SEC eFOCUS is preferable because the SEC eFOCUS system is already set up to receive FOCUS Report filings, OTC derivatives dealers’ staff are already familiar with the SEC eFOCUS system, and Commission staff would be better able to compare data between different entity types if FINRA eFOCUS or SEC eFOCUS is used by all firm types to file the FOCUS Report.

³¹⁰ The Commission also proposes to amend paragraph (a)(2) of Rule 17a-12 to replace “deemed to be confidential” with “deemed to be confidential for the purposes of section 24(b) of the Act” for consistency with the language used in other rules (e.g., paragraph (c)(4) of Exchange Act Rule 17h-2T) and to clarify the legal basis of the rule. This proposed amendment is not intended to change the substantive meaning of the sentence.

³¹¹ FOCUS Report Part IIA uses slightly different wording: Principal Executive Officer or Managing Partner, Principal Financial Officer or Partner, and Principal Operations Officer or Partner.

2. Electronic Signatures in Rule 17a-5, 17a-12, and 18a-7 Filings

The Commission also proposes to allow signatories on Rule 17a-5, 17a-12, and 18a-7 filings to choose between providing either manual or electronic signatures.³¹² Remote work has increased in frequency in the wake of COVID-19, “increase[ing] the difficulties associated with obtaining manual ‘wet’ signatures,” while “improvements in electronic signature software technology make it possible to confirm (with at least equal confidence to the collection of manual signatures) who has signed a document and when it was signed.”³¹³

The Commission proposes that the signing process for an electronic signature would need to, at a minimum: “(1) Require the signatory to present a physical, logical, or digital credential that authenticates the signatory’s individual identity; (2) Reasonably provide for non-repudiation of the signature; (3) Provide that the signature be attached, affixed, or otherwise logically associated with the signature page or document being signed; and (4) Include a timestamp to record the date and time of the signature.”³¹⁴ These requirements, which were first identified in the Commission’s Electronic Signatures Release, are needed so that the Commission can verify the authenticity of the electronic signature, but are intended to be technologically neutral and allow for different types and forms of electronic signatures, provided that the signing process

³¹² See proposed amendments to paragraphs (f)(3)(v)(B), (i)(1)(ii), and (p) of Rule 17a-5; paragraphs (g)(2), (j)(1), and new paragraph (q) of Rule 17a-12; paragraphs (e)(3)(v)(B), (h)(1)(ii), and (j) of Rule 18a-7; FOCUS Report Part IIA and instructions; FOCUS Report Part II instructions; FOCUS Report Part IIC instructions.

³¹³ See Electronic Signatures in Regulation S-T Rule 302, Exchange Act Release No. 10889 (Nov. 17, 2020), 85 FR 78224 (Dec. 4, 2020) (“Electronic Signatures Release”) (quoting comment letter from Richard Blake, et al., available at <https://www.sec.gov/comments/4-760/4760-7278993-217809.pdf>).

³¹⁴ See proposed amendment to instructions for FOCUS Report Parts II, IIA, and IIC. An example of an electronic signature using this signing process is Adobe Acrobat’s digitally signed certificate, when the document is locked after signing.

satisfies the aforementioned conditions that relate to the validity and enforceability of an electronic signature.³¹⁵

Request for Comment

79. Are there any lines in the FOCUS Report Parts II, IIA, or IIC that should be added or removed because they result in inaccuracies or inconsistencies with other portions of the FOCUS Report? If so, identify the lines and explain why they should be added or removed. For example, should the Commission update Line 10 (Market risk exposure – for Basel 2.5 firms) of the Computation of Net Capital (Filer Authorized to Use Models) section of FOCUS Report Part II to reflect that firms are now using Basel 3? If so, explain why how Line 10 should be updated, and why. Are there any lines in the FOCUS Report that require further clarification or instruction? If so, identify the lines and explain the needed clarification or instruction.
80. The Commission is proposing amendments to FOCUS Report Part II. Do commenters agree or disagree with these proposed amendments? Explain why or why not. Should the Commission adopt its proposal to amend the Calculation of Minimum Net Capital Requirement subsection to include 4% of funds required to be segregated under the CFTC's rules even though the CFTC's rules no longer include the 4% of segregated funds ratio requirement? If so, what should the 4% of segregated funds be defined with respect to? If not, what standard should be used, and should Rule 15c3-1 be amended for consistency with the FOCUS Report? Explain. What, if any, costs would be associated with adopting the proposed amendments to FOCUS Report Part II? Are those costs more, less or the same as not amending the FOCUS Report? How do firms currently

³¹⁵ See Electronic Signatures Release, 85 FR at 78225.

complete the Calculation of Minimum Net Capital Requirement subsection, and why? Should the reference to the CFTC's ratio net capital requirement be added to the Commission's ratio net capital requirement, or should firms be instructed to apply the greater of the CFTC or Commission ratio net capital requirements? Explain.

81. Please address whether the proposed amendments would be appropriate, and discuss any potential alternatives to the proposed amendments. For instance, as an alternative to amending the FOCUS Report to include the 4% of segregated funds ratio amount, should the Commission instead amend Rules 15c3-1 and 15c3-1d to remove references to these requirements that are no longer in effect under the CFTC's rules? In particular, Rules 15c3-1 and 15c3-1d include references to 4, 6, or 7 "percent of the funds required to be segregated pursuant to the Commodity Exchange Act and the regulations thereunder (less the market value of commodity options purchased by option customers on or subject to the rules of a contract market, each such deduction not to exceed the amount of funds in the option customer's account)" that impose additional requirements that apply to broker-dealers that are also registered with the CFTC as FCMs.³¹⁶ However, the CFTC's rules no longer include a requirement linked to segregated funds. Removing these references from Rules 15c3-1 and 15c3-1d would mean that broker-dealers that also are registered as FCMs would no longer be subject to these additional requirements based on CFTC requirements that are no longer in effect. However, as FCMs, they will remain subject to capital and other financial responsibility requirements under the Commodity Exchange Act and the CFTC's rules thereunder. Therefore, broker-dealers that are FCMs would

³¹⁶ See 17 CFR 240.15c3-1(a)(1)(iii) (4%), (e)(2)(ii) (7%); 17 CFR 240.15c3-1d(b)(6)(iii) (7%), 17 CFR 240.15c3-1d(b)(7) (7%), 17 CFR 240.15c3-1d(b)(8)(i)(A) (6%), 17 CFR 240.15c3-1d(b)(10)(ii)(B) (4%), 17 CFR 240.15c3-1d(c)(2) (6%), 17 CFR 240.15c3-1d(c)(5)(i)(B) (7%).

continue to be required to comply with the capital requirements of Rule 15c3-1 and its appendices (excluding the requirements linked to the CFTC's requirements that are no longer in effect) and to comply with the capital and other financial responsibility rules of the Commodity Exchange Act and the CFTC's rules thereunder. In light of this, should the Commission amend Rules 15c3-1 and 15c3-1d to remove all references to the CFTC's segregated ratio requirement, which is no longer in effect? Explain why or why not. How would this impact the capital of broker-dealers also registered as FCMs?

82. As a second alternative to amending the FOCUS Report to include the 4% of segregated funds ratio amount, should the Commission replace the references to the CFTC's segregated ratio requirement with the ratio requirement currently used in the CFTC rules? For example, should the capital requirements for FCMs referenced in existing paragraph (a)(1)(iii) of Rule 15c3-1 be modified to refer to "the FCM's risk-based capital requirement pursuant to the Commodity Exchange Act (7 U.S.C. 1 et seq.) and the regulations thereunder"?³¹⁷ Explain why or why not. In addition, where the other requirements of Rules 15c3-1 and 15c3-1d currently reference specific percentages that are multiples of the FCM's segregated funds requirement (e.g., 7% under Rule 15c3-1d(b)(6)(iii)),³¹⁸ should the references be modified to read "120% of the aggregate amount of the FCM's risk-based capital requirement"? Explain why or why not.

³¹⁷ See 17 CFR 1.17(a)(1)(i)(B) (prescribing an FCM's risk-based capital requirement, as the sum of: (1) 8% of the total risk margin requirement for positions carried by the FCM in customer accounts and noncustomer accounts; and (2) for an FCM that is also a registered swap dealer, 2% of the total uncleared swap margin).

³¹⁸ See 17 CFR 240.15c3-1(e)(2)(ii) (referencing 7%); 17 CFR 240.15c3-1d(b)(6)(iii) (referencing 7%), 17 CFR 240.15c3-1d(b)(7) (referencing 7%), 17 CFR 240.15c3-1d(b)(8)(i)(A) (referencing 6%), 17 CFR 240.15c3-1d(b)(10)(ii)(B) (referencing 4%), 17 CFR 240.15c3-1d(c)(2) (referencing 6%), 17 CFR 240.15c3-1d(c)(5)(i)(B) (referencing 7%).

83. Should the Commission amend FOCUS Report Part IIC to align with FFIEC Form 031? Explain why or why not. If the prudential regulators make further amendments to FFIEC Form 031 before the Commission issues an adopting release, if any (e.g., to how assets, liabilities, or equity capital are reported on FFIEC Form 031's Schedule RC, to how regulatory capital or capital ratios are reported on FFIEC Form 031's Schedule RC-R, to how income is reported on FFIEC Form 031's Schedule RI), should the Commission make additional amendments to FOCUS Report Part IIC to align the form with FFIEC Form 031, as amended? Explain why or why not.
84. The Commission is proposing four minimum standards that an electronic signature must satisfy. Should the Commission specify standards for electronic signatures? Explain why or why not. Instead of proposing the four minimum standards, should the Commission instead rely the E-Sign Act's more general definition of a digital signature (which is consistent with the four minimum standards)?³¹⁹ Explain why or why not. Are any of these standards unnecessary or should any additional standards be added? Explain why. Are any of these standards unclear? If so, explain how they could be clarified. What, if any, costs would result from adopting the proposed standards for an electronic signature, as opposed to the aforementioned alternatives?
85. The Commission is proposing to require two of the three signature lines to be signed on the cover page of the FOCUS Report. Do commenters agree? Explain, and if not, identify an alternative approach. Should the Commission require all three signature lines to be signed? Should the Commission require two of the three signature lines to be

³¹⁹ The E-Sign Act states: "The term 'electronic signature' means an electronic sound, symbol, or process, attached to or logically associated with a contract or other record and executed or adopted by a person with the intent to sign the record." 15 U.S.C. 7006.

signed as a general rule, but allow only one of the three signature lines to be signed when FINRA permits a single person at the broker-dealer to fill two of the roles identified on the signature lines? Explain why or why not. What, if any, costs would result from adopting the proposal to require two of the three signature lines to be signed on the cover page of the FOCUS Report?

86. The Commission is proposing to require OTC derivatives dealers to file their FOCUS Reports on the SEC eFOCUS system. What would be the burden of requiring OTC derivatives dealers to file their FOCUS Reports on the SEC eFOCUS system maintained by FINRA? Explain. Should the Commission require OTC derivatives dealers to file their FOCUS Reports on another electronic platform, such as the Commission's EDGAR system? Explain why or why not. What, if any, costs would result from requiring OTC derivatives dealers to file their FOCUS Reports on the SEC eFOCUS system, as compared to allowing these firms to file by paper or on EDGAR?

VII. Proposed Amendments to Regulation S-T (Including Structured Data Requirements) and Rule 24b-2

A. Proposed Amendments to Regulation S-T (Including Structured Data Requirements)

The Commission is proposing to amend Rule 101(a) of Regulation S-T to designate Form X-17A-5 Part III, broker-dealer supplemental reports filed pursuant to paragraph (k) of Rule 17a-5, OTC derivatives dealer supplemental reports filed pursuant to paragraphs (k), (l), and (m) of Rule 17a-12, Form 17-H, Form X-17A-19, notices (and withdrawals of notices) filed pursuant to Rule 3a71-3(d)(1)(vi), notices (and amendments, including notices of dispute termination) submitted to the Commission pursuant to Rule 15fi-3(c), and compliance reports submitted with the Commission pursuant to Rule 15fk-1(c)(2)(ii)(A) ("Covered EDGAR Documents") as

mandated electronic submissions.³²⁰ Further, the Commission is proposing to amend Rule 101(d) of Regulation S-T to require that all documents, including any information with respect for which confidential treatment is requested, filed pursuant to paragraphs (d) or (k) of Rule 17a-5, paragraphs (b), (k), (l), or (m) of Rule 17a-12, Rule 17a-19, Rule 17h-2T, or paragraph (c) of Rule 18a-7, and all notices and amendments provided pursuant to paragraph (c) of Rule 15fi-3, must be filed or submitted in electronic format.

Regulation S-T, in conjunction with the EDGAR Filer Manual and other applicable rules, regulations, and forms, governs the electronic submission of documents filed with or otherwise submitted to the Commission on EDGAR.³²¹ The Commission is proposing to add the following filings to Rule 101(a), Mandated Electronic Submissions and Exceptions, of Regulation S-T:

- Form X-17A-5 Part III
- ANC broker-dealer supplemental reports filed pursuant to paragraph (k) of Rule 17a-5
- OTC derivatives dealer supplemental reports filed pursuant to paragraph (k), (l), and (m) of Rule 17a-12
- Form 17-H
- Form X-17A-19
- Notices (and withdrawals of notices) filed pursuant to Rule 3a71-3(d)(1)(vi)

³²⁰ The Commission is also proposing a technical update to Rule 100(c) of Regulation S-T, 17 CFR 232.100(c), to update the name of the Division of Trading and Markets from the previously used Division of Market Regulation.

³²¹ Item 10(a) of Regulation S-T. The EDGAR Filer Manual contains the technical specifications needed for filers to make submissions through the EDGAR system. The Commission originally adopted the EDGAR Filer Manual on Apr. 1, 1993, with an effective date of Apr. 26, 1993. See Adoption of EDGAR Filer Manual, Securities Act Release No. 6986 (Apr. 1, 1993), 58 FR 18638 (Apr. 9, 1993).

- Notices (and amendments, including notices of dispute termination) provided to the Commission pursuant to Rule 15fi-3(c)
- Compliance reports submitted with the Commission pursuant to Rule 15fk-1(c)(2)(ii)(A)

These proposed amendments would incorporate the new electronic submission requirements into the existing structure of Regulation S-T and would ensure that the EDGAR rules in Regulation S-T apply to the forms and other documents proposed to be submitted electronically on EDGAR.³²² The filings would be added as mandatory electronic submissions under Regulation S-T; however, pursuant to the existing procedures in Rules 201 and 202 of Regulation S-T,³²³ filers of these filings (except for notices and withdrawals of notices filed pursuant to Rule 3a71-3(d)(1)(vi))³²⁴ could request temporary or continuing hardship exemptions.

Structured Data Requirements

The Commission is also proposing amendments to Rule 405 of Regulation S-T to implement the proposed Inline XBRL requirements. Rule 405 sets forth the Interactive Data File requirements for Commission filings, and specifies that Inline XBRL is the structured data language that must be used for Interactive Data Files.³²⁵ The Commission's proposed amendments would expand Rule 405 of Regulation S-T to add Inline XBRL requirements for

³²² As such, rules such as 17 CFR 232.12 (addressing, among other things, the time during which documents may be submitted by EDGAR) and 17 CFR 232.13 (addressing, among other things, the business day on which documents are deemed to be submitted) would be applicable to the documents proposed to be included in Rule 101(a) of Regulation S-T.

³²³ 17 CFR 232.201 and 202.

³²⁴ The Commission is proposing to amend Rules 201 and 202 of Regulation S-T to preclude the possibility of temporary or continuing hardship exemptions from electronic filing for ANE Exception Notices and withdrawals. See supra note 252 and accompanying text.

³²⁵ See 17 CFR 232.405.

CCO reports and for portions of Form X-17A-5 Part III and related annual filings, Form 17-H, Form 1, and Form CA-1.³²⁶

Proposed Inline XBRL Requirements

<u>Form</u>	<u>Proposed Inline XBRL Requirements</u>
Form CA-1	Schedule A, Exhibits C, F, H, J, K, L, M, O, R, S
Form 1	Exhibits D, E (in part), I
Form X-17A-5 Part III	All disclosures except facing page
Form 17-H	Item 4 (financial statements)
CCO Reports	All disclosures

For Form CA-1, Schedule A and Exhibits C, F, H, J, K, L, M, O, R, S would be filed in Inline XBRL.³²⁷ For Form 1, Exhibits D, E (in part), and I would be filed in Inline XBRL.³²⁸ For Form X-17A-5 Part III, all disclosures except the facing page would be filed in Inline XBRL. For Form 17-H, Item 4 (the filer’s financial statements) would be filed in Inline XBRL. Finally, for CCO reports, all disclosures would be submitted in Inline XBRL.

In 2009, the Commission adopted rules requiring operating company financial statements (including footnotes and schedules thereto) and mutual fund risk return summaries to be provided in a structured, machine-readable data language using eXtensible Business Reporting

³²⁶ See *supra* Sections II, IV.A, and V.D.

³²⁷ Schedule A to the execution page requires certain descriptive responses to complement the clearing agency’s execution page disclosures. Exhibit C requires a description of the clearing agency’s organizational structure. Exhibit F requires a description of material pending legal proceedings involving the clearing agency. Exhibit H requires the clearing agency’s financial statements. Exhibit J requires a description of the clearing agency’s services and functions. Exhibit K requires a description of the clearing agency’s security measures and procedures. Exhibit L requires a description of the clearing agency’s safeguarding measures and procedures. Exhibit M requires a description of the clearing agency’s backup systems. Exhibit O requires a description of criteria governing access to the clearing agency’s services and a description of the reasons for imposing such criteria. Exhibit R requires a schedule of prohibitions and limitations on access to the clearing agency’s services. Exhibit S requires, if applicable, a statement explaining why the clearing agency should be exempt.

³²⁸ Exhibit D requires the financial statements of the exchange’s subsidiaries and affiliates. Exhibit E requires, in relevant part, a description of the manner of operation of the electronic trading system that the exchange uses to effect transactions (however, the proposed structuring requirement would not include the copy of the users’ manual). Exhibit I requires the exchange’s financial statements.

Language (“XBRL”).³²⁹ In 2018, the Commission adopted modifications to these requirements by requiring issuers to use Inline XBRL, which yields documents that are both machine-readable and human-readable, to reduce the time and effort associated with preparing XBRL filings and improve the quality and usability of XBRL data for investors.³³⁰

The Commission is proposing to require some or all of each Covered SRO Form, the information required by Exchange Act Rule 19b-4(e), Form X-17A-19, Form X-17A-5 Part III, Form 17-H, and the notices to the Commission (and any amendments to the notices) required by Exchange Act Rule 15fi-3(c) to be provided in custom XML-based data languages rather than in Inline XBRL.³³¹ While the majority of EDGAR filings are submitted in HTML or ASCII, certain EDGAR filings are submitted using machine-readable, XML-based languages that are each specific to the particular EDGAR document type being submitted.³³² For these custom

³²⁹ See Interactive Data to Improve Financial Reporting, Securities Act Release No. 9002 (Jan. 30, 2009), 74 FR 6776 (Feb. 10, 2009) (“2009 Financial Statement Information Adopting Release”) and Interactive Data for Mutual Fund Risk Return/Summary, Securities Act Release No. 9006 (Feb. 11, 2009), 74 FR 7748 (Feb. 19, 2009) (“2009 Mutual Fund Risk/Return Summary Adopting Release”) (requiring submission of an Interactive Data File to the Commission in exhibits to such filings).

³³⁰ See Inline XBRL Filing of Tagged Data, Securities Act Release No. 10514 (June 28, 2018), 83 FR 40846, 40847 (Aug. 16, 2018). Inline XBRL allows filers to embed XBRL data directly into an HTML document, eliminating the need to tag a copy of the information in a separate XBRL exhibit. *Id.* at 40851. The Commission has since adopted rules adding Inline XBRL requirements for certain closed-end investment company disclosures, certain variable contract issuer disclosures, and disclosures relating to Commission filing fees. See Updated Disclosure Requirements and Summary Prospectus for Variable Annuity and Variable Life Insurance Contracts, Investment Company Act Release No. 33814 (Mar. 11, 2020), 85 FR 25964 (May 1, 2020) (requiring variable contracts to use Inline XBRL to submit certain required prospectus disclosures); Securities Offering Reform for Closed-End Investment Companies, Investment Company Act Release No. 10771 (Apr. 8, 2020), 85 FR 33290 (June 1, 2020) (requiring business development companies to submit financial statement information, and registered closed-end funds and business development companies to tag registration statement cover page information and specified prospectus disclosures using Inline XBRL); Filing Fee Disclosure and Payment Methods Modernization, Securities Act Release No. 10997 (Oct. 13, 2021), 86 FR 70166 (Dec. 9, 2021).

³³¹ The Commission is not adding a structured data requirement for the Covered Supplementary Materials or the notices required by Exchange Act Rule 3a71-3(d)(1)(vi). See *supra* section V.B.

³³² Unlike the Inline XBRL requirements, the custom XML requirements for EDGAR documents are not explicitly set forth in a separate rule within Regulation S-T; instead, they are set forth in the EDGAR Filer Manual. As such, the proposed amendments that expand Regulation S-T to require electronic filing or submission of the affected documents in accordance with the EDGAR Filer Manual also implement the

XML filings in EDGAR, filers or submitters are typically provided the option to either submit the filing directly to EDGAR in the XML-based data language, or manually input their disclosures in an online web application and/or web form developed by the Commission that converts the completed form into an EDGAR-specific XML document.³³³

In addition to the custom XML documents that the Commission currently requires registrants to file on EDGAR, the Commission separately requires broker-dealers to post reports on order routing and execution on their own websites (*i.e.*, not on EDGAR) using an XML-based language specific to those reports.³³⁴ In doing so, broker-dealers must use the custom XML schema (*i.e.*, data language) and associated PDF renderer that the Commission has published on its website. The Commission proposes to amend Exchange Act Rule 19b-4(e) to require SROs similarly to post the information required under the rule on their own websites using the most recent versions of the related custom XML schema and the associated PDF renderer that the Commission would publish on its website.

The Commission believes that requiring the Proposed Structured Documents to be filed or submitted in a structured data language would provide the same benefits to data users that have been observed from other structured data requirements in Commission rules. For example, structured data requirements for the aforementioned broker-dealer order routing disclosures have been leveraged by financial academics to compare execution quality across broker-dealers.³³⁵ As

proposed custom XML requirements. See 17 CFR 232.101(a); 17 CFR 232.301. See also Current and Draft Technical Specifications, available at <https://www.sec.gov/edgar/filer-information/current-edgar-technical-specifications>.

³³³ See supra note 212 at 8 and 9.

³³⁴ See 17 CFR 242.606; 2020 Order Handling Data Schema and Report Renderer for Broker-Dealers, available at https://www.sec.gov/structureddata/dera_taxonomy.

³³⁵ See, e.g., Schwarz, Christopher and Barber, Brad M. and Huang, Xing and Jorion, Philippe and Odean, Terrance, The “Actual Retail Price” of Equity Trades (Sep. 14, 2022), available at <https://ssrn.com/abstract=4189239> (retrieved from SSRN Elsevier database).

another example, the Commission has used structured order execution disclosures to inform its rulemaking efforts.³³⁶ The Commission therefore expects structured data language requirements for the Proposed Structured Documents would similarly make the reported disclosures more readily available, accessible, and comparable for investors, other market participants, and the Commission, as applicable. In addition, for those Proposed Structured Documents that would be filed or submitted on EDGAR (i.e., all except for the Rule 19b-4(e) postings), the proposed structured data requirements would enable EDGAR to perform technical validations (i.e., programmatic checks to ensure the documents are appropriately standardized, formatted, and complete) upon intake of the documents. This could improve the quality of the filed or submitted data by decreasing the incidence of non-substantive errors (such as the omission of values from fields that should always be populated).

Structuring each Proposed Structured Document would enable functionality that would vary based on the type of disclosures included in each document. As discussed further in the discussion of individual proposed forms above, and the discussion of economic benefits below, structured numeric disclosures lend themselves to mathematical functionality, such as the identification of statistical outliers within a given disclosed metric to screen for potential areas of greater scrutiny.³³⁷ Structured textual disclosures, on the other hand, lend themselves to period-over-period redline comparisons, targeted keyword searching, and more sophisticated sentiment analysis.³³⁸ This could facilitate, for example, targeted searching within broker-dealer significant

³³⁶ See Regulation Best Execution, Release No. 96496 (Dec. 15, 2022), 88 FR 5440, 5477 (Jan. 27, 2023).

³³⁷ See infra section X.C.2.b. Proposed Structured Documents that contain numeric disclosures include Form X-17A-5 Part III, Form 17-H, Form CA-1, Form 1, Rule 19b-4(e) information (in some cases), notices of security-based swap valuation disputes pursuant to Rule 15fi-3(c), and CCO reports required by Rule 15fk-1(c)(2)(ii)(A). See infra notes 578-581.

³³⁸ Proposed Structured Documents that contain textual disclosures include Form X-17A-5 Part III, Form 17-H, Form CA-1, Form 1, Form 1-N (execution page only), Form X-17A-19, notices of security-based swap

accounting policy footnotes to determine the extent to which broker-dealers are adopting a given revenue recognition policy.

The Commission is proposing Inline XBRL for certain affected documents and portions or portions thereof, rather than proposing Inline XBRL for all affected documents, because the Commission believes Inline XBRL is more suitable for certain types of content than other types. Specifically, the Commission believes Inline XBRL is most suitable for financial statement disclosures (including footnotes and schedules thereto), for narrative disclosures (other than brief descriptions), and for disclosures of numeric details nested within narrative disclosures. From a technical standpoint, Inline XBRL was designed to accommodate financial statement information, including the particular metadata (e.g., the relevant fiscal period, whether the line item is located on the balance sheet, whether the line item is a credit or debit) that must be linked to each data point within the financial statements to fully convey its semantic meaning to a machine reader. Inline XBRL is also well suited from a technical standpoint of accommodating lengthier narrative disclosures, including those with numeric values nested within narrative disclosures, while providing presentation capabilities that preserve human-readability while maintaining machine-readability. For other types of disclosures, the Commission believes requiring custom XML data languages would be more suitable due to the smaller file sizes of custom XML documents and the availability of fillable web forms on EDGAR that permit filers or submitters to input their disclosures into the form rather than structure the disclosures in custom XML.³³⁹

valuation disputes required by Rule 15fi-3(c), and CCO reports required by Rule 15fk-1(c)(2)(ii)(A). See id.

³³⁹ See also infra section X.E.4 (discussing other structured data languages that would result in smaller file sizes than Inline XBRL).

For those affected documents where filers are required to attach copies of existing materials (such as copies of constitutions, by-laws, written agreements, applications, and other documents) rather than disclosures provided pursuant to the Commission's disclosure requirements, the Commission is proposing to require filers to upload those copies as unstructured PDF documents. The Commission believes requiring filers to retroactively structure these existing documents, which were prepared for purposes outside of fulfilling the Commission's disclosure requirements, would likely impose costly compliance burdens on filers without justifying the commensurate informational benefit associated with more efficient disclosure use. Thus, the Commission does not believe structured data requirements are warranted for these copies of existing documents.

Because the very limited number of Form 1-N and Form 15A filers and filings could mitigate the benefit derived from machine-readability of the disclosures contained therein, structured data would not be required for Forms 1-N and 15A (other than the execution pages of those Forms). Similarly, structured data for ANE Exception Notices would not be required, because the limited number of data points on such notices may lessen the utility of any functionality enabled by structured data (such as efficient retrieval of individual data points from structured documents).

For each proposed structured data requirement, the Commission is specifying the particular structured data language that filers or submitters must use, rather than leaving the data language requirement open-ended. By contrast, an open-ended data language requirement would allow different filers or submitters of the same document to provide their disclosures in different structured data languages. In such instances, data users such as Commission staff and market participants would be unable to incorporate disclosures from filers or submitters using one data

language into the same datasets and applications as disclosures of other filers or submitters using different data languages without undertaking data conversion processes that are frequently burdensome and imprecise. This may hinder investors, the Commission, and market participants from efficiently comparing disclosures across the comprehensive set of entities comprising a given entity population, and could therefore dampen the benefits that would otherwise accrue from requiring the disclosures to be machine-readable.

B. Proposed Amendments to Rule 24b-2

Rule 24b-2 provides procedures that are the exclusive means for requesting confidential treatment of information required to be filed under the Exchange Act.³⁴⁰ Paragraph (b) of Rule 24b-2 provides that, except as provided in paragraphs (g) and (h) of the Rule, a person seeking confidential treatment shall omit from materials filed with the Commission the confidential portion.³⁴¹ Paragraphs (g) and (h) state that certain entities, as specified in those paragraphs, shall not omit the confidential portion from the materials such entities file with the Commission.³⁴² The Commission is proposing to add a new paragraph (j) to Rule 24b-2. The new paragraph would be subdivided into two parts. The first sub-paragraph would provide that a broker-dealer shall not omit the confidential portion from the materials filed in electronic format pursuant to paragraphs (d) and (k) of Rule 17a-5, Rule 17a-12, or Rule 17h-2T. The second sub-paragraph would state that an SBSB shall not omit the confidential portion of materials filed in electronic format pursuant to Rule 18a-7.

³⁴⁰ 17 CFR 240.24b-2(a). However, with regard to Rule 15fi-3(c) security-based swap valuation dispute notices, see supra note 275 and accompanying text.

³⁴¹ 17 CFR 240.24b-2(b).

³⁴² 17 CFR 240.24b-2(g); 17 CFR 240.24b-2(h).

The Commission is also proposing to add a new paragraph (k) to Rule 24b-2. The new paragraph would provide that an entity shall not omit the confidential portion from the material filed in electronic format on Form CA-1 pursuant to Rule 17ab2-1, but rather may request confidential treatment of information provided on Form CA-1 by completing Section X of Form CA-1. The proposed amendment to Rule 24b-2 will facilitate the filing of any information for which confidential treatment is requested.

VIII. General Request for Comments

87. The Commission is requesting comments on all aspects of this proposal. As stated above, the Commission believes that replacing the current paper copy and email filing and submission methods with a requirement to post the required supplemental materials on the clearing agency's website should result in enhanced efficiency for both the affected filers and the Commission. The Commission also believes that rescinding Form 19b-4(e) and instead requiring the information currently contained in Form 19b-4(e) to be publicly posted on the listing SRO's internet website should result in enhanced efficiency for both SROs and the Commission. The Commission specifically requests comment on whether the proposal would reduce the costs associated with providing these forms and information, or would they create additional costs or burdens associated with these forms and information.
88. In addition to the proposed amendments to Regulation S-T, should the Commission amend any of the other requirements of Regulation S-T given the filings and submissions proposed to be added to Rule 101(a) of Regulation S-T? If so, why should the requirements be revised, and how should they be revised?
89. The Commission also requests comment on how long filers or submitters of Covered SRO Forms, Forms 19b-4(e), supplementary materials under Rule 17a-22 and Covered

EDGAR Documents should have to come into compliance with the proposed amendments. In addressing this issue, specific comment, data, or other information is requested regarding the amount of time that filers or submitters would need to come into compliance in an orderly manner. Would filers or submitters be able to comply with some of the proposed amendments more quickly than they would be able to comply with other proposed amendments? Please identify the aspects of the proposed amendments that would require relatively more or less time to comply. Would a particular segment of filers or submitters need more or less time to comply with one or more of the proposed amendments? Please identify with specificity the segment of filers or submitters and the aspects of the proposed amendments that would require more or less time to comply. Would any alternatives identified in the proposal or by commenters allow filers or submitters to come into compliance more quickly or require additional time to implement?

90. Beyond the forms captured in this current proposed rule, would other forms or filings required under the Exchange Act and its associated rules and regulations benefit from a Commission requirement that they be submitted through the EDGAR system in a structured data language? Explain which forms would benefit from this requirement and why.
91. Commenters should, when possible, provide the Commission with empirical data to support their views. Commenters suggesting alternative approaches should provide comprehensive proposals, including any conditions or limitations that they believe should apply, the reasons for their suggested approaches, and their analysis regarding why their suggested approaches would satisfy the objectives of the proposed amendments.

IX. Paperwork Reduction Act

Certain provisions of the proposal contain “collection of information” requirements within the meaning of the Paperwork Reduction Act of 1995 (“PRA”).³⁴³ The titles of these requirements are:

- Form ID (OMB Control No. 3235-0328)
- Rules 6a-1 and 6a-2, Form 1 (OMB Control No. 3235-0017);³⁴⁴
- Rule 6a-3 (OMB Control No. 3235-0021);³⁴⁵
- Rule 6a-4, Form 1-N (OMB Control No. 3235-0554);³⁴⁶
- Rules 15aa-1 and 15aa-2, Form 15A (OMB Control No. 3235-0030);³⁴⁷
- Rule 17ab2-1, Form CA-1 (OMB Control No. 3235-0195);³⁴⁸
- Rule 19b-4(e), Form 19b-4(e) (OMB Control No. 3235-0504);³⁴⁹
- Rule 19b-4, Form 19b-4 (OMB Control No. 3235-0045);³⁵⁰
- Rule 17a-22, 17 CFR 240.17a-22 (OMB Control No. 3235-0196);

³⁴³ 44 U.S.C. 3501 *et seq.*

³⁴⁴ See 17 CFR 249.1; 17 CFR 240.6a-1; 17 CFR 240.6a-2.

³⁴⁵ See 17 CFR 240.6a-3.

³⁴⁶ See 17 CFR 249.10, 17 CFR 240.6a-4; 17 CFR 249.10.

³⁴⁷ See 17 CFR 240.15aa-1; 17 CFR 240.15aa-2. Proposed Form 15A currently would apply only to one SRO out of a total of 44 SROs. Although this proposed form is expected to impact fewer than 10 entities, the Commission is including this PRA analysis. The Commission has proposed to revise and reinstate collections of information that were previously approved under Control Nos. 3235-0030 and 3235-0044. Because the Commission is proposing to consolidate the collections in amended and re-designated forms, all collections would be under Control No. 3235-0030 and Control Number 3235-0044 would remain inactive. In addition, because of the length of time since these control numbers were last active, the Commission is providing completely new burden estimates.

³⁴⁸ See 17 CFR 240.17ab2-1; 17 CFR 249b.200.

³⁴⁹ See 17 CFR 240.19b-4(e); 17 CFR 249.820.

³⁵⁰ See 17 CFR 240. 17 CFR 249.819; 17 CFR 240.19b-4.

- Rule 3a71-3(d) - Conditional Exception from De Minimis Counting Requirement in Connection with Certain Transactions Arranged, Negotiated or Executed in the United States (OMB Control No. 3235-0771);³⁵¹
- Rules 15Fi-3 to 15Fi-5 – Risk Mitigation Techniques for Uncleared Security-Based Swaps (OMB Control No. 3235-0777);³⁵²
- Rule 15fk-1(c)(2)(ii)(A) (OMB Control No. 3235-0732);³⁵³
- Rule 17a-5—Reports to be Made by Certain Brokers and Dealers (OMB Control No. 3235-0123);³⁵⁴
- Rule 17a-12 – Reports to be Made by Certain OTC Derivatives Dealers (OMB Control No. 3235-0498);³⁵⁵
- Rule 17a-19 and Form X-17A-19—Report by National Securities Exchanges and Registered National Securities Associations of Changes in the Membership Status of Any of Their Members (OMB Control No. 3235-0133);³⁵⁶

³⁵¹ See 17 CFR 240.3a71-3(d).

³⁵² See 17 CFR 240.15Fi-3, 17 CFR 240.15Fi-4 (“Rule 15Fi-4”), and 17 CFR 240.15Fi-5 (“Rule 15Fi-5”). The Commission is only modifying Rule 15fi-3, which relates to the requirement that SBS Entities reconcile outstanding security-based swaps with applicable counterparties on a periodic basis. Rule 15fi-3 is included in the same collection of information as Rule 15Fi-4, which requires SBS Entities to engage in certain forms of portfolio compression exercises with their counterparties, as appropriate, and Rule 15Fi-5, which requires SBS Entities to execute written security-based swap trading relationship documentation with its counterparties, and to periodically audit the policies and procedures governing such documentation. The Commission is not changing Rules 15Fi-4 and 15Fi-5 pursuant to this rulemaking. Accordingly, those two rules are not included in the sections that follow.

³⁵³ See 17 CFR 240.15Fk-1(c)(2)(ii)(A).

³⁵⁴ See 17 CFR 240.17a-5.

³⁵⁵ See 17 CFR 240.17a-12.

³⁵⁶ See 17 CFR 240.17a-19; 17 CFR 249.635.

- Rule 17h-2T—Reporting Requirements of Risk Assessment Information for Brokers and Dealers (OMB Control No. 3235-0410);³⁵⁷
- Rule 18a-7—Reports to be Made by Certain Security-Based Swap Dealers and Major Security-Based Swap Participants (OMB Control No. 3235-0749);³⁵⁸ and
- Regulation S-T—General Rules and Regulations for Electronic Filing (OMB Control Number 3235-0424).

The Commission is submitting these requirements to the Office of Management and Budget (“OMB”) for review and approval in accordance with the PRA and its implementing regulations.³⁵⁹ If adopted, responses to the new collections of information would be mandatory, or mandatory except to the extent an exception is available. 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.³⁶⁰

A. Summary of Collection of Information

1. Form ID

Form ID must be completed and filed with the Commission by all individuals, companies, and other organizations who seek access to file electronically on EDGAR.³⁶¹ Accordingly, a filer that does not already have access to EDGAR must submit a Form ID, along with the notarized signature of an authorized individual, to obtain an EDGAR identification number and access codes to file on EDGAR.

³⁵⁷ See 17 CFR 240.17h-2T.

³⁵⁸ See 17 CFR 240.18a-7.

³⁵⁹ 44 U.S.C. 3507; 5 CFR 1320.11.

³⁶⁰ 5 CFR 1320.11(l).

³⁶¹ 17 CFR 249.446.

2. Rules 6a-1, 6a-2, 6a-3, and Form 1

Rule 6a-1 under the Exchange Act generally requires that an applicant seeking to register as a national securities exchange, or seeking an exemption from such registration based on limited volume, file an application on Form 1 and correct any inaccuracy therein upon discovery of such inaccuracy.³⁶² Form 1 contains an execution page as well as 14 exhibits that must be filed by the applicant.³⁶³ Rule 6a-2 requires a registered national securities exchange or an exempt exchange to: (1) amend its Form 1 if there are any changes to the information provided in the initial Form 1; and (2) submit periodic updates of certain information provided in the initial Form 1, whether such information has changed or not.³⁶⁴ Rule 6a-3 requires a national securities exchange or an exempt exchange to file certain supplemental material with the Commission.³⁶⁵ Specifically, Rule 6a-3(a)(1) requires an exchange to file with the Commission any material issued or made generally available to members of, or participants or subscribers to, the exchange within 10 days after issuing or making such material available to such members, participants or subscribers.³⁶⁶ Rule 6a-3(a)(2) provides that, if information required by Rule 6a-3(a)(1) is available continuously on a website controlled by the exchange, in lieu of filing such information, the exchange may provide on Form 1 the URL(s) of the location(s) on the website where the information can be found, and certify that the information is accurate as of its date and is free and accessible (without any encumbrances or restrictions) by the general public.³⁶⁷ Rule

³⁶² See 17 CFR 240.6a-1.

³⁶³ 17 CFR 249.1.

³⁶⁴ See 17 CFR 240.6a-2.

³⁶⁵ See 17 CFR 240.6a-3.

³⁶⁶ 17 CFR 240.6a-3(a)(1).

³⁶⁷ 17 CFR 240.6a-3(a)(2).

6a-3(b) requires an exchange to file, within 15 days after the end of each calendar month, a report concerning the securities sold on the exchange during the calendar month.³⁶⁸

The Commission proposes to amend Rules 6a-1, 6a-2, and 6a-3 under the Exchange Act, as well as Form 1 and the instructions to Form 1, to make certain non-substantive changes and to require the electronic filing of all filings required by Rules 6a-1, 6a-2, and 6a-3.

3. Rule 6a-4 and Form 1-N

Rule 6a-4³⁶⁹ sets forth the notice registration procedures for Security Futures Product Exchanges and permits futures exchanges to submit a notice registration on Form 1-N.³⁷⁰ Form 1-N requires information regarding how the futures exchange operates, its rules and procedures, corporate governance, its criteria for membership, its subsidiaries and affiliates, and the security futures products it intends to trade. Rule 6a-4 also requires entities that have submitted an initial Form 1-N to file: (1) amendments to Form 1-N in the event any information provided in the initial Form 1-N is rendered inaccurate or incomplete; (2) periodic updates of certain information provided in the initial Form 1-N; (3) certain information that is provided to the Security Futures Product Exchange's members; and (4) a monthly report summarizing the Security Futures Product Exchange's trading of security futures products.

The Commission proposes to amend Rule 6a-4 under the Exchange Act, Form 1-N and the instructions to Form 1-N, as well as to make clarifying changes to Rule 202.3(b)(3) to the Commission's Informal and Other Procedures, to make certain non-substantive changes and to require the electronic filing of all submissions required by Rule 6a-4.

³⁶⁸ 17 CFR 240.6a-3(b).

³⁶⁹ 17 CFR 240.6a-4.

³⁷⁰ 17 CFR 249.10.

4. Rules 15aa-1 and 15aa-2; Form 15A

Under Exchange Act Rule 15Aa-1, an applicant for registration as a national securities association must file a registration statement with the Commission on Form X-15AA-1.³⁷¹ Exchange Act Rule 15Aj-1(a) requires every association applying for registration or registered as a national securities association to file with the Commission an amendment to its registration statement or any amendment or supplement thereto promptly after discovering any inaccuracy therein. Under Exchange Act Rule 15Aj-1(b), every association applying for registration or registered as a national securities association must file with the Commission a supplement to its registration statement or any amendment or supplement thereto promptly after discovering any inaccuracy or any change which renders no longer accurate any information contained or incorporated therein.³⁷² Under Exchange Act Rule 15Aj-1(c), every association applying for registration or registered as a national securities association must file annual and triennial amendments to its registration statement with the Commission.³⁷³

The Commission is proposing to amend Rule 15Aa-1 and redesignate it as Rule 15aa-1,³⁷⁴ redesignate Rule 15Aj-1³⁷⁵ as Rule 15aa-2, redesignate Form X-15AA-1 as Form 15A, amend the instructions to proposed Form 15A, and repeal Forms X-15AJ-1 and X-15AJ-2 in

³⁷¹ See Exchange Act Rule 15Aa-1, 17 CFR 240.15Aa-1 and 17 CFR 249.801. Currently, FINRA is the only national securities association registered with the Commission. The NFA, as specified in Section 15A(k) of the Exchange Act, is also registered as a national securities association, but only for the limited purpose of regulating the activities of NFA members that are registered as brokers or dealers in security futures products under section 15(b)(11) of the Exchange Act. The Commission notes that there are no burden estimates currently approved by OMB for Exchange Act Rule 15Aa-1.

³⁷² See Exchange Act Rule 15Aj-1(a) and (b), 17 CFR 240.15Aj-1(a) and (b). These filings are currently submitted on Exchange Act Form X-15AJ-1, 17 CFR 249.802. See 17 CFR 240.15Aj-1(d).

³⁷³ See Exchange Act Rule 15Aj-1(c), 17 CFR 240.15Aj-1(c). These filings are currently submitted on Exchange Act Form X-15AJ-2, 17 CFR 249.803. See 17 CFR 240.15Aj-1(d). Rule 15Aj-1(c)(1)(ii) also requires the filing of complete sets of the constitution, by-laws, rules, and related documents of the association, once every three years.

³⁷⁴ 17 CFR 240.15Aa-1.

³⁷⁵ 17 CFR 240.15Aj-1.

connection with the Commission's proposal to require applicants and national securities associations to electronically file on a duly executed Form 15A the information currently filed on Forms X-15AA-1, X-15AJ-1, and X-15AJ-2. The Commission is also proposing to revise Rule 15Aa-1 to require electronic filing and an electronic signature.

The Commission proposes to redesignate Form X-15AA-1 as Form 15A and to incorporate in proposed Form 15A information related to amendments and supplements to the registration statement currently filed on Form X-15AJ-1 and information related to the annual consolidated supplement to the registration statement currently filed on Form X-15AJ-2. New Form 15A would solicit information through prompts on the form that would better organize the information that is currently collected through Forms X-15AA-1, X-15AJ-1, and X-15AJ-2.

Proposed Form 15A would contain eleven sections. Preceding Section I of proposed Form 15A, the proposed form would contain prompts that would require the association to note the basis for submitting the Form 15A. The prompts would indicate whether the submission is an initial application filed pursuant to Rule 15aa-1 or an amendment or supplement. Section I would be titled "Organization," and it would solicit information about the association itself and would require the association to attach Exhibits A through D. Sections II through IX of proposed Form 15A would solicit information about specific association rules and other information.

Section X would require the association to provide the contact information for its contact employee, and Section XI would provide the consent to service and attestation.

5. Rule 17ab2-1 and Form CA-1

Rule 17ab2-1(a) states that an application for registration or for exemption from registration as a clearing agency or an amendment to any such application shall be filed with the

Commission on Form CA-1, in accordance with the instructions thereto.³⁷⁶ Form CA-1 includes an execution page and 19 exhibits. Rule 17ab2-1(e) requires an applicant, a registered clearing agency, or an exempt clearing agency to file an amendment to correct any information reported at items 1-3 of Form CA-1 if such information is, or becomes, inaccurate, misleading or incomplete for any reason.³⁷⁷ The instructions to Form CA-1 require an applicant clearing agency to file four completed copies of Form CA-1 with the Commission. In addition, if an item is amended, the instructions to Form CA-1 require a registered clearing agency or an exempt clearing agency to repeat all unamended items as they last appeared on the page on which the amended item appears and to file four copies of the new page with the Commission.

The Commission is proposing to revise certain aspects of Rule 17ab2-1, Form CA-1, and the instructions to Form CA-1 to make certain non-substantive changes and to require electronic filing of applications on Form CA-1 and subsequent amendments thereto submitted by applicants, registered clearing agencies, and exempt clearing agencies.

6. Rule 19b-4(e) and Form 19b-4(e)

Rule 19b-4(e) provides that the listing and trading of a new derivative securities product by an SRO shall not be deemed a proposed rule change if the Commission has approved, pursuant to section 19(b) of the Exchange Act,³⁷⁸ the SRO's trading rules, procedures, and listing standards for the product class that would include the new derivative securities product, and the SRO has a surveillance program in place for such product class. Under Rule 19b-4(e)(2)(ii), SROs are required to submit Form 19b-4(e)³⁷⁹ to the Commission within five business days after

³⁷⁶ 17 CFR 240.17ab2-1(a).

³⁷⁷ 17 CFR 240.17ab2-1(e).

³⁷⁸ 15 U.S.C. 78s(b).

³⁷⁹ See 17 CFR 249.820.

commencement of trading a new derivative securities product.³⁸⁰ In addition, Rule 19b-4(e)(2)(i) requires an SRO to maintain, on-site, a copy of Form 19b-4(e) for a prescribed period of time.³⁸¹

The Commission proposes to amend Rule 19b-4(e)³⁸² to rescind Form 19b-4(e) and instead require the information currently contained in Form 19b-4(e) to be publicly posted on the listing SRO's internet website.

7. Rule 19b-4(j) and Form 19b-4

Section 19(b) of the Exchange Act, as amended, requires each SRO to file with the Commission, in accordance with such rules as the Commission may prescribe, copies of any proposed rule, or any proposed change in, addition to, or deletion from the rules of such SRO (collectively, a "proposed rule change") accompanied by a concise general statement of the basis and purpose of such proposed rule change.³⁸³ Rule 19b-4 requires an SRO to submit each proposed rule change on Form 19b-4.³⁸⁴ Form 19b-4 currently requires a description of the terms of a proposed rule change, the proposed rule change's impact on various market segments, and the relationship between the proposed rule change and the SRO's existing rules.³⁸⁵ Form 19b-4 also requires an accurate statement of the authority and statutory basis for, and purpose of, the proposed rule change, the proposal's impact on competition, and a summary of any written comments received by the SRO.³⁸⁶ An SRO is required to submit Form 19b-4 to the Commission electronically, post a copy of the proposed rule change on its public website within

³⁸⁰ See 17 CFR 240.19b-4(e)(2)(ii).

³⁸¹ See 17 CFR 240.19b-4(e)(2)(i).

³⁸² 17 CFR 240.19b-4(e).

³⁸³ 15 U.S.C. 78s(b).

³⁸⁴ 17 CFR 240.19b-4(b).

³⁸⁵ 17 CFR 249.819.

³⁸⁶ Id.

two business days of its filing, and post and maintain a current and complete set of its rules on its website.³⁸⁷

Rule 19b-4(j) requires that the signatory to an electronically submitted rule filing manually sign a signature page or other document authenticating, acknowledging, or otherwise adopting his or her signature that appears in typed form within the electronic document, execute that document before or at the time the rule filing is electronically submitted, and retain that document for its records in accordance with Rule 17a-1.³⁸⁸ Form 19b-4 and the instructions to Form 19b-4 require that a duly authorized officer of the SRO manually sign one copy of the completed Form 19b-4 and that the manually signed signature page be maintained pursuant to section 17 of the Act.³⁸⁹ The Commission proposes to remove these manual requirements from Rule 19b-4(j), Form 19b-4, and the instructions to Form 19b-4.

8. Rule 17a-22

Rule 17a-22 currently requires a registered clearing agency to file with the Commission three paper copies of any material (including, for example, manuals, notices, circulars, bulletins, lists, or periodicals) issued, or made generally available, to its participants or other entities with whom it has a significant relationship, such as pledgees, transfer agents, or self-regulatory organizations, within 10 days after issuing, or making generally available, such material.³⁹⁰

³⁸⁷ 17 CFR 240.19b-4(b)(1), (l), (m)(1).

³⁸⁸ 17 CFR 240.19b-4(j).

³⁸⁹ 17 CFR 249.819.

³⁹⁰ 17 CFR 240.17a-22.

Under current Rule 17a-22, when the Commission is not a registered clearing agency's ARA, the clearing agency must at the same time file one paper copy of the material with its ARA.³⁹¹

The proposed amendments to Rule 17a-22 would not change the scope of supplemental materials that are currently subject to the rule. However, the proposed amendments would replace the requirement to file multiple copies of supplemental materials with the Commission and, where applicable, the ARA in paper form with a requirement to prominently post such materials on a registered clearing agency's internet website.³⁹² In addition, the proposed amendments would reduce the timeframe for registered clearing agencies to comply with the rule from 10 days to 2 business days. As noted above, the two business day timeframe is consistent with a registered clearing agency's obligation under Rule 19b-4(m) to update its website to post any rule changes filed pursuant to section 19(b) of the Exchange Act.³⁹³ Because the supplemental materials that are subject to Rule 17a-22 will have already been prepared for distribution to a registered clearing agency's participants or other entities with whom it has a significant relationship, those documents should be readily available for the clearing agency to post on its website within the proposed two business day timeframe.³⁹⁴

9. Rules 17a-5, 18a-7, and 17a-12

The Commission is proposing to amend Rules 17a-5, 18a-7, and 17a-12 to require broker-dealers, SBS Entities, and OTC derivatives dealers to electronically file with the

³⁹¹ Id.

³⁹² By replacing the paper filing requirement for supplemental materials with an internet posting requirement, proposed Rule 17a-22 would allow all of a registered clearing agency's regulatory authorities to access the materials; thereby eliminating the need to file an additional paper copy with the clearing agency's ARA. For this reason, with respect to a registered clearing agency for which the Commission is not the ARA, the proposed amendments would remove the requirement to also file one paper copy of the supplemental materials with the clearing agency's ARA.

³⁹³ See 17 CFR 240.19b-4(m).

³⁹⁴ See supra section III.C.1.

Commission in Inline XBRL through the Commission's EDGAR system annual audited reports and related annual filings. The filings are currently made either in paper, via email, or voluntarily on the EDGAR system as PDF documents.

In addition, the Commission is proposing to amend Rule 17a-12 to require OTC derivatives dealers to file the unaudited FOCUS Report Part II electronically through the SEC eFOCUS system instead of in paper.

The Commission is also proposing to allow electronic signatures in Rule 17a-5, 17a-12, and 18a-7 filings, which includes the FOCUS Report.

Broker-dealers, SBS Entities, and OTC derivatives dealers file FOCUS Reports Part II, IIA, or IIC, which are periodic unaudited reports about their financial and operational condition. The Commission is proposing corrective and clarifying amendments to FOCUS Report Part II and amendments to FOCUS Report Part IIC for consistency with FFIEC Form 031.

10. Rule 17h-2T

The Commission proposes amending paragraph (a)(2) of Rule 17h-2T to require that the quarterly and annual risk assessment reports be filed with the Commission electronically through EDGAR as an Interactive Data File in accordance with Rule 405 of Regulation S-T. The materials filed under the rule would not change, but the materials filed would be filed on EDGAR, and the financial statements required by Item 4 of the Form would be structured in Inline XBRL.

11. Rule 17a-19 and Form X-17A-19

In general, Rule 17a-19 requires national securities exchanges and associations to file with the Commission certain information required on Form X-17A-19 within five business days of the occurrence of the initiation of membership, change in membership, or termination of membership of any member. The Commission proposes amending Rule 17a-19 and Form X-

17A-19 to require that filings providing such notifications be made on EDGAR, in a custom XML-based data language.

12. Rule 3a71-3(d)(1)(vi)

The ANE Exception is conditioned in part on the Registered Entity filing with the Commission an ANE Exception Notice, which is a notice that personnel of the Relying Entity or its agent located in a branch or office in the United States may conduct ANE Activity in their capacity as persons associated with the Registered Entity in reliance on the ANE Exception. Currently, Exchange Act Rule 3a71-3(d)(1)(vi) requires the Registered Entity to file the ANE Exception Notice by submitting it to the electronic mailbox specified on the Commission's website. The Commission is proposing to amend the manner of filing to require the Registered Entity to file the ANE Exception Notice electronically through the Commission's EDGAR filing system, but is not changing the information required from a filer of the ANE Exception Notice. The Commission also is proposing to require that, if the Registered Entity later becomes unregistered or otherwise ineligible to serve as the Registered Entity for purposes of the ANE Exception, the Registered Entity must promptly withdraw its ANE Exception Notice. In addition, a Registered Entity whose associated persons will no longer conduct ANE Activity pursuant to the ANE Exception may withdraw its ANE Exception Notice. Currently, a Registered Entity who wishes to withdraw a filed ANE Exception Notice may contact the Commission and request that the ANE Exception Notice be manually removed from the Commission's website. The Commission is proposing to require Registered Entities to file any withdrawal of an ANE Exception Notice electronically through the Commission's EDGAR filing system.

13. Rule 15fi-3

Rule 15fi-3 generally requires SBS Entities to: (1) engage in periodic portfolio reconciliation activities with counterparties who are also SBS Entities; and (2) establish,

maintain, and follow written policies and procedures reasonably designed to ensure that they engage in periodic portfolio reconciliation with counterparties who are not SBS Entities with respect to their outstanding (and uncleared) security-based swaps.³⁹⁵ Rule 15fi-3(c) requires an SBS Entity to promptly notify the Commission, and any applicable prudential regulator, of any security-based swap valuation dispute in excess of \$20,000,000 (or its equivalent in any other currency) if not resolved within: (1) three business days, if the dispute is with a counterparty that is an SBS Entity; or (2) five business days, if the dispute is with a counterparty that is not an SBS Entity.³⁹⁶ Rule 15fi-3(c) also requires SBS Entities to notify the Commission and any applicable prudential regulator, if the amount of any security-based swap valuation dispute that was the subject of a previous notice increases or decreases by more than \$20,000,000 (or its equivalent in any other currency), at either the transaction or portfolio level. Each amended notice is required to be provided to the Commission and any applicable prudential regulator no later than the last business day of the calendar month in which the applicable security-based swap valuation dispute increases or decreases by the applicable dispute amount.³⁹⁷

Given that Rule 15fi-3(c) requires that the security-based swap valuation notices be submitted to the Commission “in a form and manner acceptable to the Commission,” staff has made available two options for submitting these notices to the Commission, which include either: (1) an electronic submission using EDGAR or (2) submission to a dedicated Commission email address. Under both submission types, the system is capable of accepting the notice in PDF format, either as an attachment to an email or as an uploaded document to EDGAR. The Commission is now proposing to amend Rule 15fi-3(c) to affirmatively require SBS Entities to

³⁹⁵ See 17 CFR 240.15Fi-3(a) and (b). See also *supra* section V.C.1.

³⁹⁶ See 17 CFR 240.15Fi-3(c)(1).

³⁹⁷ See 17 CFR 240.15Fi-3(c)(2).

submit these notices to the Commission electronically in EDGAR using a custom XML-based data language. This includes both the initial notice and any subsequent amendments. If these proposed changes are adopted, SBS Entities would no longer be able to submit dispute notices to the Commission using a dedicated email address or in PDF format on EDGAR.

14. Rule 15fk-1(c)(2)(ii)(A)

Rule 15fk-1(c) currently requires that the CCO of an SBS Entity prepare and sign a CCO report. The CCO report must be submitted to the Commission within 30 days following the filing deadline for the SBS Entity's annual financial report with the Commission.³⁹⁸ Rule 15fk-1(c) does not specify the manner in which the CCO report must be submitted. Accordingly, pursuant to the current rule, an SBS Entity may submit its CCO report as a paper or electronic submission.

The proposed amendment to Rule 15fk-1(c)(2)(ii)(A) would not change what the report must include. Rather, the amendment would require that the CCO report be submitted electronically in Inline XBRL through EDGAR. As with other entities that make submissions through EDGAR, these submissions would be subject to the provisions of Regulation S-T and the EDGAR Filer Manual, as defined in Rule 11 of Regulation S-T.³⁹⁹

15. Regulation S-T

The Commission is proposing amendments to Rule 101 of Regulation S-T to require that broker-dealer and non-bank SBS Entity annual reports and related annual supplemental reports, national securities exchange and association changes in member status, SBS Entity CCO reports, and broker-dealer risk assessment reports be filed electronically with the Commission. The

³⁹⁸ 17 CFR 240.15Fk-1(c)(2)(ii)(A).

³⁹⁹ 17 CFR 232.11.

Commission is also proposing amendments to Rule 405 to require that broker-dealer and non-bank SBS Entity annual reports and related annual supplemental reports, SBS Entity CCO reports, broker-dealer risk assessment reports (in part), clearing agency applications (in part), and national securities exchange applications (in part) be filed in Inline XBRL.⁴⁰⁰

The Commission also is proposing that ANE Exception Notices and withdrawals of ANE Exception Notices be filed with the Commission electronically using the Commission's EDGAR system. To implement this requirement, the Commission is proposing amendments to Rule 101 of Regulation S-T to require that ANE Exception Notices and withdrawals of ANE Exception Notices be filed electronically with the Commission using the EDGAR system.⁴⁰¹ This collection of information is the same as the collection of information in connection with the proposed amendments to Exchange Act Rule 3a71-3(d)(1)(vi).

The Commission also is proposing that initial notices and any subsequent amendments pursuant to Rule 15fi-3(c) be submitted to the Commission electronically using the Commission's EDGAR system in a custom XML-based data language. To implement this requirement, the Commission is proposing amendments to Rule 101 of Regulation S-T to require that the notices be submitted electronically to the Commission using the EDGAR system.⁴⁰² This collection of information is the same as the collection of information in connection with the proposed amendments to Exchange Act Rule 15fi-3(c).

⁴⁰⁰ See proposed paragraph (b)(5) of Rule 405 of Regulation S-T.

⁴⁰¹ See proposed paragraph (a)(1)(xxxiii) of Rule 101 of Regulation S-T.

⁴⁰² See proposed paragraph (a)(1)(xxxiv) and (d) of Rule 101 of Regulation S-T.

B. Proposed Use of Information

1. Form ID

The information provided on Form ID allows the Commission staff to review applications for EDGAR access and, if the application is approved, assign CIKs (if the applicant does not already have a CIK) and/or access codes to applicants to permit filing on EDGAR. Form ID is essential to EDGAR security.

2. Rules 6a-1, 6a-2, 6a-3, and Form 1

The information required pursuant to Rules 6a-1, 6a-2, and 6a-3 is necessary to enable the Commission to receive accurate and complete information from applicants seeking registration as national securities exchanges or an exemption from such registration (“exempt exchanges”) and from national securities exchanges and exempt exchanges, which would enable the Commission to exercise its statutory oversight functions. Without the information submitted pursuant to Rule 6a-1 on Form 1, the Commission would not be able to determine whether the applicant has met the criteria for registration (or an exemption from registration) set forth in section 6 of the Exchange Act. The amendments, periodic updates of information, supplemental materials, and monthly reports submitted pursuant to Rules 6a-2 and 6a-3 are necessary to assist the Commission in its oversight of national securities exchanges and exempt exchanges.

3. Rule 6a-4 and Form 1-N

The information obtained under Rule 6a-4 and Form 1-N provides the Commission with basic information about Security Futures Product Exchanges. This information enables the Commission to carry out its statutorily mandated oversight functions and helps ensure that Security Futures Product Exchanges continue to be in compliance with the Exchange Act.

4. Rules 15aa-1 and 15aa-2; Form 15A

The information required pursuant to Rule 15aa-1 is necessary to enable the Commission to receive accurate and complete information from applicants seeking registration as national securities association which would enable the Commission to exercise its statutory oversight functions. Without the information submitted pursuant to Rule 15aa-1 on Form 15A, the Commission would not be able to determine whether the applicant has met the criteria for registration set forth in section 15A of the Exchange Act. The amendments, periodic updates of information, and supplemental materials submitted pursuant to Rule 15Aa-2 are necessary to assist the Commission in its oversight of national securities associations.

5. Rule 17ab2-1 and Form CA-1

The Commission uses the information disclosed on Form CA-1 to: (i) determine whether an applicant for registration as a clearing agency or for an exemption from such registration meets the standards for registration set forth in the Exchange Act; (ii) enforce compliance with the Exchange Act's registration requirements; and (iii) use as a reference for specific registered clearing agencies or exempt clearing agencies for compliance and investigatory purposes. The information required under Rule 17ab2-1 is essential for the Commission to perform its statutorily required duties.

6. Rule 19b-4(e) and Form 19b-4(e)

The information collected pursuant to Rule 19b-4(e) is designed to maintain an accurate record of all new derivative securities products by SROs, the listing and trading of which are not

deemed to be proposed rule changes. The Commission reviews compliance with Rule 19b-4(e) through its routine inspections of the SROs.

7. Rule 19b-4(j) and Form 19b-4

The information collected pursuant to Rule 19b-4 is designed to provide the Commission with the information necessary to determine, as required by the Exchange Act, whether the proposed rule change is consistent with the Exchange Act and the rules thereunder. The information is used to determine if the proposed rule change should be approved, disapproved, suspended, or if proceedings should be instituted to determine whether to approve or disapprove the proposed rule change. The Commission reviews compliance with Rule 19b-4 through its routine inspections of the SROs. The Commission is proposing to remove a manual signature requirement in the existing collection of information under Rule 19b-4 and on Form 19b-4 because it believes that requirement is unnecessary given the electronic signature already required by Form 19b-4.

8. Rule 17a-22

The information required to be posted on a registered clearing agency's website under the proposed amendments to Rule 17a-22 would assist the Commission in carrying out its statutorily mandated oversight functions with respect to clearing agencies. The Commission uses this information to determine: (i) whether a clearing agency is implementing procedural or policy changes and, if so, whether such changes are consistent with the purposes of section 17A of the Exchange Act; and (ii) whether a clearing agency has changed its rules without filing the actual or prospective change to the Commission as required by section 19(b) of the Exchange Act. The posting of such information on a registered clearing agency's website would improve transparency of a clearing agency's actions and communications to a larger group of potentially

interested persons, including non-member entities that directly or indirectly use the clearing agency's services, investors, and the general public.

9. Rules 17a-5, 18a-7, and 17a-12

Reports required to be made under Rules 17a-5, 18a-7, and 17a-12 are used, among other things, to monitor the financial and operational condition of broker-dealers, SBS Entities, and OTC derivatives dealers by Commission staff and, to the extent applicable to the entity, by its designated examining authority ("DEA"). The reports required under Rules 17a-5, 18a-7, and 17a-12 are also one of the primary means of ensuring compliance with the Commission's financial responsibility rules (e.g., Rule 15c3-1). A firm's failure to comply with these rules would severely impair the ability of the Commission (and the firm's DEA, if applicable) to protect investors, including customers and counterparties of the registrant.

10. Rule 17h-2T

The information required to be filed with the Commission under Rule 17h-2T is used by the Commission to monitor the activities of a covered broker-dealer's affiliates whose business activities are reasonably likely to have a material impact on the financial and operational condition of the broker-dealer.

11. Rule 17a-19 and Form X-17A-19

Upon the Commission's receipt of a Form X-17A-19 filing, the information is entered into a database, which is regularly shared with the SROs. Commission staff use the information contained in Form X-17A-19 to assign the appropriate SRO as DEA for the member firms. This information is also used by SIPC in determining which SRO is the collection agent for the SIPC Fund.

12. Rule 3a71-3(d)(1)(vi)

The information provided by a Registered Entity in connection with the filing of an ANE Exception Notice pursuant to Exchange Act Rule 3a71-3(d)(1)(vi), and any subsequent withdrawal, assists the Commission in evaluating market participants' compliance with the limitations on use of the ANE Exception, as well as assists Relying Entities and their affiliates in determining whether they have satisfied the ANE Exception's notice requirement and in monitoring their progress toward the ANE Exception's cap on inter-dealer security-based swaps. The proposed amendment to Rule 3a71-3(d)(1)(vi) to move the filing of the ANE Exception Notice, and any subsequent withdrawal, to the Commission's EDGAR filing system would facilitate more efficient and timely transmission, dissemination, and analysis of this information.

13. Rule 15fi-3

The information shared by counterparties to a security-based swap transaction periodically during the portfolio reconciliation process, as contemplated by Rule 15fi-3, plays an important role in assisting those counterparties in identifying and resolving discrepancies involving key terms of their transactions on an ongoing basis. This information also allows those counterparties to improve their management of internal risks related to the enforcement of their rights and the performance of their obligations under a security-based swap. Moreover, requiring SBS Entities to agree in writing with each of their counterparties on the terms of the portfolio reconciliation (including, if applicable, agreement on the selection of any third party service provider who may be performing the reconciliation) helps to minimize any discrepancies regarding the portfolio reconciliation process itself, thereby ensuring that it operates in as efficient and cost-effective means possible. The requirement to report certain unresolved valuation disputes to the Commission assists the Commission in identifying potential issues with respect to an SBS Entity's internal valuation methodology and also could serve as an indication

of a widespread market disruption in cases where the Commission receives a large number of such notices from multiple firms. The proposed amendment to Rule 15fi-3 to require submission of the valuation dispute notices using the Commission's EDGAR system is intended to facilitate more efficient and secure transmission and efficient and effective analysis of this information.

14. Rule 15fk-1(c)(2)(ii)(A)

The information collected under Rule 15fk-1(c) assists the Commission staff's oversight and examination of SBS Entities compliance with the business conduct requirements for such entities.

15. Regulation S-T

The proposed amendments to Rule 101 of Regulation S-T, as part of implementing the requirement that broker-dealers or SBS Entities use the EDGAR system to electronically file their annual reports, broker-dealer risk assessment reports, and CCO reports, as applicable, will be used by the Commission to streamline and simplify the filing process for filers and the Commission. In addition, the public filings will be more quickly available to investors to evaluate and compare these firms.

The proposed amendments to Rule 101 of Regulation S-T, as part of implementing the requirement that filers use the EDGAR system to provide Rule 3a71-3(d)(1)(vi) and Rule 15fi-3(c) notices, will be used as described above. Further, the proposed amendments to Rules 201 and 202 of Regulation S-T would preclude the possibility of temporary or continuing hardship exemptions that otherwise would allow the ANE Exception Notice (and any subsequent withdrawal) to be filed on paper. The ANE Exception Notice facilitates the availability of a

conditional exception⁴⁰³ premised in part on the public availability of the notice to Relying Entities.

The proposed amendments to Rule 405 of Regulation S-T, which would implement the proposed Inline XBRL requirements for Form 1, Form CA-1, Form X-17A-5 Part III, Form 17-H, and the CCO reports, will be used to facilitate the retrieval, comparison, and other analysis of the disclosures on those forms across respondents and time periods.

C. Respondents

1. Form ID

The respondents to the collection of information required under Form ID would be all entities that would be required to file electronically on EDGAR under the proposal and that do not already have access to EDGAR. Such respondents must submit a Form ID, along with the notarized signature of an authorized individual, to obtain an EDGAR identification number and access codes to file on EDGAR. If the requirements to file on EDGAR are adopted as proposed, the Commission estimates that these respondents would include the following entities not currently registered on EDGAR: 24 national securities exchanges and exempt exchanges; 2 Security Futures Product Exchanges; 1 registered national securities association; 12 registered and exempt clearing agencies; 1,559 broker-dealers; and 24 Registered Entities.

2. Rules 6a-1, 6a-2, 6a-3, and Form 1

The respondents to the collection of information required under Rule 6a-1 are new applicants applying to register as a national securities exchange or seeking an exemption from such registration. The Commission estimates that it would receive approximately one initial Form 1 filing per year.

⁴⁰³ See supra section V.B.

The respondents to the collection of information required under Rules 6a-2 and 6a-3 are national securities exchanges and exempt exchanges. Currently, there are 24 entities registered as national securities exchanges. These respondents would file annual, triennial, and periodic amendments to their Form 1 under Rule 6a-2. These respondents would also file supplemental materials and monthly reports under Rule 6a-3. There are no exempt exchanges that currently submit amendments under Rule 6a-2 or supplemental materials and monthly reports under Rule 6a-3.

3. Rule 6a-4, Form 1-N

The respondents to the collection of information required under Rule 6a-4 are futures exchanges that trade security futures products. Currently, there are two Security Futures Product Exchanges. These respondents would file annual, triennial, and periodic amendments to their Form 1-N under Rule 6a-4(b). These respondents would also file supplemental materials and monthly reports under Rule 6a-4(c). The Commission estimates that it will not receive any initial Form 1-N filings.⁴⁰⁴

4. Rules 15aa-1 and 15aa-2; Form 15A

The respondents to the collection of information required under Rule 15aa-1 are new applicants applying to register as a national securities association. The Commission estimates that it would receive one initial Form 15A filing per year.⁴⁰⁵

⁴⁰⁴ The Commission is basing its estimate on its historical experience with Form 1-N filings. In particular, since the adoption of the form in 2001, six initial Form 1-N filings have been made by futures exchanges. Based on the infrequent occurrence of filings, the Commission believes that zero is a reasonable estimate.

⁴⁰⁵ The Commission notes that since the adoption of section 15A of the Exchange Act as part of the Maloney Act in 1938, only two national securities associations have registered with the Commission. Currently, FINRA is the only national securities association registered with the Commission whereas the NFA is registered as a national securities association only for the limited purpose of regulating the activities of NFA members that are registered as brokers or dealers in security futures products under section 15(b)(11) of the Exchange Act.

The respondents to the collection of information required under Rule 15aa-2 are national securities associations currently registered with the Commission. Currently, there is only one entity that would be required to file annual, triennial, and periodic amendments to its Form 15A under Rule 15aa-2.

5. Rule 17ab2-1, Form CA-1

The respondents to the collection of information required under Rule 17ab2-1 are registered and exempt clearing agencies, as well as applicants seeking to register as a clearing agency or seeking an exemption from such registration. Currently, there are nine registered clearing agencies, only seven of which are operational,⁴⁰⁶ and five exempt clearing agencies. We estimate that there may be one new application filed each year.

6. Rule 19b-4(e), Form 19b-4(e)

The respondents to the collection of information required under Rule 19b-4(e) are SROs that list and trade new derivative securities products – national securities exchanges. Currently, there are 24 entities registered as national securities exchanges.

7. Rule 19b-4(j), Form 19b-4

The respondents to the collection of information required under Rule 19b-4(j) and Form 19b-4 are SROs (as defined by section 3(a)(26) of the Act), including national securities exchanges, national securities associations, registered clearing agencies, notice registered

⁴⁰⁶ The Boston Stock Exchange Clearing Corporation (“BSECC”) and Stock Clearing Corporation of Philadelphia (“SCCP”) are currently registered with the Commission as clearing agencies but conduct no clearance or settlement operations. See Exchange Act Release No. 6329 (Jan. 3, 2011), 76 FR 1473 (Jan. 10, 2011) (“BSECC Notice”); Exchange Act Release No. 63268 (Nov. 8, 2010), 75 FR 69730 (Nov. 15, 2010) (“SCCP Notice”).

securities future product exchanges, and the MSRB. The Commission's current approved estimated number of respondents is 42 SROs.⁴⁰⁷

8. Rule 17a-22

The respondents to the collection of information required under Rule 17a-22 are registered clearing agencies. Currently, there are nine registered clearing agencies, only seven of which are operational.⁴⁰⁸

9. Rules 17a-5, 18a-7, and 17a-12

The respondents to the annual reports collection of information required under Rule 17a-5 are broker-dealers. For the 12 months ended December 31, 2022, the Commission received 1,559 filings of the broker-dealer annual reports in paper and 1,659 electronically via EDGAR. The Commission therefore estimates that approximately 3,218 broker-dealers are required to file annual reports with the Commission. As of June 15, 2022, five of those broker-dealers are ANC broker-dealers required to file supplemental reports under Rule 17a-5. The respondents to the annual reports collection of information required under Rule 18a-7 are SBSs and MSBSPs that are not prudentially regulated. As of June 15, 2022, there are nine SBSs and MSBSPs that are not prudentially regulated. The respondents to the annual reports collection of information under Rule 17a-12 are OTC derivatives dealers. There are three OTC derivatives dealers subject to Rule 17a-12.

There are 460 broker-dealers or stand-alone SBS Entities that filed FOCUS Report Part II as of March 31, 2022. Of those Part II filers, 4 firms are domestic stand-alone swap dealers and 103 firms are domestic stand-alone introducing brokers. There are 31 bank SBS Entities that

⁴⁰⁷ See FR Doc. 2019-22222, 84 FR 54710 (Oct. 10, 2019) (Request to OMB for extension of Rule 19b-4 and Form 19b-4; SEC File No. 270-38; OMB Control No. 3235-0045).

⁴⁰⁸ See supra note 406.

filed FOCUS Report Part IIC as of March 31, 2022. There are 3,056 broker-dealers that filed FOCUS Report Part IIA as of March 31, 2022.

10. Rule 17h-2T

The respondents to the collection of information required under Rule 17h-2T are broker-dealers. There are 241 broker-dealers that must file quarterly and annual risk assessment reports with the Commission under Rule 17h-2T.

11. Rule 17a-19 and Form X-17A-19

The respondents to the collection of information required under Rule 17a-19 are national securities exchanges and registered national securities associations. As of June 15, 2022, there are a total of 25 national securities exchanges and registered national securities associations.

12. Rule 3a71-3(d)(1)(vi)

The Commission estimates that up to 24 entities that engage in security-based swap dealing activity may rely on the ANE Exception.⁴⁰⁹ To satisfy the ANE Exception, each of those up to 24 entities will make use of an affiliated Registered Entity that will be required to file an ANE Exception Notice and may subsequently decide to file a withdrawal of the ANE Exception Notice. The proposed amendment to Rule 3a71-3(d)(1)(vi) does not affect Commission's estimate of the number of respondents.

13. Rule 15fi-3

The respondents to the collection of information under Rule 15fi-3 are registered SBS Entities. As of January 4, 2023, 50 entities have submitted applications for registration as an SBSBSP; there are no registered MSBSPs.⁴¹⁰ In a number of prior releases, including the release

⁴⁰⁹ See Cross-Border Adopting Release, 85 FR at 6336 n.642.

⁴¹⁰ See List of Registered Security-Based Swap Dealers and Major Security-Based Swap Participants, available at <https://www.sec.gov/tm/List-of-SBS-Dealers-and-Major-SBS-Participants> (providing the list of registered SBS dealers and major SBS participants that was updated as of Jan. 4, 2023).

adopting the rules by which SBS Entities can register (and withdraw from registration) with the Commission, the Commission estimated that approximately 50 entities may meet the definition of SBS, and up to five entities may meet the definition of MSBSP.⁴¹¹ The Commission continues to believe that these estimates are appropriate. Thus, the Commission preliminarily believes that approximately 55 entities will be required to register with the Commission under either category, and will therefore be subject to Rule 15fi-3. When the Commission initially adopted Rule 15fi-3, it noted that, until SBS Entities were registered with the Commission, it was difficult for the Commission to determine the typical number of valuation disputes meeting the applicable thresholds that SBS Entities would be required to submit on an annual basis.⁴¹² Because SBS Entities have been required to submit notices under Rule 15fi-3(c) for a limited time, it remains difficult for the Commission to determine the typical number of dispute notices that an SBS Entity will submit annually.

14. Rule 15fk-1(c)(2)(ii)(A)

The respondents to the collection of information under Rule 15fk-1(c) are registered SBS Entities. As of January 4, 2023, there are 50 SBS Entities registered with the Commission. Of these entities, the Commission estimates that none will be first-time EDGAR users needing to obtain EDGAR access credentials in order to submit its CCO report because they have already registered as SBS Entities through EDGAR.

⁴¹¹ See Registration Process for Security-Based Swap Dealers and Major Security-Based Swap Participants, Exchange Act Release No. 75611 (Aug. 5, 2015), 80 FR 48964, 48990 (Aug. 14, 2015). See also Risk Mitigation Adopting Release, 85 FR at 6383; Trade Acknowledgment and Verification of Security-Based Swap Transactions, Exchange Act Release No. 78011 (June 8, 2016), 81 FR 39807, 39830 (June 17, 2016); Capital, Margin, and Segregation Requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants and Capital and Segregation Requirements for Broker-Dealers, Exchange Act Release No. 86175 (June 21, 2019), 84 FR 43872, 43960 (Aug. 22, 2019).

⁴¹² See Risk Mitigation Adopting Release 85 FR at 6385-86.

15. Regulation S-T

The respondents to the collection of information under Regulation S-T are broker-dealers, SBSBs, MSBSPs, OTC derivatives dealers, and national securities associations and exchanges. The collection of information requirements are reflected in the burden hours estimated for Rule 3a71-3, 15fi-3, 15fk-1, 17a-5, 18a-7, 17a-12, 17a-19, and Rule 17h-2T. The rules in Regulation S-T should not impose any separate burden.

D. Total Initial and Annual Reporting and Recordkeeping Burdens

1. Form ID

Currently Approved Burden Estimate

Form ID (OMB Control No. 3235-0328) must be completed and filed with the Commission by all individuals, companies, and other organizations who seek access to file electronically on EDGAR. Accordingly, a filer that does not already have access to EDGAR must submit a Form ID, along with the notarized signature of an authorized individual, to obtain an EDGAR identification number and access codes to file on EDGAR. The Commission currently estimates that Form ID would take 0.30 hours to prepare, resulting in an annual industry-wide burden of 17,199 hours.⁴¹³

Proposed Revision to Burden Estimate

The Commission estimates that each filer that currently does not have access to EDGAR would incur an initial, one-time burden of 0.30 hours to complete and submit a Form ID.⁴¹⁴ Therefore, the Commission believes the one-time industrywide reporting burden associated with

⁴¹³ See Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Form ID (Dec. 20 2021), available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202112-3235-0328.

⁴¹⁴ The Commission does not estimate a burden for SBS Entities since these firms have already filed Form ID so they can file Form SBSE on EDGAR.

the proposed requirements to file on EDGAR is 7.2 hours for national securities exchanges and exempt exchanges;⁴¹⁵ .6 hours for security futures product exchanges;⁴¹⁶ .3 hours for registered national securities associations;⁴¹⁷ 3.6 hours for registered and exempt clearing agencies;⁴¹⁸ 467.7 hours for broker-dealers not already filing their annual audits on EDGAR;⁴¹⁹ 0 hours for OTC derivatives dealers not already filing their annual audits on EDGAR;⁴²⁰ and 7.2 hours for Registered Entities.⁴²¹

2. Rules 6a-1, 6a-2, 6a-3 and Form 1

Currently Approved Burden Estimate⁴²²

Initial filings on Form 1 by applicants seeking registration as a national securities exchange or an exemption from such registration are made on a one-time basis. The Commission estimates that it would receive approximately one initial Form 1 filing per year. The Commission also estimates that each respondent who submits an initial Form 1 filing would

⁴¹⁵ 0.30 hours x 24 national securities exchanges and exempt exchanges = 7.2 hours.

⁴¹⁶ 0.30 hours x 2 security futures product exchanges = 0.6 hours.

⁴¹⁷ 0.30 hours x 1 registered national securities association = 0.3 hours.

⁴¹⁸ 0.30 hours x 12 currently active registered and exempt clearing agencies = 3.6 hours.

⁴¹⁹ 0.30 hours x 1,559 broker-dealers not already filing on EDGAR = 467.7 hours.

⁴²⁰ 0.30 hours x 0 OTC derivatives dealers not already filing on EDGAR = 0 hours.

⁴²¹ 0.30 hours x 24 Registered Entities = 7.2 hours. The Commission conservatively estimates that none of the Registered Entities would already have EDGAR access at the time of filing an ANE Exception Notice or withdrawal of an ANE Exception Notice, even though most, if not all, Registered Entities already should have access to electronic filing on EDGAR at the time of filing an ANE Exception Notice or a withdrawal of an ANE Exception Notice, as they likely have used or will have used the system to register or file other information with the Commission. A Registered Entity that is an SBSB must file its application for registration electronically on EDGAR, and this requirement has been in place from the original compliance date for registration of SBSBs. See 17 CFR 240.15Fb2-1(c). Additionally, a Registered Entity that is a broker may voluntarily file electronically on EDGAR certain annual reports. See, e.g., paragraph (d) of Rule 17a-5; supra note 179 and accompanying text.

⁴²² For an explanation of the collection of information under these rules and Form 1, see supra section IX.A.2.

incur an average burden of 880 hours to complete and file an initial Form 1.⁴²³ With respect to amendments to Form 1, the Commission estimates that each registered or exempt exchange would file 11 amendments or periodic updates to Form 1 per year.⁴²⁴ Hours required for amendments to Form 1 that must be submitted to the Commission can vary, depending upon the nature and extent of the amendment, the exchange's corporate structure, and the exchange's business activities. The Commission estimates that each exchange would incur an average burden of 25 hours per filing to comply with Rule 6a-2.⁴²⁵ Accordingly, the estimated average annual burden to update and amend Form 1 is 275 hours per exchange⁴²⁶ and the estimated aggregate annual burden for all national securities exchanges is 6,600 hours.⁴²⁷

With respect to supplemental information and monthly reports, the Commission estimates that each exchange would file such materials 12 times per year. The Commission estimates that each exchange would incur an average burden of 0.5 hours per filing to comply with Rule 6a-3.⁴²⁸ Accordingly, the estimated average annual burden to submit supplemental information and monthly reports is six hours per exchange⁴²⁹ and the estimated aggregate annual burden for all

⁴²³ See FR Doc. 2022-01616, 87 FR 4297 (Jan. 27, 2022) (Submission for OMB Review; Comment Request, Extension: Rules 6a-1 and 6a-2, Form 1; SEC File 270-0017; OMB Control No. 3235-0017) (hereinafter "Rules 6a-1 and 6a-2 PRA Update").

⁴²⁴ See Rules 6a-1 and 6a-2 PRA Update.

⁴²⁵ See Rules 6a-1 and 6a-2 PRA Update.

⁴²⁶ 11 Form 1 Amendments annually x 25 burden hours per Form 1 Amendment = 275 burden hours per exchange.

⁴²⁷ 275 burden hours per exchange x 24 national securities exchanges = 6,660 aggregate burden hours.

⁴²⁸ See FR Doc. 2022-07060, 87 FR 19541 (Apr. 4, 2022) (Submission for OMB Review; Comment Request; Extension: Rule 6a-3; SEC File 270-0015; OMB Control No. 3235-0021).

⁴²⁹ 12 filings annually x 0.5 hours per filing = 6 burden hours per exchange.

exchanges is 144 hours.⁴³⁰ Thus, the Commission estimates that the total aggregate annual burden to comply with Rules 6a-2 and 6a-3 is 6,744 hours.⁴³¹

Proposed Revision to Burden Estimate

The Commission recognizes that the proposed amendments to Rules 6a-1, 6a-2, and 6a-3 would impose certain burdens on respondents. Although the information to be provided on filings made pursuant to Rules 6a-1, 6a-2, and 6a-3 would not change, respondents would be required to submit documents electronically. The instructions to Form 1 would be amended to no longer require respondents to make and submit multiple copies of the Form 1 submission. Currently, respondents must make two copies of each filing to be submitted pursuant to Rules 6a-1 and 6a-2. The Commission believes that generally the time spent making such copies instead would be spent uploading documents on EDGAR. Where a filing could include multiple exhibits, the Commission believes that the time required to upload documents would be less than the time required to make two copies of each exhibit, particularly when the exhibit contains numerous pages. Accordingly, the Commission estimates that, on average, filing an initial Form 1 application electronically would require two fewer hours of clerical work from the current baseline. The aggregate initial burden on all respondents submitting an initial Form 1 application electronically would be two hours less than the current baseline. Accordingly, the Commission believes that the aggregate initial burden on all respondents to complete and submit an initial Form 1 application would be 878 hours.⁴³² In addition, the Commission estimates that, on average, filing amendments to Form 1 electronically would require 1 fewer hour of clerical

⁴³⁰ 6 burden hours per exchange x 24 national securities exchanges = 144 aggregate burden hours.

⁴³¹ 6,600 burden hours to comply with Rule 6a-2 + 144 burden hours to comply with Rule 6a-3 = 6,744 aggregate burden hours.

⁴³² 878 burden hours per initial application x 1 initial application per year = 878 burden hours.

work from the current baseline, as the amount of material filed pursuant to Rule 6a-2 may be less than an initial Form 1 application. The aggregate ongoing burden on all exchanges submitting a periodic amendment electronically would be 264 hours less than the current baseline.⁴³³

Accordingly, the Commission believes that the aggregate ongoing burden on all exchanges to submit periodic amendments to Form 1 electronically would be 6,336 hours.⁴³⁴

With respect to material filed under Rule 6a-3, while in some instances there may be a marginal reduction in burden hours associated with submitting these materials electronically as a result of a reduction in printing requirements, for purposes of making a PRA burden estimate the Commission believes that, on average, the most recently approved baseline represents a reasonable estimate of the burden hours associated with submitting supplemental information and monthly reports. The Commission believes that the time required to compile copies of these materials would, on average, be equivalent to the time required to upload those filings electronically. The Commission estimates that, on average, filing supplemental information and monthly reports electronically would not increase or decrease burden hours from the current baseline of 0.5 hours. Accordingly, the Commission believes that the aggregate burden associated with filing supplemental information and monthly reports would be 180 hours.⁴³⁵ Thus, the Commission believes that the total aggregate annual burden to comply with Rules 6a-2 and 6a-3 would be 7,212 hours.⁴³⁶

The Commission also recognizes that the requirement to tag certain disclosures (specifically, the financial statements and the manner of operations description) on the initial

⁴³³ Reduction of 1 hour per response x 264 responses per year = 264 fewer burden hours.

⁴³⁴ 264 burden hours per exchange x 24 national securities exchanges = 6,336 aggregate burden hours.

⁴³⁵ 0.5 burden hours x 360 responses per year = 180 burden hours.

⁴³⁶ 7,032 burden hours to comply with Rule 6a-2 + 180 burden hours to comply with Rule 6a-3 = 7,212 aggregate burden hours.

Form 1 in Inline XBRL would impose burdens on respondents. To file reports in Inline XBRL, a filer must purchase Inline XBRL tagging software to apply Inline XBRL tags to the reports before filing them on EDGAR, or employ a tagging service provider to apply the Inline XBRL tags on its behalf. As discussed in further detail below, the Commission believes this burden would be mitigated for most exchanges, because most exchanges are affiliated with public reporting companies subject to existing Inline XBRL structuring requirements and thus may be able to leverage the compliance software and experience of their reporting affiliates.⁴³⁷

The Commission estimates respondents will incur an average of 10 burden hours to tag the initial Form 1 in Inline XBRL (a total annual industry-wide burden of 10 hours), and an average of 7 burden hours to tag financial statements included in annual amendments to Form 1 in Inline XBRL (a total annual industry-wide burden of 168 hours).⁴³⁸ With respect to the external monetary costs (e.g., the costs of purchasing and renewing the necessary software to tag filings in Inline XBRL) that are incurred in addition to the internal time burden, the Commission estimates an annual average cost of \$2,500 to tag Form 1 (including initial and subsequent filings) in Inline XBRL (a total annual industry-wide cost of \$60,000).⁴³⁹

⁴³⁷ See infra section X.C.2. Currently, 17 of the 24 national securities exchanges are owned by public companies that file financial statements and cover page disclosures in EDGAR in Inline XBRL.

⁴³⁸ 10 burden hours to tag Exhibits D, E (in part), and I in initial Form 1 in Inline XBRL x 1 response per year = 10 burden hours. 7 burden hours to tag financial statements in annual amendments to Form 1 in Inline XBRL x 24 responses per year = 168 burden hours.

⁴³⁹ \$2,500 per year x 24 exchanges = \$60,000. See infra section X.C.2.b for further detail on structured data (Inline XBRL and custom XML) compliance costs, including estimated cost ranges and factors underlying expected variance in structured data costs across different filers. For example, we expect those exchanges affiliated with public companies that are subject to Inline XBRL requirements would incur lower structured data costs than other exchanges. See infra note 606 and accompanying text. We have accounted for this expected variance in the calculations of average burden and cost figures presented in this section.

The Commission also recognizes the requirement to structure certain other disclosures on Form 1 in a custom XML data language would impose burdens on respondents.⁴⁴⁰ The Commission estimates respondents will incur an average of 3 burden hours to structure disclosures in initial Form 1 filings in custom XML (a total annual industrywide burden of 3 hours), and an average of 2 burden hours to structure disclosures in subsequent Form 1 filings in custom XML (a total annual industrywide burden of 528 hours).⁴⁴¹

To summarize, the current estimated annual burden to submit filings pursuant to Rules 6a-1, 6a-2, and 6a-3 is 7,624 hours.⁴⁴² Under the proposal, the Commission estimates that the annual burden to submit these filings would be 8,103 hours.⁴⁴³ In addition, the Commission estimates that the total annual industry-wide external cost of the proposed Inline XBRL requirements related to Form 1 would be \$62,500.⁴⁴⁴

⁴⁴⁰ This does not include the monthly volume reports that exchanges must file under Rule 6a-3(b) of the Exchange Act, as we assume exchanges would file those disclosures, which comprise a very limited number of data points, using a fillable form that EDGAR would convert to custom XML. See 17 CFR 240.6a-3(b).

⁴⁴¹ 3 burden hours to structure disclosures in initial Form 1 filings in custom XML x 1 response per year = 3 burden hours. 2 burden hours to structure disclosures in subsequent Form 1 filings in custom XML x 264 responses per year = 528 burden hours. Our estimates assume exchanges would choose to encode the disclosures in the Exhibits to Form 1 in custom XML and submit the custom XML documents directly to EDGAR, rather than manually completing fillable EDGAR forms to be converted into custom XML documents. See *infra* text accompanying note 592.

⁴⁴² 880 burden hours for Rule 6a-1 + 6,600 burden hours for Rule 6a-2 + 144 burden hours for Rule 6a-3 = 7,624 burden hours.

⁴⁴³ 891 burden hours for Rule 6a-1 (878 burden hours to file electronically + 10 burden hours to tag in Inline XBRL + 3 burden hours to tag in custom XML) + 7,032 burden hours for Rule 6a-2 (6,336 burden hours to file electronically + 168 burden hours to tag Exhibits in Inline XBRL + 528 burden hours to structure Exhibits in custom XML) + 180 burden hours for Rule 6a-3 = 8,103 burden hours.

⁴⁴⁴ \$2,500 industry-wide cost for Rule 6a-1 (to tag in Inline XBRL an initial Form 1 filing) + \$60,000 industry-wide cost for Rule 6a-2 (to tag in Inline XBRL periodic updates to Form 1) = \$62,500.

3. Rule 6a-4, Form 1-N

Currently Approved Burden Estimate⁴⁴⁵

Initial filings on Form 1-N by futures exchanges submitting notice registration as a national securities exchange solely for the purpose of trading security futures products are made on a one-time basis. The Commission estimates that it would receive zero initial Form 1-N filing per year.⁴⁴⁶ The Commission estimates that the total burden for all respondents to file initial Form 1-N filings per year would be 0 hours (31 hours/respondent/year x 0 respondents). The Commission estimates that the total annual burden for all respondents to provide periodic amendments⁴⁴⁷ to keep the Form 1-N accurate and up to date as required under Rule 6a-4(b)(1) would be 30 hours (15 hours/respondent per year x 2 respondents). The Commission estimates that the total annual burden for all respondents to provide annual amendments under Rule 6a-4(b)(3) would be 30 hours (15 hours/respondent/year x 2 respondents). The Commission estimates that the total annual burden for all respondents to provide triennial amendments⁴⁴⁸ under Rule 6a-4(b)(4) would be 13 hours (20 hours/response x 2 responses every three years). The Commission estimates that the total annual burden for the filing of the supplemental information⁴⁴⁹ and the monthly reports required under Rule 6a-4(c) would be 12 hours (6 hours/respondent per year x 2 respondents). Thus, the Commission estimates the total annual burden for complying with Rule 6a-4 is 86 hours.

⁴⁴⁵ For an explanation of the collection of information under Rule 6a-4 and Form 1-N, see supra section IX.A.3.

⁴⁴⁶ The Commission is basing its estimate on its historical experience with Form 1-N filings. In particular, since the adoption of the form in 2001, six initial Form 1-N filings have been made by futures exchanges. Based on the infrequent occurrence of filings, the Commission believes that zero is a reasonable estimate.

⁴⁴⁷ 17 CFR 240.6a-4(b)(1).

⁴⁴⁸ 17 CFR 240.6a-4(b)(3) and (4).

⁴⁴⁹ 17 CFR 240.6a-4(c).

Proposed Revision to Burden Estimate

The Commission recognizes that the proposed amendments to Rule 6a-4 would impose certain burdens on respondents. Although the information to be provided on filings made pursuant to Rule 6a-4 would not change, respondents would be required to submit documents electronically. The instructions to Form 1-N would be amended to no longer require respondents to make and submit multiple copies of the Form 1-N submission. Currently, respondents must make two copies of each filing in addition to the original Form 1-N to be submitted pursuant to Rule 6a-4. The Commission believes that, generally, the time spent making such copies instead would be spent uploading documents through EDGAR. Where a filing could include multiple exhibits, the Commission believes that, generally, the time required to upload documents would be less than the time required to make two copies of each exhibit, particularly when the exhibit contains numerous pages.

The Commission estimates that, on average, filing an initial Form 1-N filing electronically would require, generally, two fewer hours of clerical work from the current baseline. Therefore, instead of 31 hours, an initial filing would require 29 hours. However, because the Commission estimates that there will be zero respondents submitting initial filings, the burden would remain zero hours ($29 \text{ hours/respondent/year} \times 0 \text{ respondents/year}$).

The Commission estimates that, on average, periodic amendments to Form 1-N electronically would require 1 fewer hour of clerical work from the current baseline. The aggregate ongoing burden on all respondents submitting periodic amendments electronically would be two hours fewer than the current baseline. Accordingly, the Commission estimates that the aggregate burden on all respondents to submit periodic amendments to Form 1-N would be 28 hours ($14 \text{ hours/respondent/year} \times 2 \text{ respondents}$).

Similarly, the Commission estimates that, on average filing annual amendments to Form 1-N electronically would require 1 fewer hour of clerical work from the current baseline. The aggregate burden on all respondents submitting annual amendments electronically would be two hours fewer than the current baseline. Accordingly, the Commission estimates that the aggregate burden on all respondents to provide annual amendments to Form 1-N would be 28 hours (14 hours/respondent/year x 2 respondents).

The Commission estimates that, on average, filing triennial amendments to Form 1-N would require 1 fewer hour of clerical work from the current baseline. Accordingly, the Commission estimates that the total annual burden for all respondents to provide triennial amendments to Form 1-N would be 13 hours⁴⁵⁰ (19 hours/response x 2 respondents per year x .33 responses per year).

With respect to supplemental material filed under Rule 6a-4, while in some instances there may be a marginal reduction in burden hours associated with submitting these materials electronically as a result of a reduction in printing requirements, for purposes of making a PRA burden estimate the Commission believes that, on average, the most recently approved baseline represents an appropriate estimate of the burden hours associated with submitting supplemental information and monthly reports. The Commission believes that the time required to compile copies of these materials would, on average, be equivalent to the time required to upload those filings electronically. The Commission estimates that, on average, filing supplemental information and monthly reports electronically would not increase or decrease burden hours from the current baseline of six hours/respondent/year. Accordingly, the Commission believes that the

⁴⁵⁰ Even with the one hour per response reduction, the annual total burden would still be 13 hours due to rounding. The annual burden would be reduced from 13.33 to 12.67, which both round to 13 hours.

aggregate burden associated with filing supplemental information and monthly reports would continue to be 12 hours. Thus, the Commission believes that the total aggregate annual burden to comply with Rule 6a-4 would be 81 hours.⁴⁵¹

4. Rules 15aa-1 and 15aa-2; Form 15A

Initial filings on proposed Form 15A by an applicant seeking registration as a national securities association are made on a one-time basis.⁴⁵² The Commission estimates that it would receive one initial Form 15A filing per year.⁴⁵³ Because the Commission believes that the filing of an initial Form 15A would be substantially similar to an initial Form 1 filing, the Commission estimates that each respondent would incur an average burden of 878 hours to complete and file an initial Form 15A.⁴⁵⁴

Based on the number of applications for registration as a national securities association the Commission has received, the Commission estimates that it will receive not more than one initial Form 15A filing per year. The Commission estimates that a respondent would incur an average burden of 878 hours to file an initial Form 15A.

With respect to the proposed amendments to proposed Form 15A, the Commission estimates that each registered association would file 11 amendments or periodic updates to Form

⁴⁵¹ The Commission currently estimates that compliance with Form 1-N and Rule 6a-4 results in \$304 of annual clerical costs (i.e., mailing forms and copying forms etc.). The Commission estimates that these costs would be eliminated with the electronic filing of Form 1-N.

⁴⁵² For an explanation of the collection of information under Rules 15Aa-1 and 15Aj-1 that are being redesignated as Rules 15aa-1 and 15aa-2 and Forms X-15AA-1, X-15AJ-1, and X-15AJ-2 that are being redesignated as Form 15A, see supra section IX.A.4.

⁴⁵³ See Exchange Act Rule 15aa-1, 17 CFR 240.15aa-1 and 17 CFR 249.801.

⁴⁵⁴ See FR Doc. 2019-04007, 84 FR 8138 (Mar. 6, 2019) (Request to OMB for Extension of Rule 6a-1, Rule 6a-2 and Form 1; SEC File 270-0017; OMB Control No. 3235-0017) (hereinafter “Rules 6a-1 and 6a-2 PRA Update”). The Commission currently estimates that an initial Form 1 filing would incur an average burden of 880 hours, less the efficiencies contemplated in this propose that no longer require the submission of duplicate paper copies (a reduction of 2 burden hours per respondent). See supra section IX.D.2.

15A per year.⁴⁵⁵ Hours required for amendments to Form 15A that must be submitted to the Commission can vary, depending upon the nature and extent of the amendment, the association's corporate structure, and the association's business activities. The Commission estimates that an association would incur an average burden of 24 hours per filing to comply with Rule 15aa-2.⁴⁵⁶ Accordingly, the estimated average annual burden to update and amend Form 15A is 264 hours per association⁴⁵⁷ for an estimated aggregate annual burden for all national securities associations of 264 hours.⁴⁵⁸

5. Rule 17ab2-1, Form CA-1

Currently Approved Burden Estimate

The Commission has previously discussed the requirements of Rule 17ab2-1 and Form CA-1 above in IX.A.5.

The Commission estimates that, on average, each initial Form CA-1 requires approximately 340 hours to complete and submit for approval, and that, on average, the

⁴⁵⁵ The Commission believes that the requirements of Rule 15aa-2 are substantively similar to the requirements of Rules 6a-1 and 6a-2. As a result, the Commission believes it can rely on the past history of amendments and periodic updates submitted under those rules in determining its estimate of the number of amendments the Commission will receive under Rule 15A. The Commission estimates that each registered or exempt exchange would file 11 amendments or periodic updates to Form 1 per year. The Commission believes that using an estimate of 11 amendments or periodic updates for Form 15A is appropriate.

⁴⁵⁶ Attorney at 10 hours + Accountant at 10 hours + Compliance Clerk at 4 hours = 24 burden hours. The instructions to Form 15A would be amended to no longer require respondents to make and submit multiple copies of the Form 15A submission. Currently, respondents must make two copies of each filing to be submitted pursuant to Rule 15Aa-1 and 15Aaj-1. The Commission believes that the time spent making such copies instead would be spent uploading documents through EDGAR. Where a filing could include multiple exhibits, the Commission believes that the time required to upload documents would be less than the time required to make two copies of each exhibit, particularly when the exhibit contains numerous pages. The Commission estimates that, on average, filing amendments to Form 15A electronically would require 1 fewer hour of clerical work compared to the submission of physical copies as contained in the most recent PRA updates for Rule 6a-1 and 6a-2.

⁴⁵⁷ 11 Form 15Aa-2 Amendments annually x 24 burden hours per Form 15A Amendment = 264 burden hours per association.

⁴⁵⁸ 264 burden hours per association x 1 national securities association = 264 aggregate burden hours.

Commission receives one application each year.⁴⁵⁹ This burden is composed primarily of a one-time reporting burden that reflects the applicant's staff time to prepare and submit the Form CA-1 to the Commission.⁴⁶⁰ With respect to amendments to Form CA-1, the Commission estimates that, on average, an amendment requires 60 hours of the exempt or registered clearing agency's staff time,⁴⁶¹ although the time burden related to preparing and submitting an amendment widely varies depending on the nature of the information that needs to be updated. The Commission estimates that, on average, it receives one amendment per year. Accordingly, the Commission estimates that the aggregate annual burden associated with compliance with Rule 17ab2-1 and Form CA-1 is 400 hours.

Proposed Revision to Burden Estimate

The Commission recognizes that the proposed amendments to Rule 17ab2-1 would impose certain burdens on respondents. Although the information to be provided on filings made pursuant to Rule 17ab2-1 would not change, respondents would be required to submit documents electronically. The instructions to Form CA-1 would be amended to no longer require respondents to make and submit multiple copies of the same form. Currently, respondents must make four copies of Form CA-1. The Commission believes that the time spent making such copies would now be spent uploading documents through EDGAR. Where a filing may include multiple exhibits, the Commission believes that the time required to upload documents would be slightly less than the time required to make copies of each exhibit. As the number of exhibits required to be submitted with Form CA-1 is roughly equivalent to the number

⁴⁵⁹ See FR Doc. 2020-18498, 85 FR 52178 (Aug. 24, 2020) (Request to OMB for Extension of Rule 17Ab2-1 and Form CA-1; SEC File No. 270-203; OMB Control No. 3235-0195).

⁴⁶⁰ Compliance Attorney at 300 hours + Chief Compliance Officer at 40 hours = 340 burden hours.

⁴⁶¹ Compliance Attorney at 40 hours + Chief Compliance Officer at 20 hours = 60 burden hours.

of exhibits required by an initial Form 1 application, the Commission believes that the overall burden is two hours less (for either an initial application or an amendment) to make an electronic filing, compared to making the paper copies. Thus, the Commission believes that the aggregate annual burden associated with compliance with Rule 17ab2-1 and Form CA-1, other than the structuring requirement discussed below, would be approximately 396 hours.

The Commission also recognizes that the requirement to file Form CA-1 in Inline XBRL (in part) and in custom XML (in part) would impose burdens on respondents.⁴⁶² The Commission estimates respondents would incur an average of 18 burden hours to structure financial statements and narrative disclosures in initial applications on Form CA-1 in Inline XBRL (resulting in a total annual industry-wide burden of 18 hours) and an average of 12 burden hours to structure financial statements and narrative disclosures in subsequent amendments on Form CA-1 in Inline XBRL (resulting in a total annual industry-wide burden of 12 hours).⁴⁶³ The Commission further estimates respondents would incur average annual external monetary costs (e.g., the cost of purchasing and renewing the necessary Inline XBRL tagging software) of \$3,500 to structure financial statements and narrative disclosures included in Form CA-1 in Inline XBRL (resulting in a total annual industry-wide burden of an average of \$3,500).⁴⁶⁴ The Commission estimates respondents would incur an average of 3 burden hours to structure other disclosures in initial applications on Form CA-1 in a custom XML data language (resulting in a

⁴⁶² The proposed amendments would require Schedule A and Exhibits C, F, H, J, K, L, M, O, R, and S of Form CA-1 to be structured in Inline XBRL, and would require the execution page and Exhibits A (in part), B, D, E (in part), I, N, and Q to be structured in custom XML. See supra notes 32–34 and accompanying text; see also supra section VII.A.

⁴⁶³ 18 hours per initial application x 1 initial application per year = 18 aggregate burden hours. 12 hours per subsequent amendment x 1 subsequent amendment per year = 12 aggregate burden hours.

⁴⁶⁴ \$3,500 per initial application x 1 initial application per year = \$3,500 aggregate cost per year. \$3,500 per subsequent amendment x 1 subsequent amendment per year = \$3,500 aggregate cost per year.

total annual industry-wide burden of 3 hours) and an average of 2 burden hours to structure those disclosures in subsequent amendments on Form CA-1 in custom XML (resulting in a total annual industry-wide burden of 2 hours).⁴⁶⁵ The proposed structured data requirements for Form CA-1 would thus entail an estimated total annual industry-wide burden of 21 burden hours and \$3,500 in external monetary costs for initial applications, and an estimated total annual industry-wide burden of 14 burden hours and \$3,500 in external monetary costs for subsequent amendments.⁴⁶⁶

6. Rule 19b-4(e), Form 19b-4(e)

Currently Approved Burden Estimate

The Commission's currently approved estimate to complete and submit one Form 19b-4(e) is 1 hour, for an aggregate annual burden of 2,331 hours.⁴⁶⁷

Proposed Revision to Burden Estimate

The proposed amendment to Rule 19b-4(e) rescinding Form 19b-4(e) and instead requiring an SRO to publicly report the information currently provided in Forms 19b-4(e) on its

⁴⁶⁵ 3 hours per initial application x 1 initial application per year = 3 aggregate burden hours per year. 2 hours per subsequent amendment x 1 subsequent amendment per year = 2 aggregate burden hours per year. Our estimates assume clearing agencies would choose to encode their disclosures in custom XML and submit the custom XML documents directly to EDGAR, rather than manually completing fillable EDGAR forms to be converted into custom XML documents. See infra text accompanying note 592. Consistent with burden estimates in prior Commission releases, the burden estimates here assume Inline XBRL tagging would be done by a compliance attorney, while custom XML structuring would be done by a programmer. See Shortening the Securities Transaction Settlement Cycle, Release No. 34-94196 (Feb. 9, 2022), 87 FR 10436, 10491 (Feb. 24, 2022); Money Market Fund Reforms, Release No. IC-34441 (Dec. 15, 2021), 87 FR 7248, 7332 (Feb. 8, 2022).

⁴⁶⁶ 18 hours and \$3,500 for Inline XBRL structuring + 3 hours for custom XML structuring = 21 hours and \$3,500 per initial application) x 1 initial application per year = 21 aggregate burden hours per year and \$3,500 in aggregate external monetary cost per year. 12 hours and \$3,500 for Inline XBRL structuring + 2 hours for custom XML structuring per subsequent amendment = 14 hours and \$3,500 per subsequent amendment x 1 subsequent amendment per year = 14 aggregate burden hours per year and \$3,500 in aggregate external monetary cost per year. See infra Section X.C.2.b for further detail on structured data (Inline XBRL and custom XML) compliance costs, including estimated cost ranges and factors underlying expected variance in structured data costs across different filers.

⁴⁶⁷ See FR Doc. 2022-17308, 87 FR 49894 (Aug. 12, 2022) (Request to OMB for extension of Rule 19b-4(e) and Form 19b-4(e); SEC File No. 270-447; OMB Control No. 3235-0504).

internet website would impose certain burdens on respondents. Respondents would be required to use the most recent versions of the XML schema (i.e., data language) and the associated PDF renderer as published on the Commission's website to post the information required under proposed Rule 19b-4(e) for each new derivative securities product. Currently, respondents must make nine copies of Form 19b-4(e); however, the form consists of a single page and does not require respondents to submit exhibits. In some instances there may be a marginal change in burden hours associated with posting the same information as is required on current Form 19b-4(e) on a respondent's website. However, given the relatively small amount of data to be structured, rendered, and posted for each new derivative securities product, for purposes of making a PRA burden estimate the Commission believes that, on average, the proposed requirement to structure the information in a custom XML data language, render it using the associated PDF renderer, and post it on a respondent's website would continue to be 1 burden hour for each new derivative securities product, and that the time to structure, render and post the first new derivative securities product per respondent would be an additional 0.5 hours. Accordingly, the Commission believes that the total additional initial hour burden would be 12 hours and the total annual hour burden would continue to be 2,331 hours per year associated with the structuring, rendering, and posting of information under proposed Rule 19b-4(e).⁴⁶⁸ The Commission does not estimate respondents would incur external monetary costs under proposed Rule 19b-4(e).

⁴⁶⁸ 0.5 burden hours per first response for structuring, rendering, and posting x 24 respondents) = 12 hours. 1 burden hour per response for structuring, rendering, and posting in subsequent years x 2,331 responses) = 2,331 hours. See also infra Section X.C.2.b, including the text accompanying note 628 (discussing estimated cost ranges related to the proposed structuring requirement for Rule 19b-4(e) information). Consistent with structured data burden estimates in prior Commission releases, the burden estimates here assume the custom XML structuring would be done by a programmer. See supra note 465.

7. Rule 19b-4(j), Form 19b-4

Currently Approved Burden Estimate

The Commission's currently approved estimated response burden pursuant to Rule 19b-4 and Form 19b-4 for the 42 respondents is an aggregate burden of 91,300 hours.⁴⁶⁹

Proposed Revision to Burden Estimate

The Commission believes that, on average, the removal of the manual signature and retention requirement would not increase or decrease the burden hours associated with continuing to file Form 19b-4 electronically because the manual signature and retention requirement is only a small component of the filing requirement. Accordingly, the Commission believes that the aggregate burden for SROs associated with complying with Rule 19b-4 and filing Form 19b-4 would continue to be 91,300 hours.

8. Rule 17a-22

Currently Approved Burden Estimate⁴⁷⁰

The Commission estimates that it receives, on average, approximately 840 filings per year pursuant to Rule 17a-22.⁴⁷¹ Although the frequency of filings made by registered clearing agencies pursuant to Rule 17a-22 varies, the Commission estimates that, on average, each registered clearing agency submits approximately 120 filings per year.⁴⁷² The Commission

⁴⁶⁹ See FR Doc. 2019-22222, 84 FR 54710 (Oct. 10, 2019) (Request to OMB for extension of Rule 19b-4 and Form 19b-4; SEC File No. 270-38; OMB Control No. 3235-0045).

⁴⁷⁰ The Commission has previously discussed the requirements of Rule 17a-22 in IX.A.8, *supra*.

⁴⁷¹ This figure is based on the number of aggregate filings received by the Commission in 2017, which was the last year for which the Commission had compiled data at the time of the Rule 17a-22 PRA update in 2020.

⁴⁷² See FR Doc. 2020-08336, 85 FR 21910 (Apr. 20, 2020) (Request to OMB for Extension of Rule 17a-22; SEC File No. 270-202; OMB Control No. 3235-0196). Given the variability in the number of filings per clearing agency received each year, the Commission estimated an average of 120 annual filings per clearing agency by averaging the approximate number of filings received in the most recent year for which the Commission has obtained data (840 filings) by the number of registered clearing agencies (7 clearing agencies).

estimates that, on average, each filing requires approximately 0.25 hours (fifteen minutes).⁴⁷³

This figure represents the time it takes for a staff person at a registered clearing agency to: (i) properly identify a document subject to the rule; (ii) print and make copies of the document; and (iii) mail the copies to the Commission and, where applicable, the ARA.⁴⁷⁴ Accordingly, the Commission estimates that the aggregate annual burden to comply with Rule 17a-22 is 210 hours.⁴⁷⁵ Further, the Commission estimates that each registered clearing agency will expend a total of 30 hours per year to comply with Rule 17a-22.⁴⁷⁶

Proposed Revision to Burden Estimate

The Commission recognizes that the proposed amendments to Rule 17a-22 would impose certain burdens on respondents. Although the scope of supplemental materials subject to Rule 17a-22 would not change, respondents would be required to prominently post certain supplemental materials on their internet websites within two business days after issuing, or making generally available, such materials to their participants or other entities with whom they have a significant relationship. Currently, respondents must file with the Commission three paper copies of certain supplemental materials issued, or made generally available, to their participants or other entities with whom they have a significant relationship within 10 days after issuing, or making generally available, such materials. In addition, when the Commission is not a respondent's ARA, the respondent must file at the same time one paper copy of the materials with its ARA.

⁴⁷³ See *id.*

⁴⁷⁴ Although current Rule 17a-22 requires duplicate filings when the Commission is not a registered clearing agency's ARA, the Commission believes that the additional burden of making a duplicate filing would be minimal because the rule applies only to materials that have already been published by the registered clearing agency.

⁴⁷⁵ 7 registered clearing agencies x 120 responses per clearing agency x .25 hours = 210 burden hours.

⁴⁷⁶ 840 total responses x .25 hours / 7 active clearing agencies = 30 burden hours.

While there may be a marginal reduction in burden hours associated with replacing the paper filing requirement under Rule 17a-22 with an electronic filing requirement via a registered clearing agency’s website, the Commission believes that, for purposes of making a PRA burden estimate, the current baseline represents a reasonable estimate of the burden hours associated with filing supplemental materials. The Commission believes that the time required to compile and mail copies of supplemental materials would, on average, be equivalent to the time required to post these materials on a clearing agency’s website such that they would be readily identifiable and accessible on the website.⁴⁷⁷ Moreover, the Commission believes that reducing the timeframe under Rule 17a-22 from 10 days to 2 business days would not increase the burden hours associated with compliance with Rule 17a-22. The Commission estimates that, on average, filing supplemental materials electronically via a registered clearing agency’s internet website would not increase or decrease burden hours from the current baseline of 0.25 hours. Accordingly, the Commission believes that each registered clearing agency will continue to expend a total of 30 hours per year to comply with Rule 17a-22.⁴⁷⁸ Thus, the Commission believes that the aggregate annual burden associated with compliance with Rule 17a-22 would continue to be 210 hours.⁴⁷⁹

9. Rules 17a-5, 18a-7, and 17a-12

a. Requirement to File Annual Reports on EDGAR using Structured Data

Currently Approved Burden Estimate

⁴⁷⁷ See Section III.D.3. (explaining the Commission’s interpretation of the requirement to “prominently post” supplemental materials on a clearing agency’s website pursuant to the proposed amendments to Rule 17a-22).

⁴⁷⁸ 840 total responses x .25 hours / 7 active clearing agencies = 30 burden hours.

⁴⁷⁹ 7 registered clearing agencies x 120 responses per clearing agency x .25 hours = 210 burden hours.

Rules 17a-5, 17a-12, and 18a-7 require broker-dealers, OTC derivatives dealers, and SBS Entities that are not prudentially regulated, respectively, to file annual reports, including financial statements and supporting schedules that must be audited by a PCAOB-registered independent public accountant in accordance with PCAOB standards. Under Rule 17a-5, each broker-dealer is estimated to have an annual reporting burden of 12 hours, resulting in an annual industry burden of 44,148 hours.⁴⁸⁰ Under Rule 17a-12, each OTC derivatives dealer is estimated to have an annual reporting burden of 100 hours, resulting in an annual industry burden of 200 hours.⁴⁸¹ Under Rule 18a-7, each MSBSP is estimated to have an annual reporting burden of 10 hours, resulting in an annual industry burden of 40 hours and each SBSD is estimated to have an annual reporting burden of 17 hours, resulting in an annual industry burden of 102 hours.⁴⁸²

Proposed Revision to Burden Estimate

In the context of Nationally Recognized Statistical Rating Organizations (“NRSROs”), the Commission estimated that it would take an NRSRO, on average, sixteen hours on a one-time basis to become familiar with the EDGAR system.⁴⁸³ The Commission believes that this estimate would also apply to entities that are new filers on EDGAR under the proposed amendments to Rules 17a-5, 18a-7, and 17a-12.

⁴⁸⁰ See Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 17a-5 (July 29, 2021), available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202107-3235-022.

⁴⁸¹ See Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 17a-12 (Jan. 11, 2022), available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202110-3235-010.

⁴⁸² See Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 18a-7 (Apr. 15, 2021), available at <https://www.reginfo.gov/public/do/DownloadDocument?objectID=110893201>.

⁴⁸³ See Nationally Recognized Statistical Rating Organizations, Release No. 72936 (Aug. 27, 2014), 79 FR 55077, 55235-6 (Sept. 15, 2014).

As stated above, the Commission estimates that for the 12 months ended December 31, 2022, the Commission received 1,559 filings of the annual reports required by paragraph (d) of Rule 17a-5 in paper.⁴⁸⁴ Based on this estimate, the Commission estimates that approximately 1,559 broker-dealers that are required to file annual reports with the Commission will be new EDGAR filers. The broker-dealers that have filed annual reports on EDGAR have EDGAR access credentials and are familiar with the mechanics of filing on EDGAR. The Commission estimates the one time industry-wide burden for broker-dealers to acquire EDGAR access and familiarize themselves with EDGAR would be approximately 24,944 hours.⁴⁸⁵ ANC broker-dealers must also file annual reports under the proposed amendments to Rule 17a-5, so there would be no additional burden attributable to requiring the electronic filing on EDGAR of ANC broker-dealer supplemental reports under paragraph (k) of Rule 17a-5.

In addition, as stated above, the Commission estimates that nine non-bank SBSBs and MSBSPs would be required to file annual reports under proposed paragraph (c) of Rule 18a-7 and that these firms would be new EDGAR filers. However, since these firms are already filing Form SBSE on EDGAR, the Commission does not estimate any burden for these firms to familiarize themselves with EDGAR.

The Commission estimates that the one-time burden for an OTC derivatives dealer to familiarize itself with EDGAR would be approximately 16 hours. However, because all three OTC derivatives dealers already voluntarily file their annual reports on EDGAR, the Commission estimates that the one-time industry-wide burden would be zero hours.

⁴⁸⁴ See *supra* section IV.A.1.

⁴⁸⁵ 1,559 broker-dealers x 16 hours = 24,944 hours.

The current PRA burden for paragraph (d) of Rule 17a-5 includes an annual industry-wide cost of approximately \$28,512 in postage costs to mail the annual reports to the Commission and the current PRA burden for paragraph (k) of Rule 17a-5 includes an annual industry-wide cost of approximately \$85 in postage costs to mail the supplemental reports to the Commission. Under the proposal, broker-dealers would no longer incur these costs. Under the proposal, broker-dealers, OTC derivatives dealers, SBSBs, and MSBSPs filing their annual reports electronically must keep the original notarized oath or affirmation for a period of not less than six years, the first two years in an easily accessible place. The Commission believes that the proposed requirement to keep the notarized oath or affirmation would not materially increase a broker-dealer's recordkeeping burden.

Under the proposal, broker-dealers, OTC derivatives dealers, SBSBs, and MSBSPs would be required to file their annual reports and related filings (including compliance reports, exemption reports, accountant's reports, and supplemental reports) in Inline XBRL. To file reports in Inline XBRL, a filer must purchase Inline XBRL tagging software to apply Inline XBRL tags to the reports before submitting them to EDGAR, or employ a tagging service provider to apply the Inline XBRL tags to the reports on its behalf. As described in further detail in the subsequent economic analysis of proposed structured data requirements, the Commission expects the burdens associated with tagging the annual reports and related filings in Inline XBRL will vary based on the size of the respondent and whether the respondent is affiliated with a public reporting company that is already subject to Inline XBRL requirements.⁴⁸⁶

⁴⁸⁶ See *infra* Section X.C.2.b, including the text accompanying notes 600–602 and 607. We have accounted for this expected variance in the calculations of average burden and cost figures presented in this section. We have accounted for this expected variance in the calculations of average burden and cost figures presented in this section. Consistent with structured data burden estimates in prior Commission releases, the burden estimates here assume Inline XBRL tagging would be done by a compliance attorney. See *supra* note 465.

On average, we estimate respondents will incur 6 burden hours and \$1,200 in external cost for the first response to be tagged in Inline XBRL, and will incur 4 burden hours and \$800 in external cost to tag subsequent responses in Inline XBRL. Therefore, the Commission estimates the total initial industry-wide internal burden and external cost would be 19,308 hours and \$3,861,600 for broker-dealers (including OTC derivatives dealers); and the total initial industry-wide internal burden and external cost would be 54 hours and \$10,800 for SBSs and MSBSPs.⁴⁸⁷ The Commission estimates the total ongoing annual industry-wide internal burden and external cost would be 12,872 hours and \$2,574,400 for broker-dealers (including OTC derivatives dealers); and 36 hours and \$7,200 for SBSs and MSBSPs.⁴⁸⁸

b. Amendments Relating to the FOCUS Report

Currently Approved Burden Estimate

Rules 17a-5, 17a-12, and 18a-7 require broker-dealers, OTC derivatives dealers, and SBS Entities, respectively, to file unaudited financial information on the FOCUS Report (Form X-17A-5 Part II, IIA, or IIC) on a monthly or quarterly basis.⁴⁸⁹ Under Rule 17a-5, each broker-dealer is estimated to have an annual reporting burden of 12 hours, resulting in an annual industry burden of 44,148 hours.⁴⁹⁰ Under Rule 17a-12, each OTC derivatives dealer is estimated to have an annual reporting burden of 80 hours, resulting in an annual industry burden

⁴⁸⁷ 3,218 broker-dealers x 6 hours = 19,308 hours; 3,218 broker-dealers x \$1,200 = \$3,861,600. 9 SBSs and MSBSPs x 6 hours = 54 hours; 9 SBSs and MSBSPs x \$1,200 = \$10,800.

⁴⁸⁸ 3,218 broker-dealers x 4 hours = 12,872 hours; 3,218 broker-dealers x \$800 = \$2,574,400. 9 SBSs and MSBSPs x 4 hours = 36 hours; 9 SBSs and MSBSPs x \$800 = \$7,200.

⁴⁸⁹ See 17 CFR 240.17a-5; 17 CFR 240.17a-12; 17 CFR 240.18a-7.

⁴⁹⁰ See Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 17a-5 (July 29, 2021), available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202107-3235-022.

of 160 hours.⁴⁹¹ Under Rule 18a-7, each MSBSP is estimated to have an annual reporting burden of 61.33 hours, resulting in an annual industry burden of 245.33 hours, each SBSB that is not prudentially regulated is estimated to have an annual reporting burden of 245.33 hours, resulting in an annual industry burden of 1,472 hours, and each SBSB that is prudentially regulated is estimated to have an annual reporting burden of 28 hours, resulting in an annual industry burden of 700 hours.⁴⁹²

Proposed Revision to Burden Estimate

The Commission proposes a number of amendments to the FOCUS Report. First, it proposes corrective and clarifying amendments to FOCUS Report Part II. The Commission estimates that the proposed amendments will result in an initial burden of five hours on each Part II filer so firms can familiarize themselves with the amendments to FOCUS Report Part II. The Commission believes that these proposed amendments will generally either have no impact on or reduce the ongoing burden on the vast majority of filers because they will generally reduce questions about where and how to report items on the form. However, because the proposed amendments require stand-alone swap dealers and stand-alone introducing brokers to complete a new section of FOCUS Report Part II that these types of firms were not previously required to complete (*i.e.*, Computation of CFTC Minimum Capital Requirements), the Commission estimates that the proposed amendments are likely to result in an ongoing annual burden of 1 hour per stand-alone swap dealer or stand-alone introducing broker.

⁴⁹¹ See Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 17a-12 (Jan. 11, 2022), available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202110-3235-010.

⁴⁹² See Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 18a-7 (Apr. 15, 2021), available at <https://www.reginfo.gov/public/do/DownloadDocument?objectID=110893201>.

The Commission estimates that there are 460 broker-dealers or stand-alone SBS Entities filing FOCUS Report Part II, resulting in an estimated industry-wide initial burden of 2,300 hours.⁴⁹³ The Commission estimates that for Part II filers that are not stand-alone swap dealers, the proposed amendments generally will not change the estimated ongoing burden imposed by FOCUS Report Part II, as amended. The Commission estimates that there are 4 domestic stand-alone swap dealers and 103 domestic stand-alone introducing brokers filing FOCUS Report Part II, resulting in an estimated industry-wide ongoing burden of 107 hours per year.⁴⁹⁴

Second, the Commission proposes to align the text in FOCUS Report Part IIC with the text in FFIEC Form 031. These proposed amendments are expected to result in an initial burden of five hours on each bank SBS Entity so that firms can compare the revised FOCUS Report Part IIC with FFIEC Form 031. However, these proposed amendments are expected to generally either have no impact on or reduce the ongoing burden on bank SBS Entities because they will generally reduce questions about how to complete FOCUS Report Part IIC consistently with FFIEC Form 031. The Commission estimates that there are 31 bank SBS Entities filing FOCUS Report Part IIC, resulting in an estimated industry-wide initial burden of 155 hours.⁴⁹⁵ The Commission estimates that the proposed amendments will not change the estimated ongoing annual burden imposed by FOCUS Report Part IIC, as amended.

⁴⁹³ 5 hours x 460 Part II filers = 2,300 hours. These internal hours likely will be performed by a compliance manager.

⁴⁹⁴ 1 hour x 107 Part II filers that are domestic stand-alone swap dealers or stand-alone introducing brokers = 107 hours. These internal hours likely will be performed by a compliance manager. This burden estimate may be duplicative since the CFTC estimates that swap dealers and introducing brokers elect to file the CFTC's Form 1-FR instead of electing to file the SEC's FOCUS Report. See Supporting Statement for Revised Information Collections – OMB Control Number 3038-0024 (July 1, 2022), available at <https://www.reginfo.gov/public/do/DownloadDocument?objectID=122832501>.

⁴⁹⁵ 5 hours x 31 Part IIC filers = 155 hours. These internal hours likely will be performed by a compliance manager.

Third, the Commission proposes to require only two of the three signature lines to be signed on the FOCUS Report's cover page, and allows these signatures to be signed either manually or electronically. This proposed amendment is expected to result in an initial burden of 1 hour on each filer so that the firm can review the standards for an electronic signature on the FOCUS Report Part II, IIA, or IIC, as applicable. However, this proposed amendment is expected to generally either have no impact on or reduce the ongoing burden on FOCUS Report filers, because they will not be required to furnish as many signatures as before the amendment, and it may be easier to prepare electronic signatures rather than manual signatures since firms will already be familiar with the process and can easily obtain these signatures while working remotely. The Commission estimates that there are 3,547 broker-dealers, stand-alone SBS Entities, and bank SBS Entities filing FOCUS Report Parts II, IIA, or IIC, resulting in an estimated industry-wide initial burden of 3,547 hours.⁴⁹⁶ The Commission estimates that the proposed amendments will not change the estimated ongoing annual burden imposed by FOCUS Report Parts II, IIA, and IIC, as proposed to be amended.

Finally, the Commission proposes to require OTC derivatives dealers to file the FOCUS Report electronically on the SEC eFOCUS system instead of in paper. The Commission estimates that this proposed amendment will result in an initial burden of 15 hours on each OTC derivatives dealer so that the firm can familiarize itself with the SEC eFOCUS system. However, this proposed amendment is expected to generally either have no impact on or reduce the ongoing burden on OTC derivatives dealers, because filing the FOCUS Report electronically is an automated process as compared to filing by paper. Therefore, the Commission estimates

⁴⁹⁶ 1 hour x 3,547 Part II, IIC, and IIA filers = 3,547 hours. These internal hours likely will be performed by a compliance manager.

that there are 3 OTC derivatives dealers, resulting in an estimated industry-wide initial burden of 45 hours.⁴⁹⁷ The Commission estimates that the proposed amendment will not change the estimated ongoing annual burden imposed by Rule 17a-12.

10. Rule 17h-2T

The current PRA burden for Rule 17h-2T does not include a burden for sending the risk assessment reports to the Commission. As broker-dealers that are required to file reports under Rule 17h-2T are also required to file annual reports under Rule 17a-5,⁴⁹⁸ the Commission is not estimating an additional burden for becoming familiar with the EDGAR system and for monitoring changes in EDGAR filing requirements attributable to the proposed amendments to Rule 17h-2T.

Under the proposal, broker-dealers that are required to file reports under Rule 17h-2T would be required to tag the financial statements included with the report in Inline XBRL. Because these broker-dealers are also required to tag annual reports under Rule 17a-5 in Inline XBRL, the proposed Inline XBRL requirement for reports under Rule 17h-2T would represent additional (quarterly) iterations of that compliance process, as abbreviated to reflect that Form 17-H requires only financial statements (and not any supplemental reports or other related filings) to be tagged in Inline XBRL, and that Form 17-H filers may omit the statement of cash flows and the footnotes to the financial statements. Thus, the Commission estimates an average additional burden of 1 hour per response and a total industrywide burden of 964 hours per year for Form 17-H filers to structure their financial statements in Inline XBRL.⁴⁹⁹

⁴⁹⁷ 15 hours x 3 OTCDDs = 45 hours. These internal hours likely will be performed by a compliance manager.

⁴⁹⁸ See supra section IX.D.9.

⁴⁹⁹ 1 hour per response x 4 responses per year x 241 respondents = 964 hours. Rule 17h-2T requires fourth quarter financial statements in addition to cumulative annual financial statements. See 17 CFR 240.17h-1. The Commission has not added burden hours associated with the proposed custom XML requirements for

11. Rule 17a-19 and Form X-17A-19

Currently Approved Burden Estimate

Rule 17a-19 requires every national securities exchange and registered national securities association to file a Form X-17A-19 with the Commission and SIPC within five business days of the initiation, suspension, or termination of any member. The Commission currently estimates that Form X-17A-19 would take 0.25 hours to prepare, resulting in an annual industry-wide burden of 102 hours.⁵⁰⁰

Proposed Revision to Burden Estimate

The 25 respondents who file Form X-17A-19 would need to familiarize themselves with the EDGAR system. As stated above with respect to Rule 17a-5, 17a-12, and 18a-7, the Commission estimates the one-time reporting burden of becoming familiar with the EDGAR system is approximately 16 hours.⁵⁰¹ Accordingly, the Commission estimates that the one-time industry-wide reporting burden would be approximately 400 hours.⁵⁰²

the facing page and Part II of Form 17-H, because those requirements are currently in effect for Form 17-Hs that are filed on EDGAR, and nearly all Form 17-H filers (97% as of Dec. 31, 2021) file Form 17-H on EDGAR. See infra Section X.C.2.b for further detail on structured data compliance costs, including estimated cost ranges and factors underlying expected variance in structured data costs across different filers. For example, we expect the Form 17-H filers affiliated with public companies that are subject to Inline XBRL requirements would incur lower structured data costs than other Form 17-H filers. See infra text accompanying note 615. We have accounted for this expected variance in the calculation of average burden figures presented in this section. Consistent with structured data burden estimates in prior Commission releases, the burden estimates here assume Inline XBRL tagging would be done by a compliance attorney. See supra note 465.

⁵⁰⁰ See Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 17A-19 and Form X-17A-19 (Sept. 3 2020), available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202009-3235-002.

⁵⁰¹ See supra section IX.D.9.a.

⁵⁰² 16 hours x 25 respondents = 400 hours. The Commission assumes all respondents would use fillable web forms on EDGAR to input their Form X-17A-19 disclosures (which EDGAR would subsequently convert into a custom XML data language), and therefore this reflects time for respondents to familiarize themselves with the forms and does not include any added burden hours associated with the proposed custom XML requirement for Form X-17A-19.

12. Rule 3a71-3(d)(1)(vi)

Currently Approved Burden Estimate

Currently, Exchange Act Rule 3a71-3(d)(1)(vi) requires the Registered Entity to file the ANE Exception Notice by submitting it to the electronic mailbox specified on the Commission's website. When the Commission originally adopted the ANE Exception Notice requirement, it estimated that each Registered Entity would file one ANE Exception Notice with the Commission and that it would take 30 minutes to file each ANE Exception Notice, resulting in an industry-wide initial one-time burden of 12 hours.⁵⁰³

Proposed Revision to Burden Estimate

The Commission does not expect that changing the manner of filing the ANE Exception Notice from an email filing to an EDGAR filing will change this estimated one-time burden. The ability to withdraw an ANE Exception Notice via EDGAR as proposed in this release will result in an additional one-time burden. The Commission estimates that withdrawing an ANE Exception Notice electronically on EDGAR will incur the same burden as filing the initial ANE Exception Notice electronically on EDGAR. If each Registered Entity files one withdrawal of its ANE Exception Notice, the Commission estimates that would result in an industry-wide initial one-time burden of 12 hours.⁵⁰⁴

13. Rule 15fi-3(c)

Currently Approved Burden Estimate

⁵⁰³ See Cross-Border Adopting Release, 85 FR at 6340-41. See also Supporting Statement for the Paperwork Reduction Act Information Collection Submission for the Rule 3a71-3 Security-Based Swap Dealer De Minimis Counting Exception for Certain Transactions Arranged, Negotiated or Executed in the United States (Jan. 7, 2020) note 23 and accompanying text and section 15.d, available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=201912-3235-011.

⁵⁰⁴ 24 Registered Entities x ½ hour = 12 hours.

When the Commission originally adopted Rule 15fi-3, it expected there to be only a minimal, if any, initial burden of designing a system for submitting valuation dispute notices.⁵⁰⁵ The Commission also believed that the associated ongoing hourly burden of preparing and submitting such notices would be minimal.⁵⁰⁶ The Commission noted that, until SBS Entities were registered with the Commission, it was difficult for the Commission to determine the typical number of valuation disputes meeting the applicable thresholds that SBS Entities would be required to submit on an annual basis.⁵⁰⁷ The Commission had estimated that each SBS Entity will spend on average of 24 hours each year complying with the requirement to prepare and submit notices of valuation disputes, for an estimated average annual burden of 1,320 hours in the aggregate for all 55 SBS Entities.⁵⁰⁸

Proposed Revision to Burden Estimate

The Commission believes that the proposed amendments to Rule 15fi-3 related to EDGAR submission would not have an impact on the burdens associated with the existing collection of information. In particular, Rule 15fi-3(c) currently requires SBS Entities to submit security-based swap valuation dispute notices to the Commission “in a form and manner acceptable to the Commission.” Under current practice, staff has made available to SBS Entities

⁵⁰⁵ See Risk Mitigation Adopting Release, 85 FR at 6385.

⁵⁰⁶ Id. at 6385-86.

⁵⁰⁷ Id.

⁵⁰⁸ This 1,320-hour annual burden reflects the currently approved information collection burden estimate for Rule 15fi-3(c); see Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rules 15Fi-3 through 15Fi-5 – Risk Mitigation Techniques for Uncleared Security-Based Swaps (Aug. 18, 2021), available at https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202108-3235-011. Additionally, when the Commission adopted Rule 15fi-3(c) it noted that, although it believed that the time required to submit amendments to existing notices is likely included in the 24 hour estimate, it was “conservatively increasing that estimate by 25% to account for the submission of amended notices. As such, [the Commission estimated that] SBS Entities will spend on average of 30 hours each year complying with this requirement, for an estimated average annual burden of 1,650 hours in the aggregate for all 55 respondents.” See Risk Mitigation Adopting Release, 85 FR at 6386.

two options for submitting these notices (and any amendments) which includes either: (1) an electronic submission using EDGAR or (2) submission to a dedicated Commission email address. The Commission is now proposing to amend Rule 15fi-3(c) to affirmatively require SBS Entities to submit these notices (and any amendments) to the Commission electronically in EDGAR in a custom XML data language.

SBS Entities will already have access to EDGAR by virtue of using the system to submit their applications for registration on either Forms SBSE, SBSE-A, or SBSE-BD, and to submit their certification for registration on Form SBSE-C. As a result, SBS Entities would not incur any additional burden associated with obtaining access to EDGAR for purposes of submitting dispute notices given that all such filers should already have an active CIK. With respect to the proposed custom XML structuring requirement for the dispute notices, SBS Entities would be able to comply by inputting their disclosures into a fillable web form on EDGAR rather than structuring their disclosures in custom XML themselves. As a result, SBS Entities would not incur any additional burden associated with the proposed custom XML structuring requirement for dispute notices.⁵⁰⁹

14. Rule 15fk-1(c)(2)(ii)(A)

Currently Approved Burden Estimate

Under current Rule 15fk-1(c), the CCO of a SBS Entity is required to prepare and submit a CCO report the Commission. The Commission previously estimated that these reports would

⁵⁰⁹ See infra section X.C.2.b.

require on average 93 hours per respondent per year for an ongoing annual burden of 5,115 hours.⁵¹⁰

Proposed Revision to Burden Estimate

The Commission recognizes that the proposed amendments to Rule 15fk-1(c) may potentially impose certain burdens on respondents. Although the information to be included in the CCO report pursuant to Rule 15fk-1(c) would not change, the proposed amendment would require respondents to submit the CCO report electronically with the Commission through EDGAR in Inline XBRL.

The Commission estimates that no SBS Entities would be first-time EDGAR users needing to obtain EDGAR access credentials. Thus, the internal time burden associated with completing a Form ID application to gain access to EDGAR would not apply to SBS Entities.⁵¹¹

SBS Entities would incur a burden to submit the CCO report in Inline XBRL. Because the CCO reports consist of a limited number of textual narrative sections (compared to the various sets of numerical values that comprise financial statements, which take significantly longer to tag), the Commission estimates that, on average, an SBS Entity would spend 1.5 internal burden hours and \$600 in external costs (e.g., the cost to license and renew Inline XBRL compliance software and/or services) to tag its CCO report in Inline XBRL in the initial year of compliance, and 1 internal burden hour and \$400 in external costs in subsequent years.⁵¹²

⁵¹⁰ See Business Conduct Standards for Security- Based Swap Dealers and Major Security-Based Swap Participants, Exchange Act Release No. 77617 (Apr. 14, 2016), 81 FR 29960, 30096 (May 13, 2016) (“Business Conduct Release”).

⁵¹¹ See *supra* section IX.D.1.

⁵¹² See *infra* section X.C.2.b for further detail on structured data compliance costs, including estimated cost ranges and factors underlying expected variance in structured data costs across different filers. For example, we expect the SBS Entities affiliated with public companies that are subject to Inline XBRL requirements would incur lower structured data costs than other SBS Entities. See *infra* note 630 and accompanying text. We have accounted for this expected variance in the calculations of average burden

Accordingly, the Commission estimates that the total burden associated with compliance with Rule 15fk-1(c) would be an annual hour burden of 94.5 hours per respondent in the initial year and 94 hours per respondent in subsequent years, and an annual cost burden of \$600 per respondent in the initial year and \$400 per respondent in subsequent years, yielding an industry-wide annual burden of 4,630.5 hours and \$29,400 in the first year and 4,606 hours and \$19,600 in subsequent years.⁵¹³

15. Proposed Amendments to Regulation S-T

The Commission is proposing to require that the annual reports filed or submitted with the Commission under Rules 17a-5, 17a-12, and 18a-7, and the reports filed or submitted with the Commission under Rules 17a-19 and 15fk-1(c) be filed or submitted electronically with the Commission using the EDGAR system. The Commission also is proposing to require that the notices under Rules 3a71-3(d)(1)(vi) and 15fi-3(c), including withdrawals and amendments, respectively, be made using the EDGAR system. In order to implement these requirements, the Commission is proposing amendments to Rule 101 of Regulation S-T. In addition, the Commission is proposing that some or all of the annual reports filed or submitted with the Commission under Rules 17a-5, 17a-12, and 18a-7, and the reports filed or submitted with the Commission under Rule 15fk-1(c), be structured in Inline XBRL. In order to implement these requirements, the Commission is proposing amendments to Rule 405 of Regulation S-T.

and cost figures presented in this section. Consistent with structured data burden estimates in prior Commission releases, the burden estimates here assume Inline XBRL tagging would be done by a compliance attorney. *See supra* note 465.

⁵¹³ The annual aggregate burden hour estimate for the initial year of compliance is based on the following calculation: (93 hours + 1.5 hours) x (50 SBS Entities) = 4,725 hours. The annual aggregate burden hour estimate for the subsequent years of compliance is based on the following calculation: (93 hours + 1 hours) x (50 SBS Entities) = 4,700 hours. The annual aggregate external cost estimate for the initial year of compliance is based on the following calculation: \$600 x (50 SBS Entities) = \$30,000. The annual aggregate external cost estimate for subsequent years of compliance is based on the following calculation: \$400 x (50 SBS Entities) = \$20,000.

While the amendments would revise Regulation S-T, the collection of information requirements are reflected in the burden hours estimated for Rule 3a71-3, 15fi-3, 15fk-1, 17a-5, 18a-7, 17a-12, Rule 17h-2T, and Form ID. The rules in Regulation S-T should not impose any separate burden, and accordingly the estimated burden for Regulation S-T as proposed to be amended would not change. Consistent with historical practice, the Commission is retaining a burden estimate of one hour for Regulation S-T for administrative convenience. A firm that does not already have log-in credentials for EDGAR will need to submit a request to the Commission in order to gain access to the EDGAR system.⁵¹⁴

E. Collection of Information is Mandatory

All collections of information pursuant to the proposed rules would be mandatory, or mandatory except to the extent an exception is available.

F. Confidentiality of Responses to Collection of Information

For all Covered SRO Forms, no assurance of confidentiality is given by the Commission with respect to responses made on such forms. While Rule 24b-2 allows entities to seek confidential treatment, the Commission expects that all information will be public and that confidential treatment will not be available. Any person may make written objection to the public disclosure of any information contained in such forms in accordance with the procedures set forth in Rule 24b-2(b).⁵¹⁵

The information collected pursuant to Rule 3a71-3(d)(1)(vi) is public information to assist Relying Entities and their affiliates in determining whether they have satisfied the ANE Exception's notice requirement and in monitoring their progress toward the ANE Exception's

⁵¹⁴ See supra section IX.D.9. (estimating a one-time industry-wide burden of 29,944 hours for broker-dealers to acquire EDGAR access and familiarize themselves with EDGAR).

⁵¹⁵ 17 CFR 240.24b-2(b).

cap on inter-dealer security-based swaps. The proposed amendment to Rule 3a71-3(d)(1)(vi) provides that notices and withdrawals shall be publicly disseminated through the Commission's EDGAR system. Because reliance on the ANE Exception which requires filing of an ANE Exception Notice is voluntary, the Commission does not expect that a Registered Entity seeking to facilitate the exception would include information that could not be publicly disclosed in the notices or withdrawals required by the proposed amendment to Rule 3a71-3(d)(1)(vi) or would object to the public disclosure of information contained in such notices or withdrawals.

Rule 15fi-3(c) requires an SBS Entity to promptly notify the Commission and any applicable prudential regulator of any security-based swap valuation dispute in excess of \$20,000,000 (or its equivalent in any other currency) if not resolved within: (1) three business days, if the dispute is with a counterparty that is an SBS Entity; or (2) five business days, if the dispute is with a counterparty that is not an SBS Entity. The rule also requires SBS Entities to notify the Commission and any applicable prudential regulator, if the amount of any security-based swap valuation dispute that was the subject of a previous notice increases or decreases by more than \$20,000,000 (or its equivalent in any other currency), at either the transaction or portfolio level. These amendments are required to be provided to the Commission, and any applicable prudential regulator, no later than the last business day of the calendar month in which the applicable security-based swap valuation dispute increases or decreases by the applicable dispute amount. To the extent that the Commission receives confidential information pursuant to this collection of information that is otherwise not publicly available, including in connection with examinations or investigations, the SBS Entity can request the confidential treatment of the information.⁵¹⁶ If such a confidential treatment request is made, the Commission anticipates that

⁵¹⁶ See 17 CFR 200.83.

it will keep the information confidential, subject to the provisions of applicable law; whether any material is confidential is determined pursuant to applicable law, including but not limited to the Freedom of Information Act and Commission rules governing requests for confidential treatment.⁵¹⁷

With respect to the other information collected under the proposed rule amendments and new rules, the firm can request the confidential treatment of the information.⁵¹⁸ If such a confidential treatment request is made, the Commission anticipates that it will keep the information confidential, subject to the provisions of applicable law; whether any material is confidential is determined pursuant to applicable law, including but not limited to the Freedom of Information Act and Commission rules governing requests for confidential treatment.⁵¹⁹

G. Retention Period for Recordkeeping Requirements

For all Covered SRO Forms and for proposed Rule 19b-4(e), records of these collections of information must be retained for at least five years, the first two years in an easily accessible place, pursuant to Rule 17a-1.⁵²⁰ The collection of information outlined in Rule 3a71-3(d)(1)(vi) is a reporting requirement and not a recordkeeping requirement; there is no retention requirement in connection with that collection of information. SBS Entities subject to 17 CFR 240.17a-4(b) or 17 CFR 240.18a-6(b) must retain notices and amendments required by Rule 15fi-3(c) for not less than three years, the first two years in an easily accessible place.⁵²¹

⁵¹⁷ See, e.g., 5 U.S.C. 552 *et seq.*; 15 U.S.C. 78x (governing the public availability of information obtained by the Commission). See also Risk Mitigation Adopting Release 85 FR at 6389-90.

⁵¹⁸ See 17 CFR 200.83. For Rule 15fk-1(c)(2)(ii)(A), SBS Entities may request confidential treatment for their CCO reports pursuant to Exchange Act Rule 83.

⁵¹⁹ See, e.g., 5 U.S.C. 552 *et seq.*; 15 U.S.C. 78x (governing the public availability of information obtained by the Commission).

⁵²⁰ 17 CFR 240.17a-1.

⁵²¹ See 17 CFR 17a-4(b)(1), 17 CFR 18a-6(b)(1)(i), and 17 CFR 18a-6(b)(2)(i).

Rule 17a-4 specifies the required retention periods for a broker-dealer, including an OTC derivatives dealer.⁵²² Rule 18a-6 specifies the required retention periods for non-broker-dealer SBSBs and non-broker-dealer MSBSBs.⁵²³ Under these two rules, many of the required records must be retained for three years, while certain other records must be retained for longer periods.

H. Request for Comments

Pursuant to 44 U.S.C. 3506(c)(2)(B), the Commission solicits comment to:

92. Evaluate whether the proposed collection of information is necessary for the proper performance of our functions, including whether the information shall have practical utility;
93. Evaluate the accuracy of our estimate of the burden of the proposed collection of information;
94. Determine whether there are ways to enhance the quality, utility, and clarity of the information to be collected; and
95. Evaluate whether there are ways to minimize the burden of collection of information on those who are to respond, including through the use of automated collection techniques or other forms of information technology.

Persons submitting comments on the collection of information requirements should direct them to the Office of Management and Budget, Attention: Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Washington, DC 20503, and should also send a copy of their comments to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090, with reference to File Number S7-

⁵²² 17 CFR 240.17a-4.

⁵²³ 17 CFR 240.18a-6.

08-23. Requests for materials submitted to OMB by the Commission with regard to this collection of information should be in writing, with reference to File Number S7-08-23 and be submitted to the Securities and Exchange Commission, Office of FOIA/PA Services, 100 F Street NE., Washington, DC 20549-2736. As OMB is required to make a decision concerning the collections of information between 30 and 60 days after publication, a comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication.

X. Economic Analysis

The Commission is mindful of the costs imposed by and the benefits obtained from our rules. Section 2(b) of the Securities Act,⁵²⁴ section 3(f) of the Exchange Act,⁵²⁵ and section 2(c) of the Investment Company Act of 1940⁵²⁶ require us, when engaging in rulemaking that requires us to consider or determine whether an action is necessary or appropriate in or consistent with the public interest, to consider, in addition to the protection of investors, whether the action will promote efficiency, competition and capital formation. In addition, section 23(a)(2) of the Exchange Act requires us, when adopting rules under the Exchange Act, to consider the impact that any new rule would have on competition and to not adopt any rule that would impose a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.⁵²⁷

Where possible, we have attempted to quantify the costs and benefits expected to result from the proposed amendments to the submission or posting requirements. However, in some cases we have been unable to quantify the economic effects because we lack the information

⁵²⁴ 15 U.S.C. 77b(b).

⁵²⁵ 15 U.S.C. 78c(f).

⁵²⁶ 15 U.S.C. 80a-2(c).

⁵²⁷ 15 U.S.C. 78w(a)(2).

necessary to provide an estimate. For example, we do not quantify the benefit to the general public of improved access to public filings made available in structured format. We encourage commenters to provide data that may be relevant for quantifying impacts we have not quantified.

This section discusses the benefits and costs of the proposed amendments, as well as their potential effects on efficiency, competition, and capital formation. Some of the proposed amendments are, however, technical, so they will likely not have significant economic effects.⁵²⁸

A. Broad Economic Considerations

Existing Commission rules require or provide the option for the filing in paper of certain forms and filings, including applications of entities seeking to register with the Commission as a national securities exchange (or seeking an exemption from such registration based on limited volume) or as a national securities association as well as amendments to these initial applications, reports regarding the listing and trading of new derivative securities products, clearing agency registration and updates, annual broker-dealer audit reports and risk assessment reports, and certain clearing agency supplemental materials. Other Commission rules do not specify the format in which a requirement should be satisfied, such as notices of changes in SRO membership.

By requiring the electronic submission on the Commission's EDGAR system or website posting of: (1) the Covered SRO Forms; (2) the information posted under Rule 19b-4(e); (3) the annual reports and related annual filings filed by broker-dealers, OTC derivatives dealers, SBSBs, and MSBSPs; and (4) other notices and reports from SBSBs, MSBSPs, and Registered Entities ("the affected documents"), and by requiring certain of the affected documents to be

⁵²⁸ As noted in section II.G. above, the Commission proposes a technical amendment to conform its Informal and Other Procedures to the changes proposed herein to Rules 6a-1, 6a-2, and 6a-3 with respect to Form 1 filings and to Rule 6a-4 with respect to Form 1-N filings proposed to be submitted to the Commission electronically.

provided, where appropriate, in a structured, machine-readable data language, the proposed amendments seek to streamline the submission process, and facilitate the transmission and effective use of submitted information. The proposed amendments to certain Exchange Act rules and the affected documents are expected to increase the efficiency of, and remove certain costs related to ongoing compliance with, the existing requirements. The discussion below addresses the potential economic effects of the proposed amendments, including their likely costs and benefits as well as the likely effects of the proposed amendments on efficiency, competition, and capital formation, relative to the economic baseline, which is comprised of the filing practices in existence today.

We anticipate that the proposed amendments that would require electronic submission or posting of documents that are currently filed in paper would not result in an increase in filing costs, and in some cases result in cost savings to reporting entities on an ongoing basis as a result of overall reduction in internal time burdens and the elimination of the printing and mailing expenses associated with paper filing. As noted,⁵²⁹ we recognize that entities that do not presently use EDGAR to comply with other reporting obligations would incur an incremental cost of initial transition to electronic submission on EDGAR. However, notwithstanding these initial transition costs, we anticipate that reporting entities would realize cost savings from electronic submission on EDGAR. With respect to the proposed structured data requirements, and specifically the proposed Inline XBRL reporting requirements, we recognize that entities subject to Inline XBRL reporting requirements under the proposed rules would incur ongoing costs associated with the requirement to encode and report information in Inline XBRL, and entities that do not presently use Inline XBRL would incur additional costs associated with the

⁵²⁹ See supra section IX.

initial implementation of Inline XBRL compliance processes and/or the purchase of third-party Inline XBRL filing preparation services or software.⁵³⁰

Compared to paper filing, electronic submission or posting information directly to a website can expedite the availability of public disclosures. Improving the speed of disclosure to the public improves the price efficiency of markets by improving the timeliness of information available to market participants. Electronic submission or posting would also facilitate the Commission's ability to oversee compliance with the securities laws and its oversight of securities markets making this information available to the Commission quicker, with added and more accessible functionality for Commission staff to review, analyze, and respond to, as necessary. The structured data requirements under the proposed amendments would augment these effects, allowing the Commission—and, where applicable, the public—to draw upon comparable information from other reporting periods and from other disclosing entities in assessing the reported disclosures.⁵³¹

⁵³⁰ See *infra* section X.C.2.b. We do not believe similar structured data implementation costs would result from most of the proposed custom XML requirements, because affected entities would have the option of inputting their information in fillable forms, which EDGAR would then convert into the custom XML data language. However, we would expect structured data implementation costs would arise in connection with the custom XML requirement for information posted under Rule 19b-4(e), because the SRO would post the information on its website rather than on the EDGAR system (and its fillable form capabilities), and in connection with the custom XML requirements on Forms 1 and CA-1, because we expect exchanges and clearing agencies would have the requisite sophistication to encode their disclosures in custom XML and submit the custom XML documents to EDGAR directly (rather than manually completing lengthy fillable forms to be converted into custom XML documents). See *infra* section X.C.2.b; see also *supra* section IX.D.6.

⁵³¹ As discussed further in section X.B.1, the affected documents could be subject to requests for confidential treatment. Whether any filed material is confidential is determined pursuant to applicable law, including but not limited to the Freedom of Information Act and Commission rules governing requests for confidential treatment. The public would not directly use any confidential information contained in these documents.

B. Baseline

1. Affected Entities

The entities primarily affected by the proposed requirements include the filers or submitters of the affected documents and the users of the affected documents. Other affected entities include third parties that may be involved with the preparation and filing or submission of the affected documents and in facilitating the use of structured data filed or submitted with the Commission, as well as parties that may indirectly benefit from the use of the affected documents by others.

Filers or Submitters of Affected Documents

Entities that currently file or submit the affected documents include SROs, including: national securities exchanges and exempt exchanges; notice-registered Security Futures Product Exchanges; registered national securities associations; and registered and exempt clearing agencies. Filers or submitters of the affected documents also include broker-dealers and registered SBS Entities (and certain affiliates thereof).⁵³²

Affected Documents and Affected Filers or Submitters

Affected Document	Type of Affected Filer or Submitter	Filer or Submitter Count
Form X-17A-5 Part III	Broker-dealers (including O.TC derivatives dealers) and non-bank SBS Entities	3,218 as of 12/31/22
Form 17-H	Broker-dealers (including OTC derivatives dealers)	Approximately 241 as of 9/30/22
FOCUS Report Part II	Broker-dealers (including OTC derivatives dealers) and stand-alone SBS Entities	460 as of 3/31/22
FOCUS Report Part IIA	Broker-dealers (including OTC derivatives dealers)	3,056 as of 3/31/22
FOCUS Report Part IIC	Bank SBS Entities	31 as of 3/31/22
Form 1	National securities exchanges	24 as of 12/31/22

⁵³² Not all of the affected documents listed for a particular entity type below apply to every entity that falls within that entity type. For details on the subsets of affected entities that file or submit particular affected documents, see supra section IX.

Form 1-N	Security futures product exchanges	2 as of 12/31/22
Form X-15AA-1; Form X-15AJ-1; Form X-15AJ-2	Registered national securities associations	1 as of 12/31/22
Form CA-1	Registered and exempt clearing agencies	14 (12 operational) as of 12/31/22
Rule 17a-22 materials	Registered clearing agencies	9 (7 operational) as of 12/31/22
Form X-17A-19	National securities exchanges and registered national securities associations	25 as of 12/31/22
Form 19b-4(e)	National securities exchanges	24 as of 12/31/22
Notices of Security-Based Swap Valuation Disputes pursuant to Rule 15fi-3(c)	SBS Entities	50 as of 1/4/23
CCO Report	SBS Entities	50 as of 1/4/23
ANE Exception Notice	Majority-owned affiliates of Relying Entities that are either registered SBSDs or registered brokers that meets certain capital and other requirements	24 (estimated) as of 12/31/22

Users of Affected Documents

The particular entities that use (e.g., examine, store, analyze) each affected document vary based on whether the particular document is publicly available. As noted in Section IX.F above, the documents subject to the proposed rule amendments would be available to the public, unless the firm submits a successful confidential treatment request.⁵³³ In that case, only the Commission (and, in certain cases, other regulators and regulatory organizations) would be able to directly access and use the documents. Otherwise, the affected documents would be publicly available, and as such could be directly used by public entities in addition to the Commission,

⁵³³ See supra note 515 and 516. As noted above in Section X.A, whether any filed material is confidential is determined pursuant to applicable law, including but not limited to the Freedom of Information Act and Commission rules governing requests for confidential treatment.

such as investors and other market participants, financial and market analysts, financial press, and other regulatory agencies or organizations.⁵³⁴

Third-Party Service Providers

In addition to the preparers and users of the affected documents, the other entities likely to be affected by the proposal are third-party service providers that assist in electronic filing and, in some cases, structuring, of regulatory documents, and in the facilitation of structured data use. As discussed in further detail below, the cost to filers or submitters of the proposed rules includes, in some instances, the cost of paying third-party service providers to prepare electronic and structured documents.⁵³⁵ Conversely, such third-party service providers would benefit from increased demand for electronic filing and structured data services under the proposed rules.

The Commission does not have data on the costs or structure of these services to filers or submitters of the affected documents. However, although the filers or submitters might nominally bear the costs of these services, we believe that some portion of these costs are passed on to investors indirectly. The Commission requests comment or data on the costs of these third-party service providers or how these costs are borne by filers and submitters of the affected documents.

With particular respect to structured data, entities currently subject to structured data requirements under Commission rules often pay third-party service providers to structure their

⁵³⁴ See, e.g., Arun Gupta, “The Internal Capital Markets of Global Dealer Banks,” FINANCE AND ECONOMICS DISCUSSION SERIES 2021-036, WASHINGTON: BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM (Apr. 25, 2021), <https://doi.org/10.17016/FEDS.2021.036> (Federal Reserve Board staff research paper using balance sheet data from Form X-17A-5 Part III to examine the internal capital markets of dealer banks); Srinivasan, Kandarp, “The Securitization Flash Flood” (Dec. 15, 2021), available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2814717 (academic research paper using data from Form X-17A-5 Part III to assess repo activities of large broker-dealers) (retrieved from SSRN Elsevier database).

⁵³⁵ See infra Section X.C.2.b.

disclosures, or to license structuring compliance software that allows filers or submitters to structure their disclosures internally. The specific amounts paid to third-party providers of structured data compliance services and/or software vary significantly based on a number of factors, such as the particular filing or submission on which structured data is required, the number of data points to be structured, the size of the filer or submitter, the industry to which the filer or submitter belongs, the number of individual users of the structured data compliance software, the extent to which the structuring is fully outsourced, and others. For example, smaller reporting companies are particularly likely to fully outsource their structured data preparation requirements to third-party service providers, leading to different cost dynamics than other companies that license third-party structured data preparation software and structure their disclosures in-house.⁵³⁶ Based on the Staff’s understanding of third-party structured data compliance pricing, we believe smaller filers typically pay between \$1,500 and \$5,000 per year for third-party structured data compliance services and/or software, while larger filers typically pay between \$5,000 and \$30,000 per year for such services and/or software.⁵³⁷

In some cases, rather than use a third-party structured data compliance service or software provider, filers or submitters will have already structured their data in-house, independently of any Commission disclosure requirements. For example, rather than paying

⁵³⁶ See, e.g., Yu Cong, Ayishat Omar, Huey-Lian Sun; Does IT Outsourcing Affect the Accuracy and Speed of Financial Disclosures? Evidence from Preparer-Side XBRL Filing Decisions. *Journal of Information Systems* 1 June 2019; 33 (2): 45–61 (stating that “for the sake of compliance, many firms, especially smaller firms that lack extensive resources, have outsourced the creation and filing process...”). Note also the subsequent discussion of a cost survey conducted by the Association of International Certified Professional Accountants, in which 1,032 smaller reporting companies reported full outsourcing of their XBRL structuring requirements. See *infra* note 595.

⁵³⁷ Some compliance service providers publicly disclose or advertise pricing information on their websites. See, e.g., EDGAR Filing Services, ADVANCED COMP. INNOVATIONS, INC., <http://www.edgar-services.com/> (last visited Mar. 8, 2023); COMPSCI RESOURCES, <https://www.compsciresources.com/pricing> (last visited Mar. 8, 2023). Other compliance service providers do not publicly disclose pricing information on their websites, instead requiring individual pricing consultations. See also *infra* notes 596 and 597.

third-party structured data compliance service providers, some filers or submitters use ERP systems or other data management platforms that include a data structuring component.⁵³⁸ In some instances, filers or submitters of a proposed custom XML document may already be using Inline XBRL to structure similar data for internal business purposes (such as through the use of ERP systems).⁵³⁹ Furthermore, companies that are affiliated with one another may be able to leverage each other's compliance software licenses or service agreements and experience in complying with the proposed structured data requirements.

In addition, with particular respect to custom XML requirements on EDGAR forms, some filers or submitters may comply by inputting their disclosures into fillable web forms on the EDGAR website; EDGAR then converts these inputted disclosures into the applicable custom XML data language. In such instances, filers or submitters forgo the cost of paying third-party structured data compliance service providers. With respect to the proposed rule amendments, because use of the fillable form permits filers or submitters to forgo the costs of structuring, we expect most entities affected by the proposed custom XML requirements would opt to use fillable forms rather than structure directly in custom XML.

Other filers or submitters of custom XML documents choose not to use the fillable web form; instead, they structure their disclosures in the applicable custom XML data language and file or submit that structured custom XML document on EDGAR. These filers or submitters typically incur implementation costs to integrate any new or updated custom XML schemas into their data systems, and then incur decreased structured data costs after such integration. Such

⁵³⁸ See, e.g., Feng Guo, Xin Luo, Patrick R. Wheeler, Liu Yang, Xinlei Zhao, Yiyang Zhang; Enterprise Resource Planning Systems and XBRL Reporting Quality. *Journal of Information Systems* 1 Sept. 2021; 35 (3): 77–106 (defining ERP systems as “large-scale, modularly packaged information systems that have been widely adopted by midsize and larger firms in recent decades” and stating that “most ERP systems integrate an eXtensible Business Reporting Language (XBRL) component in their core modules...”).

⁵³⁹ See supra text accompanying notes 75, 131, 219, and 227.

filers or submitters may find direct submission in custom XML beneficial, because it allows for greater automation for filing or submitting already structured data without the need for a final manual step of converting structured data into unstructured text to be typed into fillable web fields. For this reason, we believe the SROs that file Form 1 and Form CA-1, because they are likely to have existing data management systems (or have the internal resources and technical capability to establish such systems) that cover some of the disclosures proposed to be structured in custom XML, would opt to structure disclosures directly in custom XML rather than using the fillable EDGAR web form.⁵⁴⁰ Nonetheless, we believe providing both the fillable web form option and the direct custom XML structuring option for the proposed custom XML requirements, as we do for most other custom XML forms on EDGAR, would provide useful flexibility for any current or future affected entities that opt to take an approach that differs from our preliminary assumptions, without compromising the usefulness and accessibility of the resulting disclosures.

While not required for structured data use, some data users (including some investors and analysts) pay third-party service providers for software that can facilitate their usage and analysis of structured data. As with structured data compliance, the specific amounts paid for third-party structured data research software vary significantly based on a number of factors, such as the number of individual software users, whether the user is an individual or an enterprise, and the particular type of functionality offered. Based on the Staff's understanding of third-party structured data research software pricing, we believe data users typically pay between \$1,000

⁵⁴⁰ Such disclosures could include, for example, schedules of fees (Exhibit H to Form 1), lists of participants or applicants for participation (Exhibit N to Form CA-1), and schedules of traded securities (Exhibit N to Form 1).

and \$15,000 per year for third-party structured data research software.⁵⁴¹ Other data users, especially those with more technical experience and sophistication, import structured data into their own systems and analyze the data without paying for third-party software.⁵⁴²

2. Paper and Limited Electronic Submission

Certain of the affected documents are currently filed or submitted in paper format. Specifically, the Commission's regulatory framework currently requires an entity seeking to be registered as a national securities exchange, as a clearing agency, and as a security futures product exchange, to file in a paper-based format certain forms that are mandated by rules under the Exchange Act. Filers are also required to submit paper-based amendments to their respective forms. The forms currently required to be filed in paper format include Forms 1, 1-N, X-15AA-1, X-15AJ-1, X-15AJ-2, CA-1. Form 19b-4(e) also is required to be submitted in paper format. In addition, paragraphs (d)(6) of Rule 17a-5 and (c)(6) of Rule 18a-7 provide that broker-dealer and SBS Entity annual reports, respectively, must be sent to the Commission's principal office in Washington, DC, and appropriate regional office or they may be submitted to the Commission electronically in accordance with directions provided on the Commission's website. Some broker-dealers voluntarily file annual reports electronically on EDGAR,⁵⁴³ and instructions for

⁵⁴¹ Some research service providers publicly disclose or advertise pricing information on their websites. See, e.g., CALCBENCH, <https://www.calcbench.com/payment/pricing> (last visited Mar. 8, 2023); TAGNIFI, <https://about.tagnifi.com/pricing/> (last visited Mar. 8, 2023); FINDYNAMICS, <https://findynamics.com/subscriptions/> (last visited Mar. 8, 2023). Other research service providers do not publicly disclose pricing information on their websites, instead requiring individual pricing consultations.

⁵⁴² Structured data filed with or submitted to the Commission (other than structured data filed or submitted on non-public documents) are freely available to access and download. See DERA Data Library, available at <https://www.sec.gov/dera/data>; Structured Disclosure RSS Feeds, available at <https://www.sec.gov/structureddata/rss-feeds-submitted-filings>.

⁵⁴³ We note that Commission staff previously stated that it would not recommend enforcement action to the Commission under Rule 17a-5 or Rule 17a-12 if a broker-dealer or OTC derivatives dealer files the annual and supplemental reports required under those rules electronically through the EDGAR system in accordance with the instructions and conditions contained on the Commission's website in lieu of filing them with the Commission in paper form. See Letter to Kris Dailey Vice President, Risk Oversight and

doing so are posted on the Commission's website. For the 12 months ending December 31, 2022, the Commission received 1,559 filings of the annual reports in paper and 1,659 electronically via EDGAR. The proportion of annual reports filed electronically has been steadily increasing over the years since it was first permitted in 2015.

OTC derivatives dealer annual reports filed under Rule 17a-12 must be filed at the Commission's principal office under paragraph (p) of that rule. Further, Rule 17h-2T permits quarterly and annual risk assessment reports to be filed with the Commission in paper-based format, and Rule 17a-19 currently requires every national securities exchange and registered national securities association to file a Form X-17A-19 with the Commission in paper format at its principal office. In some circumstances, the Commission's regulatory framework currently requires or permits submission of documentation by email. Specifically, Exchange Act Rule 3a71-3(d)(1)(vi) requires the Registered Entity to provide the ANE Exception Notice by submitting it to the electronic mailbox described on the Commission's website. Further, notices made pursuant to Rule 15fi-3(c) may be made via email or on EDGAR. Annual compliance reports provided pursuant to Rule 15fk-1(c) may be submitted by an SBS Entity as a paper or electronic submission.

In addition, current Rule 17a-22 under the Exchange Act requires that within 10 days after issuing, or making generally available, to its participants or to other entities with whom it has a significant relationship, such as pledgees, transfer agents, or self-regulatory organizations, any material (including, for example, manuals, notices, circulars, bulletins, lists or periodicals), a

Operational Regulation, FINRA, from Michael Macchiaroli, Associate Director, Division, Commission (Jan. 27, 2017), available at <https://www.sec.gov/divisions/marketreg/mr-noaction/2017/finra-012717-electronic-filing-annual-reports.pdf>.

registered clearing agency shall file three copies of such material with the Commission.⁵⁴⁴

Commission staff, however, released the Staff Statement on COVID-19 flexibilities in early April 2020 and updated it in June 2020. Since that time, consistent with the Updated Staff Statement, filers and registrants have made alternate arrangements for the delivery, execution, and notarization of certain filings, including filings to be made pursuant to Rule 17a-22.⁵⁴⁵ These alternate arrangements have included electronic submission, similar to what is being proposed.

When a paper filing is received, the Commission staff scan it into PDF format, and upload it to EDGAR or make it available to Commission staff. For some filings, such as broker-dealer's annual reports, this process can take an average of a several weeks from the date of receipt of a paper filing until it is scanned and the public portion published on EDGAR, and the confidential portion available to Commission staff.

3. Structured Data

Currently, four of the affected documents may be filed or submitted electronically using EDGAR—Form X-17A-5 Part III, Form 17-H, notices made pursuant to Exchange Act Rule 15fi-3(c), and CCO reports.⁵⁴⁶ Form X-17A-5 Part III, the facing page for annual reports required to be filed with the Commission under Exchange Act Rules 17a-5, 17a-12, and 18a-7 (which generally must be audited), is filed by broker-dealers (including OTC derivatives dealers) and non-bank SBS Entities; Form 17-H is filed by broker-dealers subject to paragraph (a) of Rule 17h-2T; and the notices provided under Exchange Act Rule 15fi-3(c) and the CCO reports

⁵⁴⁴ 17 CFR 240.17a-22.

⁵⁴⁵ Division Staff Statement Regarding Requirements for Certain Paper Submissions in Light of COVID-19 Concerns (Apr. 2, 2020), available at <https://www.sec.gov/tm/paper-submission-requirements-covid-19>; see also Updated Staff Statement, *supra* note 6.

⁵⁴⁶ See *supra* sections IV.A, IV.B, V.C, and V.D.

are submitted by SBS Entities. Each of Form X-17A-5 Part III, Form 17-H, and the CCO reports is, when filed or submitted electronically, partially structured (i.e., machine-readable). None of the other affected documents is currently structured, either in whole or in part.

Form X-17A-5 Part III elicits registrant and accountant identifying information and includes an oath or affirmation in a custom XML-based data language specific to that form.⁵⁴⁷ As is the case with most of the Commission's other custom XML forms, filers of Form X-17A-5 Part III have the option of manually inputting information into a fillable form that EDGAR subsequently converts into the custom XML data language for Form X-17A-5 Part III.⁵⁴⁸ Form X-17A-5 Part III filers are then able to attach the remaining documents required by the applicable rules, including financial statements and supplemental reports, in unstructured formats such as PDF and HTML.⁵⁴⁹

Form 17-H is similar to Form X-17A-5 Part III in that its facing page, when filed electronically through EDGAR, is structured in a custom XML-based data language specific to Form 17-H.⁵⁵⁰ In addition, Part II of Form 17-H, which consists of securities and commodities position disclosures for the filing broker-dealer's material associated persons, must be submitted in the Form 17-H-specific custom XML when filed electronically through EDGAR.⁵⁵¹ Form 17-H filers have the option of manually inputting Part I facing page information and Part II positions

⁵⁴⁷ See EDGAR X-17A-5 Part III Technical Specification, available at <https://www.sec.gov/info/edgar/specifications/form-x-17a-5-xml-tech-specs.htm>.

⁵⁴⁸ See supra note 212 at 8.2.22.

⁵⁴⁹ See id.

⁵⁵⁰ See EDGAR 17-H Technical Specification, available at <https://www.sec.gov/info/edgar/specifications/form-17-h-xml-tech-specs.htm>.

⁵⁵¹ See id.

information into a fillable web form that EDGAR subsequently converts into the custom XML for Form 17-H.⁵⁵²

In addition, the CCO reports are, when filed electronically through EDGAR, partially structured in a custom XML-based data language specific to the reports.⁵⁵³ SBS Entities have the option of manually inputting the execution page information into a fillable web form that EDGAR subsequently converts into the custom XML-based data language specific to the reports.⁵⁵⁴

The broker-dealers (including OTC derivatives dealers) and non-bank SBS Entities that file Form X-17A-5 Part III and, where applicable, Form 17-H, are also subject to other structuring requirements under Commission rules. As discussed, all of these entities are required to file FOCUS Reports under Exchange Act Rule 17a-5, Rule 17a-12, or Rule 18a-7, as applicable.⁵⁵⁵ Broker-dealers, SBSs, MSBSPs, and OTC derivatives dealers file these FOCUS Reports using a fillable web form that the relevant eFOCUS system converts into a custom XML.⁵⁵⁶ In addition, SBSs and MSBSPs must file in EDGAR Form SBSE, SBSE-A, or SBSE-BD, as applicable, to register as an SBS Entity, as well as amendments to those Forms if the information in them is or has become inaccurate; Forms SBSE, SBSE-A and SBSE-BD are structured using a custom XML-based data language specific to the form.⁵⁵⁷ Broker-dealers,

⁵⁵² See *supra* note 212 at 8.2.24.

⁵⁵³ See EDGAR SBS Entity Forms Technical Specification, available at <https://www.sec.gov/info/edgar/specifications/form-sbs-entity-xml-tech-specs.htm>.

⁵⁵⁴ See *supra* note 212 at 8.2.20.6.

⁵⁵⁵ See 17 CFR 240.17a-5; 17 CFR 240.17a-12; 17 CFR 240.18a-7.

⁵⁵⁶ See EFOCUS – FIN. & OPERATIONAL COMBINED UNIF. SINGLE REPORTS, <https://www.finra.org/filing-reporting/regulatory-filing-systems/efocus> (last visited Mar. 7, 2023); EFOCUS FILING TRANSMISSION, <https://www.finra.org/filing-reporting/focus/efocus-filing-transmission> (last visited Mar. 7, 2013); FINRA EFOCUS USER GUIDE: TRAINING AND REFERENCE MANUAL, <https://www.finra.org/sites/default/files/p118798.pdf> (last visited Mar. 7, 2023).

⁵⁵⁷ See *supra* note 212 at 8.2.17.

SBSDs, MSBSPs, and OTC derivatives dealers are not subject to any Inline XBRL requirements under Commission rules.

Other filers or submitters of the affected documents include clearing agencies, national securities exchanges, Security Futures Product Exchanges, and registered national securities associations. None of these entities is currently subject to custom XML requirements or Inline XBRL requirements under the Commission's rules.

Thus, the affected documents currently include only a limited amount of structured data. For execution pages of electronically submitted Form X-17A-5 Part III reports, Form 17-H reports and CCO reports, the inclusion of structured identifying information on the facing page facilitates the filtering and retrieval of particular reports from particular subsets of filers or submitters. For Part II of electronically submitted Form 17-H reports, the inclusion of structured material associated person disclosures enables more efficient mathematical calculations of the disclosed numerical information. Because Form 17-H reports and CCO reports are non-public, such enhanced functionality is unavailable to parties other than Commission staff; by contrast, because the execution page of Form X-17A-5 Part III is public, such enhanced functionality is available to Commission staff and to public data users.

C. Economic Effects

1. Benefits

a. Electronic Submission and Posting

Electronic submissions can increase the accuracy, speed, and efficiency of the documents provided to the Commission. After an initial setup cost described below,⁵⁵⁸ these changes can potentially reduce the cost for reporting entities because the shift to electronic submission can

⁵⁵⁸ See infra Section X.C.2.

obviate the need for printing costs, and improve the efficiency of filing preparation. In addition, the improved accuracy, speed, and efficiency of the documents provided to the Commission can reduce the costs associated with receiving and processing submissions, in part by reducing the time, processing, and search costs relative to the manual nature of non-electronic document processing, and accordingly aid the Commission's examination and oversight functions. For some filings, such as broker-dealer annual reports, eliminating the need to scan paper documents could reduce processing time by as much as several weeks. An increase in the accuracy and timeliness of processing submissions boosts the efficiency of Commission document review, processing, and quality assurance. Furthermore, electronic submissions allow reporting entities and Commission staff to more easily access or submit documents during disruptive events—like COVID-19—when their physical work facilities may be inaccessible.

The proposed rule includes several amendments designed to update the FOCUS Report and related requirements. First, the release proposes amendments to FOCUS Report Part II that would allow SEC staff to compare the data reported on this page with the information being reported by firms that are FCMs, because FCMs are already required to complete this section of the form.

Second, the Commission proposes to align the text in FOCUS Report Part IIC with the text in FFIEC Form 031. Making these amendments should reduce the overall burden because information input in the proposed form will be consistent with FFIEC Form 031 (i.e., the Call Report), which many Part IIC filers are already required to complete.⁵⁵⁹ The amendments also

⁵⁵⁹ Of the affected entities in this release, 31 filed FOCUS Report Part IIC as of Mar. 31, 2022. See supra section IX.C.9.

remove ambiguity about how to complete the Part IIC, which have resulted in SEC staff receiving a number of phone calls seeking assistance on how to reconcile these incompatibilities.

Third, the Commission proposes to require only two of the three signature lines to be signed on the FOCUS Report's cover page, and allows these signatures to be signed either manually or electronically. In the time since the revised FOCUS Report was adopted, it has come to the Commission's attention that obtaining the signatures of all three principal officers on or close to the same day may be burdensome, especially with respect to larger firms with thousands of employees. Therefore, the Commission proposes to require only two of the three principal officers' signatures in an effort to balance the Commission's desire for individual accountability with the burden on the filer. Reducing the number of required signatures reduces the burden of submitting FOCUS reports in the long run. The use of electronic signatures would also reduce the burden in the long-run because firms would not need to obtain and store wet signatures, especially due to the increase in remote work.

Finally, the Commission proposes to require OTC derivatives dealers to file the FOCUS Report electronically on the SEC eFOCUS system instead of in paper. The SEC eFOCUS system offers benefits of electronic filing of forms over paper, reducing costs and making information more easily usable and timely.

b. Structured Data

In general, the Commission believes the proposed structured data requirements will benefit investors and markets by increasing the accessibility and usability of the disclosures in the Proposed Structured Documents, thereby increasing transparency and insight into the operations, governance, management, financial condition, and other characteristics of the affected entities. Requiring machine-readability for the disclosures would enable significantly more efficient retrieval, sorting, filtering, comparison, aggregation, and other analysis of the

disclosures across reporting entities and time periods. The exact nature and magnitude of such benefits may vary based on a number of factors, which are discussed herein.

Structured Data Benefits

As an initial point of comparison, some research on XBRL requirements for public operating company financial statement disclosures has found that such requirements have mitigated information asymmetry by reducing information processing costs, thereby facilitating access and analysis of the disclosures on a large-scale basis.⁵⁶⁰ This reduction in information processing cost has been observed to facilitate the monitoring and analysis of firms by external parties.

These external parties include investors themselves, as well as other entities that process firm disclosures into conclusions that often influence investors and markets; such entities include financial analysts, data aggregators, academic researchers and financial media (collectively, “information intermediaries”).⁵⁶¹ In that regard, the Commission believes that institutional investors are more likely to access XBRL data directly, whereas retail investors are more likely to benefit from the use of XBRL data by information intermediaries.⁵⁶²

⁵⁶⁰ See, e.g., Joung W. Kim, Jee-Hae Lim, & Won Gyun No, The Effect of First Wave Mandatory XBRL Reporting Across the Financial Information Environment, 26 J. INFO. SYS. 127, 127-53 (2012) (finding evidence that “mandatory XBRL disclosure decreases information risk and information asymmetry in both general and uncertain information environments”); Yuyun Huang, Jerry T. Parwada, Yuan George Shan, & Joey Wenling Yang, Insider Profitability and Public Information: Evidence From the XBRL Mandate (SSRN Working Paper, 2020) (retrieved from SSRN Elsevier database) (finding that XBRL levels the playing field between insiders and non-insiders, in line with the hypothesis that “the adoption of XBRL enhances the processing of financial information by investors and hence reduces information asymmetry”).

⁵⁶¹ See, e.g., Trentmann, N., Companies Adjust Earnings for Covid-19 Costs, But Are They Still a One-Time Expense? The Wall Street Journal (2020) (citing an XBRL research software provider as a source for the analysis described in the article); *Bloomberg Lists BSE XBRL Data*, XBRL.ORG (Mar. 17, 2019), <https://www.xbrl.org/news/bloomberg-lists-bse-xbrl-data/>; Hoitash, R & U. Hoitash, Measuring accounting reporting complexity with XBRL. 93 ACCOUNT. REV. 259–287 (2018).

⁵⁶² See, e.g., Alastair Lawrence, James P. Ryans, Estelle Y. Sun; Investor Demand for Sell-Side Research. The Account. Rev. (2017) (finding “the average retail investor appears to rely on analysts to interpret financial reporting information rather than read the actual filings”); but see Chi, Sabrina and Shanthikumar, Devin

Regulators, including the Commission, the Federal Deposit Insurance Commission (“FDIC”), and the Internal Revenue Service (“IRS”), have also been observed to leverage XBRL disclosure benefits in better fulfilling their mandates.⁵⁶³ The Commission staff uses XBRL data to efficiently analyze large quantities of information in support of risk assessment, rulemaking, and enforcement activities, including as part of its internally developed Financial Statement Query Viewer and Inline Viewer applications.⁵⁶⁴ The regulatory use of XBRL is particularly relevant to affected documents that are subject to confidential treatment and thus only accessible by the Commission and its staff.⁵⁶⁵

The enhanced monitoring facilitated by XBRL requirements has been observed to influence the behavior of firms relevant to governance and compliance, including firms’

M., Do Retail Investors Use SEC Filings? Evidence from EDGAR Search, SSRN (2018) (retrieved from SSRN Elsevier database) (finding “retail investor trading, both buying and selling, is significantly related to EDGAR search for 10-K and 10-Q filings, more so than to Google search,” especially for “the most easily readable 10-K and 10-Q filings”); *see also* Brown, Nerissa & Gale, Brian & Grant, Steph, Repetition, Interactivity, and Investors’ Reliance on Firm Disclosures, SSRN (2020) (retrieved from SSRN Elsevier database) (indicating that disclosure interactivity, which is promoted by Inline XBRL, may improve investors’ direct processing of financial information).

⁵⁶³ With respect to Commission use of XBRL data, *see infra* note 564. With respect to FDIC use of XBRL data, *see Meet Mark Montoya, Chief of Data Strategy, FDIC, XCENTIAL CO.* (Sept. 29, 2021), <https://xcential.com/meet-mark-montoya-chief-data-officer-fdic/> (noting in an interview with the FDIC’s Chief Data Officer that XBRL requirements for quarterly bank call reports have facilitated FDIC staff analysis of the regulated banks); *see also Government Use of Data Standards – Conversation with the FDIC*, XBRL US (Sep. 2, 2020), <https://xbrl.us/news/regulator-video/> (noting in an interview with the FDIC’s Chief Data Officer that, “...Prior (to XBRL) the data that the (FDIC) examiners used to examine the banks was probably about 2-3 months old which is old data . . . (with XBRL) the data can be pulled down in real time”); *see also* Lizhong Hao and Mark J. Kohlbeck, The Market Impact of Mandatory Interactive Data: Evidence from Bank Regulatory XBRL Filings, J. EMERGING TECH. ACCT. (2013) (finding that banks experienced a “reduction in systematic risk in connection with filing their regulatory reports in XBRL”). With respect to IRS use of XBRL data, *see infra* note 567.

⁵⁶⁴ *See, e.g., How errors and delays in SEC filings can hurt companies — and their shareholders*, TOPPAN MERRILL INDUS. INSIGHTS (Nov. 9, 2018), <https://blog.toppanmerrill.com/insights-blog-all/how-errors-and-delays-in-sec-filings-can-hurt-companies-and-their-shareholders> (noting, in the context of an interview with an Enforcement staff member, that the Commission uses structured data, including XBRL, “in enforcement cases, including those that involve disclosure and accounting violations”).

⁵⁶⁵ As noted above in Sections X.A and X.B, whether any filed material is confidential is determined pursuant to applicable law, including but not limited to the Freedom of Information Act and Commission rules governing requests for confidential treatment.

disclosure and reporting choices as well as their strategic decisions. For example, one study found that firms increase quantitative footnote disclosures upon implementation of detailed tagging requirements.⁵⁶⁶ Another study found that XBRL reporting has reduced the cost of IRS monitoring of firms and thus decreased the likelihood of firm tax avoidance.⁵⁶⁷ Finally, multiple studies have shown that XBRL requirements have influenced firms' strategic decision-making, an effect that appears to be heightened for Inline XBRL requirements.⁵⁶⁸

XBRL requirements have also been observed to impact the timeliness and effectiveness of firms' disclosure preparation and related processes. For example, one study found XBRL to have decreased audit report lags, especially among firms with strong internal control systems and no prior XBRL reporting experience.⁵⁶⁹ Other studies have found XBRL requirements to have

⁵⁶⁶ See Elizabeth Blankespoor, The Impact of Information Processing Costs on Firm Disclosure Choice: Evidence from the XBRL Mandate, 57 J. ACCT. RES. 919 (2019) (finding "firms increase their quantitative footnote disclosures upon implementation of XBRL detailed tagging requirements designed to reduce information users' processing costs," and "both regulatory and non-regulatory market participants play a role in monitoring firm disclosures," suggesting "that the processing costs of market participants can be significant enough to impact firms' disclosure decisions"); see also Kim, Jeong-Bon, Kim, Joung W., and Lim, Jee-Hae, Does XBRL Adoption Constrain Earnings Management? Early Evidence from Mandated U.S. Filers. CONTEMP. ACCT. RES. (2019) (indicating that XBRL adoption "constrains earnings management via discretionary accrual choices").

⁵⁶⁷ See Jeff Zeyun Chen, Hyun A. Hong, Jeong-Bon Kim, & Ji Woo Ryou, Information processing costs and corporate tax avoidance: Evidence from the SEC's XBRL mandate, 40 J. ACCT. & PUB. POLICY 106822 (2021) (finding XBRL reporting decreases likelihood of firm tax avoidance because "XBRL reporting reduces the cost of IRS monitoring in terms of information processing, which dampens managerial incentives to engage in tax avoidance behavior").

⁵⁶⁸ See, e.g., Xin Cheng, Feiqi Huang, Dan Palmon, and Cheng Yin, How Does Information Processing Efficiency Relate to Investment Efficiency? Evidence from XBRL Adoption. J. INFO. SYS. (2020) (finding firms "improve their investment efficiency after the adoption of XBRL," especially for firms that "have inferior external monitoring, . . . operate in more uncertain information environments, . . . and have less readable financial reporting"); see also Hyun Woong (Daniel) Chang, Steven Kaszak, Peter C. Kipp, Jesse C. Robertson, The Effect of iXBRL Formatted Financial Statements on the Effectiveness of Managers' Decisions when Making Inter-Firm Comparisons. J. INFO. SYS. (2020) (finding "iXBRL filings facilitate information search and information match by allowing users to view XBRL data in HTML filings," and "managers make more (less) effective decisions when presented with financial information formatted in iXBRL (XBRL)").

⁵⁶⁹ See Keval Amin, John Daniel Eshleman, Cecilia (Qian) Feng, The Effect of the SEC's XBRL Mandate on Audit Report Lags. ACCT. HORIZ. (2018) (finding "audit report lags decrease following the mandatory adoption of XBRL," with results "concentrated among filers with strong internal control systems and no prior XBRL reporting experience").

improved the timeliness of financial reports, with such improvements limited to larger firms only.⁵⁷⁰ For instance, one public company executive noted that XBRL facilitates his firm’s disclosure preparation procedures by enabling efficient review of disclosures made by peer companies.⁵⁷¹ Increasing the timeliness and effectiveness of the auditing and disclosure process would improve the speed (and, with respect to enhanced auditing processes, confidence) with which users of the affected entities’ disclosures (such as investors, analysts, and regulators) could assess and ultimately draw conclusions from, and act upon, the disclosed information.⁵⁷²

Applicability and Variability of Structured Data Benefits

The structured data benefits discussed above, while largely specific to public operating company financial statement disclosures, generally indicates that the proposed structured data requirements could facilitate the use and analysis of the information disclosed on the affected documents. Several of the affected documents that would be structured in Inline XBRL under the proposal—namely, Form X-17A-5 Part III, Form 17-H, Form 1, and Form CA-1—include financial statements that are not currently provided in a structured data language, but would be

⁵⁷⁰ See, e.g., Hui Du and Kean Wu, *XBRL Mandate and Timeliness of Financial Reporting: Do XBRL Filings Take Longer?* J. EMERG. TECH. ACCT. (2018) (finding decreased reporting lags for XBRL annual and quarterly filings compared to non-XBRL filings from accelerated and large accelerated filers, but not for non-accelerated filers); see also Zhou, J., *Does one size fit all? Evidence on XBRL adoption and 10-K filing lag.* ACCT FIN. (2019) (noting that 10-K filing lag decreased for all filers in the XBRL reporting period except smaller reporting companies, for which 10-K filing lag increased). However, these studies were based on XBRL filings that were made before the adoption of Inline XBRL requirements, which may facilitate the filing preparation process by including the machine-readable and human-readable data in the same disclosure document.

⁵⁷¹ See Olivia Berkman, *XBRL: What are the Benefits*, FEI DAILY (Aug. 29, 2019), <https://www.financialexecutives.org/FEI-Daily/August-2019/XBRL-What-are-the-Benefits.aspx> (noting in an interview with a public company’s chief financial officer that the company is able to “search through XBRL filings to find similar companies within [its] industry that have had to present certain similar [disclosures] in the past,” which has helped the company “craft[] [its] disclosures to make sure that [the company is] complying with the spirit of GAAP and providing the information that [the company is] supposed to be providing”).

⁵⁷² See *supra* section IV.A.1 (discussing the time lag between the date of receipt of a paper filing of a broker-dealer’s annual reports until it is scanned and the public portion published on EDGAR, and the confidential portion available to Commission staff).

provided in a structured data language (specifically, Inline XBRL) under the proposed rule amendments. The probability that, and extent to which, the observed effects can be extrapolated are thus likely greater for those affected documents than for the remaining affected documents, which do not contain financial statements.

In addition, unlike the public company financial statement information evaluated in the literature referenced above, several of the affected documents are submitted confidentially or are otherwise non-public, either in whole or in part. This includes Form 17-H, Form X-17A-19, Form X-17A-5 Part III (in part), Form CA-1 (in part), and the CCO reports.⁵⁷³ The expected benefits of structuring non-public information would accrue to investors and markets indirectly, by enhancing the Commission's regulatory capabilities.⁵⁷⁴ By contrast, the expected benefits of structuring public information would accrue directly to public users of the data (which could include investors and the previously discussed information intermediaries), as well as indirectly to investors and markets through the enhancement of the Commission's regulatory capabilities (and, where relevant, those of other regulators).

The benefits of structuring would also vary based on the number of entities in a particular population of reporting entities. As noted, one benefit of structured disclosure is the ability to run large-scale comparisons across reporting entities and across reporting periods. For those

⁵⁷³ Additionally, the Commission does not automatically make public the information provided to it pursuant to Rule 15fi-3(c); however, the Commission may make the information available upon appropriate request (including requests made pursuant to the Freedom of Information Act) or otherwise as permitted under applicable law, subject to SBS Entities making appropriate requests for confidential treatment. See supra notes 275 and 276 and accompanying text. Whether any material is confidential is determined pursuant to applicable law, including but not limited to the Freedom of Information Act and Commission rules governing requests for confidential treatment. If the Commission makes the information provided pursuant to Rule 15fi-3(c) available, the information made available may not be in structured format.

⁵⁷⁴ See supra note 563. An example of a structured non-public disclosure form is Form PF, which registered investment advisers file with the Commission to disclose information regarding private funds under their management. See 17 CFR 275.204(b); Division of Investment Management: Electronic Filing of Form PF for Investment Advisers on PFRD, available at <https://www.sec.gov/divisions/investment/pfrd.shtml>.

affected documents that have a small population of reporting entities, this benefit would be limited largely (or, in the case of Form 15A, wholly) to the latter. For those affected documents that have a large population of reporting entities (such as Form X-17A-5 Part III, which is filed by over 3,000 entities), the benefits of efficient cross-entity comparisons would be much more relevant.⁵⁷⁵ Similarly, the benefits of efficient access, retrieval, sorting, and filtering structured disclosures would be heightened for those affected documents generated in high volume (such as Form 19b-4(e) and Form X-17A-19) compared to those affected documents that the Commission receives in low volume (such as Form CA-1).⁵⁷⁶

Finally, the Commission expects the benefits of structuring data would vary based on the type of disclosures included in each particular affected document. Structured numerical disclosures lend themselves to mathematical functionality, such as the calculation of leverage or other ratios to assess potential exposure to insolvency or other risk. Structured textual disclosures lend themselves to period-over-period redline comparisons, targeted keyword searching, and more sophisticated sentiment analysis. The CCO report consists primarily of textual responses to required disclosure items, so the latter benefit would be relevant for that document.⁵⁷⁷ Other affected documents feature both numeric and textual disclosures, so both of these benefits would be relevant.

Types of Disclosures and Associated Benefits in Proposed Structured Documents

Proposed Structured Document	Numeric Disclosures (mathematical functionality applicable)	Textual Disclosures (redline comparisons, targeted searches, sentiment analyses applicable)
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⁵⁷⁵ See supra section IX.C.9.

⁵⁷⁶ See supra sections IX.D.5, IX.D.6, and IX.D.11.

⁵⁷⁷ See 17 CFR 240.15fk-1(c)(2)(i).

Form X-17A-5 Part III	Yes	Yes
Form 17-H	Yes	Yes
Form CA-1	Yes	Yes
Form 1	Yes	Yes
Form 1-N (execution page only)	No	Yes
Form 15A (execution page only)	No	No
Rule 19b-4(e) Information	In some cases	No
Form X-17A-19	No	Yes
Notices of Security-Based Swap Valuation Disputes pursuant to Rule 15fi-3(c)	Yes	Yes
CCO Report	In some cases	Yes

For Rule 19b-4(e), numeric disclosures are required only when the disclosure of position limits for new derivative products is applicable.⁵⁷⁸ For notices of security-based swap valuation disputes pursuant to Rule 15fi-3(c), SBS Entities must notify the Commission of any valuation disputes in excess of \$20,000,000 if not resolved within three or five business days, depending on the counterparty.⁵⁷⁹ SBS Entities are provided flexibility to submit the required information.⁵⁸⁰ For CCO reports, while Rule 15fk-1(c) does not expressly call for numeric disclosures, a CCO report could include numeric disclosures nested within textual responses, such as the description of financial, managerial, operational, and staffing resources set aside for compliance with the Exchange Act.⁵⁸¹

⁵⁷⁸ See Item 9 of Form 19b-4(e).

⁵⁷⁹ See 17 CFR 240.15Fi-3(c)(1). See also 17 CFR 240.15Fi-3(c)(2) regarding required amendments.

⁵⁸⁰ See *supra* section V.C.

⁵⁸¹ See 17 CFR 240.15Fk-1(c)(2)(i)(E).

For Form 15A, its execution page (i.e., the portion of proposed Form 15A that would precede Section I) would include a series of structured checkboxes to indicate the basis for filing the Form, and the reporting period to which the Form applies. Structured checkboxes and pick lists are more relevant to the filtering and sorting benefits enabled by structured data requirements. For example, structuring the checkboxes on the Form 15A execution page would enable a data user to retrieve only those Form 15As that are current supplements to registration reported pursuant to Rule 15Aa-2(b) of the Exchange Act, and further filter those results to only those Form 15A filings that include a change to Exhibit C (list of members).

Third-party structured data service providers (including providers of structured data compliance services and/or software, as well as providers of structured data research software) would also likely realize benefits as a result of the proposed rule amendments. Most affected entities would be newly required to file or submit structured data, resulting in additional clients/customers and revenues for third-party structured data compliance service providers. Similarly, some users of the affected documents would likely seek to use third-party structured data research software to facilitate their analysis of the structured data, resulting in additional customers and revenues for third-party structured data research software providers.

The Commission is proposing a specific structured data language for each Proposed Structured Document, rather than leaving the structured data language requirement open-ended (i.e., requiring only that the Proposed Structured Document be provided in a structured, machine-readable data language). Specifying a single structured data language that a filer or submitter must use for each Proposed Structured Document would benefit users of the disclosed information, including investors, market participants, other filers or submitters, information intermediaries, and the Commission, because it would help ensure the disclosures are provided in

a uniform structured data language that is most suitable for the document in question, and would prevent a potential coordination failure that could occur if different respondents chose to provide inputs in different data languages.

By contrast, an open-ended data language requirement would allow different filers or submitters of the same document to provide their disclosures in different data languages. In such instances, data users such as Commission staff and market participants would be unable to incorporate disclosures from filers or submitters using one data language into the same datasets and applications as disclosures of other filers or submitters using different data languages without undertaking data conversion processes that are frequently burdensome and imprecise. This may hinder investors, the Commission, and market participants from efficiently comparing disclosures across the complete set of entities within a given filer population, and could therefore dampen the benefits that would otherwise accrue from requiring the disclosures to be machine-readable. Thus, specifying the data language to be used may increase the probability of realizing the anticipated benefits of machine-readability for users of the Proposed Structured Documents.

As noted above, we are requesting comment on all aspects of this proposal. By specifying the structured data language to be used for each Proposed Structured Document, we invite comment, including from affected entities, on the proposed use and effects of the proposed specified data languages. As further detailed elsewhere in this economic analysis, different structured data languages have different implications (e.g., varying compliance costs) for different affected entities. Thus, proposing a specific structured data language would allow affected entities to assess the implications of the proposed specific structured data language to be used, and comment accordingly.

2. Costs

The proposal would alter the manner in which the affected entities provide the affected documents, specifically by requiring electronic submission or posting of the affected documents, and by requiring most of the content of the affected documents to be provided in a structured data language. The affected entities already are required to prepare and submit the affected forms with the Commission pursuant to Exchange Act rules that currently govern each category of affected entity.⁵⁸² Thus, we generally do not expect the affected entities to incur incremental costs associated with preparing (e.g., collecting, drafting, reviewing) the information required to be disclosed in the affected documents prior to filing or posting under the proposed rule amendments.⁵⁸³ Rather, we expect certain entities to incur incremental costs associated with structuring the prepared information.

a. Electronic Submission and Posting

As discussed above, a significant number of the entities subject to the proposed rule amendments already have experience with EDGAR due to other reporting obligations and thus are not expected to incur EDGAR-related costs incremental to the proposed rule amendments. Entities that use EDGAR for purposes of complying with reporting obligations under existing rules generally are not expected to incur additional EDGAR access costs due to the proposed rule amendments.⁵⁸⁴ Reporting entities that do not have experience with EDGAR may incur initial compliance burdens, including the one-time burden associated with filing a Form ID for the first

⁵⁸² ANE Exception Notice withdrawals currently are not required. However, a Registered Entity seeking withdrawal could send a request to a designated electronic mailbox. See supra note 254 and accompanying text, and section IX.D.0

⁵⁸³ A subset of SBS broker-dealers would incur additional costs associated with filing, due to the FOCUS report amendments that would require them to file information that under the baseline they currently do not file.

⁵⁸⁴ If some reporting entities with EDGAR experience require time to switch the affected documents from paper to EDGAR, they may incur an additional initial cost.

time to obtain the access codes needed to submit an application on the Commission's EDGAR system.⁵⁸⁵ The Commission estimates that the cost for these entities will be \$5,056 on a one-time basis to become familiar with the EDGAR system for the purposes of filing for Rules 17a-5, 18a-7, and 17a-12.⁵⁸⁶

Due to the widespread use of the internet, the cost of establishing and maintaining internet access is not expected to stem from the proposed amendments. We preliminarily believe that the costs associated with providing materials pursuant to Rule 17a-22 by registered clearing agencies on websites, and the costs associated with posting information currently required on Form 19b-4(e) by SROs, in addition to the reduced timeframe for compliance, is likely not to add significant costs to a registered clearing agencies' 17a-22 obligations or an SRO's 19b-4(e) obligations.

The proposed rule contains several amendments related to FOCUS reports, which could impose burdens on market participants. The proposed amendments to FOCUS Report Part II are expected to result in an initial burden of \$2,130 on each Part II filer so firms can familiarize themselves with the amendments to FOCUS Report Part II.⁵⁸⁷ These proposed amendments are expected to either have no impact on or reduce the ongoing burden on the vast majority of filers, because they will reduce questions about where and how to report items on the form. However, because the proposed amendments require stand-alone swap dealers and stand-alone introducing brokers to complete a new section of FOCUS Report Part II that these types of firms were not previously required to complete (i.e., Computation of CFTC Minimum Capital Requirements),

⁵⁸⁵ See 17 CFR 232.10(b).

⁵⁸⁶ See supra section IX.D.0. The one-time cost is estimated to require sixteen hours of labor from a programmer. 16 hours x \$316 per hour = \$5,056.

⁵⁸⁷ 5 hours x \$426 per hour (compliance attorney) = \$2,130.

these amendments are likely to result in an ongoing annual burden of \$426 hour per stand-alone swap dealer or stand-alone introducing broker.⁵⁸⁸

The proposed amendments to Part IIC are expected to result in an initial burden of five hours on each bank SBS Entity so that firms can compare the revised FOCUS Report Part IIC with FFIEC Form 031. However, these proposed amendments are expected to either have no impact on or reduce the ongoing burden on bank SBS Entities, because they will reduce questions about how to complete FOCUS Report Part IIC consistently with FFIEC Form 031.

The proposed amendment to signature requirements for the FOCUS report is expected to result in an initial burden of \$426 on each filer so that the firm can review the standards for an electronic signature on the FOCUS Report Part II, IIA, or IIC, as applicable.⁵⁸⁹ However, this proposed amendment is expected to either have no impact on or reduce the ongoing burden on FOCUS Report filers, because they will not be required to furnish as many signatures as before the amendment, and it may be easier to prepare electronic signatures rather than manual signatures since firms will already be familiar with the process and can easily obtain these signatures while working remotely.

The proposed amendment to OTC derivatives dealer requirements is expected to result in an initial burden of \$4,740 on each OTC derivatives dealer so that the firm can familiarize itself with the SEC eFOCUS system.⁵⁹⁰ However, this proposed amendment is expected to either have no impact on or reduce the ongoing burden on OTC derivatives dealers, because filing the FOCUS Report electronically is an automated process as compared to filing by paper. In addition, OTC derivatives dealers are required to be affiliated with a broker-dealer, which means

⁵⁸⁸ 1 hour x \$426 per hour (compliance attorney) = \$426.

⁵⁸⁹ 1 hour x \$426 per hour (compliance attorney) = \$426.

⁵⁹⁰ 15 hours x \$316 per hour (programmer) = \$4,740.

that OTC derivatives dealers' operational staff already are familiar with the FINRA eFOCUS system's interface, and can use the same preexisting templates, software, and procedures currently used by the broker-dealer to file FOCUS Reports on the FINRA system.

b. Structured Data

The Commission expects that certain structured data requirements under the proposed amendments would impose additional compliance costs on affected entities. Specifically, the Commission believes the proposed Inline XBRL requirements for Form 1, Form CA-1, Form X-17A-5 Part III and related annual filings, Form 17-H, and the CCO reports would result in additional compliance costs, both initial and ongoing, for the SROs, broker-dealers (including OTC derivatives dealers), and SBS Entities filing or submitting those documents relative to the current baseline, because those entities would be newly required to apply Inline XBRL tags to the documents before filing or submitting them to the Commission (or pay a third-party tagging service provider to do so).

The Commission does not expect the proposed requirements to provide Form X-17A-19, the execution pages of the Covered SRO Forms, the facing page of Form X-17A-5 Part III, the facing page and Part II of Form 17-H, and the notices to the Commission (and any amendments to the notices) required by Exchange Act Rule 15fi-3(c) using custom XML-based data languages would impose similar structured data implementation costs on the SROs, broker-dealers, and SBS Entities that would be subject to those requirements. For the custom XML requirements on proposed EDGAR filings, EDGAR would provide filers or submitters with the option of using a fillable web form that would convert inputted disclosures into the relevant custom XML.⁵⁹¹ Other than the exchanges and clearing agencies filing Form 1 and Form CA-1,

⁵⁹¹ See supra note 212 at 8.

respectively, we expect these entities to input their disclosures into the fillable EDGAR web form, and thus avoid compliance costs associated with structuring disclosures in custom XML data languages. By contrast, we expect exchanges and clearing agencies, which would be subject to more extensive custom XML disclosure requirements as a result of the proposed rule amendments, would have the requisite sophistication to encode their Exhibit disclosures in custom XML and submit the custom XML Exhibits to EDGAR directly rather than manually completing lengthy fillable forms to be converted into custom XML documents.⁵⁹² This would cause exchanges and clearing agencies to incur implementation costs associated with integrating any new or updated custom XML schemas into their existing data systems.⁵⁹³ Nonetheless, exchanges and clearing agencies may find direct submission in custom XML beneficial, because it allows for greater automation in the process of submitting data that is already structured directly to EDGAR, and removes the need for the final manual step of converting structured data into unstructured information to be typed into fillable web fields.

With respect to the proposed requirement for SROs to post Rule 19b-4(e) information using the custom XML schema for this information (such schema would be posted on the Commission's website), the Commission expects that the SROs would incur higher implementation costs than those affected entities that are subject to EDGAR custom XML requirements, because SROs would need to encode the posted information in accordance with the schema rather than using a fillable web form on EDGAR. This would also be the case for any entities that choose to submit EDGAR documents directly in the relevant custom XML data language rather than use the fillable form that EDGAR provides.

⁵⁹² See supra sections II.A.3, II.D.4, and VII.A.

⁵⁹³ See infra text accompanying notes 619 and 627 for related cost estimates.

Surveys on Structured Data Costs

Various XBRL and Inline XBRL preparation solutions have been developed and used by operating companies and open-end funds to fulfill their existing structuring requirements under the Commission's rules. These existing requirements include multiple types of data, including numerical data in the context of financial statements, numerical data in the context of tables (along with the tables themselves), simple text strings, longer textual narratives, numerical data nested within textual narratives, and checkboxes.⁵⁹⁴

With respect to the magnitude of Inline XBRL compliance costs, an American Institute of Certified Public Accountants ("AICPA") survey of 1,032 public operating companies with \$75 million or less in market capitalization in 2018 found an average cost of \$5,850 per year, a median cost of \$2,500 per year, and a maximum cost of \$51,500 per year for fully outsourced XBRL creation and filing.⁵⁹⁵ These figures represent tagging costs over an entire year, which typically encompasses the Inline XBRL structuring of financial statements each quarter. A separate survey of 151 Nasdaq-listed issuers in 2018 found higher XBRL compliance costs, including an average XBRL compliance cost of \$20,000 per quarter, a median XBRL compliance cost of \$7,500 per quarter, and a maximum XBRL compliance cost of \$350,000 per quarter in XBRL costs per quarter.⁵⁹⁶ Unlike the AICPA survey, the Nasdaq survey was not

⁵⁹⁴ For example, an operating company's annual report on Form 10-K includes iXBRL-tagged checkboxes on the cover page, iXBRL-tagged company name on the cover page (text string), iXBRL-tagged numbers on the balance sheet (face financial statement), iXBRL-tagged tables and numbers therein in the financial statement footnotes, and iXBRL-tagged textual narratives and numbers therein, also in the financial statement footnotes.

⁵⁹⁵ See AICPA, *XBRL Costs for Small Companies Have Declined 45% since 2014* (2018), <https://us.aicpa.org/content/dam/aicpa/interestareas/frc/accountingfinancialreporting/xbrl/downloadabledocuments/xbrl-costs-for-small-companies.pdf>. As discussed below in this section, the population of affected filers or submitters most analogous in size to the companies sampled here are certain registered broker-dealers.

⁵⁹⁶ See letter from Nasdaq, Inc. (Mar. 21, 2019), Request for Comment on Earnings Releases and Quarterly Reports, Release No. 33-10588 (Dec. 18, 2018), 83 FR 65601 (Dec. 21, 2018). Like the above-cited

limited to smaller reporting companies (i.e., companies with \$75 million or less in market capitalization), nor did it assess trends in compliance costs over time.

This observed variance in XBRL and Inline XBRL compliance costs is likely attributable to variance in the number of discrete disclosures (including numbers, blocks of narrative text, checkboxes, etc.) contained in a tagged document, as well as the complexity of the specific disclosures to be tagged. Larger, more organizationally complex entities are likely to have more detailed and complex financial statements (including footnotes and schedules), and thus have more tags that they will need to apply to their documents, typically resulting in higher compliance costs (as described in further detail below in this section).⁵⁹⁷ To that end, a random sample of annual reports on Form 10-K filed by Nasdaq-listed companies for fiscal year 2021 with a parallel sample for companies with a public float of \$75 million or less showed approximately twice as many tagged Inline XBRL facts in the Nasdaq-listed sample.⁵⁹⁸

Applicability and Variability of Structured Data Costs

The affected documents that the Commission is proposing to be required to be structured in Inline XBRL under the proposed rule amendments consist of the same data types as the documents that are currently required to be structured in Inline XBRL (e.g., numerical data in the context of financial statements, numerical data in the context of tables (along with the tables

AICPA survey, this survey was limited to operating companies. In addition, both surveys were conducted before the transition from XBRL to Inline XBRL and before the implementation of cover page tagging requirements for periodic reports.

⁵⁹⁷ See, e.g., Bok Baik, et al., *Organizational Complexity, Financial Reporting Complexity, and Voluntary Disclosure*, presented at the Am. Acct. Ass'n 2020 Virtual Ann. Meeting and Conf. on Teaching & Learning (Aug. 13, 2020), <https://doi.org/10.26226/morressier.5f0c7d3058e581e69b05d16d> (finding “firm complexity is positively associated with financial reporting complexity holding all else constant, consistent with the argument Guay et al. (2016) put forward”).

⁵⁹⁸ Targeted samples were obtained using data from XBRL and Inline XBRL EDGAR filings through the Commission’s internal Financial Statement Query Viewer tool. Tagged fact counts were obtained using “Firm Complexity (Accounting Reporting Complexity) Data” from XBRL Research, available at <https://www.xbrlresearch.com/firm-complexity/> (last visited Mar., 8, 2023).

themselves), simple text strings, longer textual narratives, numerical data nested within textual narratives, and checkboxes). Because Inline XBRL tagging software has already been developed to provide this functionality and is already in use by public reporting companies to fulfill Inline XBRL requirements, the Commission expects that vendors would update their Inline XBRL tagging software to accommodate the proposed Inline XBRL requirements for Form 1, Form CA-1, Form X-17A-5 Part III, Form 17-H, and the CCO report, if such requirements are adopted. Because some filers or submitters of these documents are not currently subject to Inline XBRL requirements, it is unlikely that they currently use the Inline XBRL compliance products offered by these vendors. However, as discussed further below in this section, some filers or submitters are affiliated with public reporting companies subject to existing Inline XBRL requirements, and would potentially be able to leverage their affiliates' Inline XBRL compliance software licenses or service agreements and experience in complying with the proposed Inline XBRL requirements.

The Commission believes the compliance costs associated with the proposed structured data requirements, as adjusted for inflation, would likely decrease over time. Affected entities would likely comply with structuring requirements more efficiently after gaining experience over repeated filings, though such an effect would likely be diminished for affected entities that already have experience structuring similar data in other documents. Third-party vendors of structured data compliance software or services may decrease the prices of their products over time; the XBRL compliance costs reported in the 2018 AICPA survey of smaller operating companies reflect such a trend, as they represented a 45% decline in average cost and a 69% decline in median cost from 2014.⁵⁹⁹

⁵⁹⁹ See supra note 595.

The Commission expects the direct relationship between filer size and compliance costs described earlier in this section would apply to Inline XBRL compliance costs that would arise under the proposed rule amendments, and would be particularly relevant to Form X-17A-5 Part III filers (which include broker-dealers—including OTC derivatives dealers—and non-bank SBS Entities) for two reasons. First, like public operating companies, Form X-17A-5 Part III filers would be tagging financial statements (including footnotes and schedules) in Inline XBRL under the proposal.⁶⁰⁰ Second, like public operating companies, Form X-17A-5 Part III filers vary widely in size. For example, on December 31, 2021, approximately 300 broker-dealers reported over \$100 million in total assets, while approximately 1,600 broker-dealers reported less than \$1 million in total assets.⁶⁰¹ Thus, as discussed in further detail later in this section, the Commission expects the Inline XBRL compliance costs for Form X-17A-5 Part III would vary inversely with size, as has been observed for public operating companies.⁶⁰²

We expect the correlation between entity size and tagging cost to be less relevant to the other populations of entities that would be subject to Inline XBRL requirements under the proposal, because those populations are more limited in number and in the variation of size and complexity across entities within those populations. For example, Form CA-1 is filed by clearing agencies, including registered and exempt clearing agencies; there are currently 12 such entities in operation.⁶⁰³ Form 1 is filed by national securities exchanges, of which there are 24

⁶⁰⁰ In addition to financial statements and footnotes, Form X-17A-5 Part III filers would also need to tag their auditor's reports and other annual reports in Inline XBRL under the proposed rules. By contrast, public operating companies only need to tag auditor identification information in their auditor's reports. See Exchange Act Release No. 93701 (Dec. 2, 2021), 86 FR 70027, 70031 (Dec. 9, 2021).

⁶⁰¹ We derive the broker-dealer financial data in this economic analysis from FOCUS Reports that broker-dealers filed through FINRA's eFOCUS system for the fiscal period ending Dec. 31, 2021. See supra note 556.

⁶⁰² See supra notes 595 and 596 and accompanying text for additional detail on this observed correlation.

⁶⁰³ See supra section IX.C.3.

(and by exempt exchanges, of which there are currently none).⁶⁰⁴ The CCO report is submitted by SBS Entities, of which there are 50.⁶⁰⁵

Some entities that would file or submit the documents to be structured in Inline XBRL under the proposal may be affiliated with entities that are subject to Inline XBRL requirements in other filings. For example, 17 of the 24 national securities exchanges are affiliated with public companies that file financial statements and cover page information in EDGAR in Inline XBRL.⁶⁰⁶ In addition, of the largest 20 broker-dealers by asset size as of December 31, 2021, 18 were affiliated with public companies that file financial statement and cover page information in Inline XBRL on EDGAR.⁶⁰⁷ To the extent that an affected entity shares compliance systems with an affiliated company, or could otherwise leverage the affiliated company's processes, licenses, service agreements, and/or experience in complying with Inline XBRL requirements, the affected entity's compliance costs incurred could likely be mitigated in part.

As noted above, the Commission is proposing specific structured data languages for each Proposed Structured Document, rather than leaving the structured data language requirement open-ended (i.e., requiring only that the Proposed Structured Document be provided in a structured, machine-readable data language). A cost associated with this approach is that it would constrain the flexibility that filers or submitters of a Proposed Structured Document would otherwise have in preparing the Proposed Structured Document. For instance, some filers or submitters of a proposed custom XML document may already be using Inline XBRL to structure similar data for internal business purposes, such as through the use of ERP systems, and may

⁶⁰⁴ See supra section IX.C.1.

⁶⁰⁵ See supra section IX.C.12.

⁶⁰⁶ See Self-Regulatory Organization Rulemaking, available at <https://www.sec.gov/rules/sro.shtml>.

⁶⁰⁷ This data is derived from FOCUS Reports filed through FINRA's eFOCUS system for the fourth quarter of 2021. See supra note 556.

therefore have preferred to use Inline XBRL rather than the required custom XML data language for that document.⁶⁰⁸ In addition, proposing a specific structured data language for each Proposed Structured Document may extend the amount of time it would take were the Commission to change the particular structured data language to be used, such as to accommodate any future developments in which newly developed structured data languages prove to be more apt for the disclosures in question.

For Form 1, Form CA-1, Form X-17A-5 Part III, Form 17-H, and the CCO reports, the proposed approach of requiring Inline XBRL for some parts of the document and custom XML for other parts of the document would entail drawbacks for users of the information (including Commission staff and market participants). Specifically, data users would be unable to incorporate the Inline XBRL disclosures on a given filing or submission into the same datasets and applications as the custom XML disclosures on that filing, and would be unable to run analyses that incorporate both types of information without undertaking data conversion processes that are frequently burdensome and imprecise. Similarly, any technical validations programmed into EDGAR would be unable to check for any inappropriate inconsistencies between disclosures on Inline XBRL portions and disclosures on custom XML portions of a given filing, thus reducing the benefit of improved data quality that would be likely to result from structured data requirements.

Structured Data Cost Estimates: Form X-17A-5 Part III and Form 17-H

With respect to specific estimated cost ranges for Form X-17A-5 Part III and Form 17-H filers to structure their filings under the proposal, we believe the aforementioned AIPCA survey, which polled roughly 1,000 small reporting companies and found a median and average annual

⁶⁰⁸ See supra note 538 (discussing the prevalence of XBRL integration in ERP systems).

cost of XBRL filing of \$2,500 and \$5,850, respectively, is likely relevant to the majority of Form X-17A-5 Part III filers. In 2017, the 1,000 smallest reporting companies by asset size reported total assets of approximately \$8 million or less. As of December 31, 2021, approximately 70% of Form X-17A-5 Part III filers fell within that \$8 million total asset size threshold. For these smaller Form X-17A-5 Part III filers, we estimate the approximate median cost of tagging financial statements on Form X-17A-5 Part III by using the median annual cost estimate from the AICPA survey (\$2,500) and dividing it by four, because the respondents in the AICPA survey prepared tagged financial statements on a quarterly rather than annual basis. Using the resulting figure (\$625) as a midpoint and establishing lower and upper bounds at 50% of the midpoint, we estimate smaller Form X-17A-5 Part III filers would incur an approximate median per filing cost of \$310–\$940 to structure their financial statements in Inline XBRL.⁶⁰⁹

For the larger Form X-17A-5 Part III filers (i.e., those with total assets greater than \$8 million), we believe the higher median compliance cost from the Nasdaq survey (\$7,500 per quarter) would be a more suitable approximation. Using that median compliance cost as a midpoint would yield an estimate of \$3,750–\$11,250 per filing for larger Form X-17A-5 Part III filers to structure their financial statements. However, some larger Form X-17A-5 Part III filers are subsidiaries of, or otherwise affiliated with, public reporting companies that are already required to tag their financial statements.⁶¹⁰ We expect these filers would incur significantly

⁶⁰⁹ We round the estimated structured data cost ranges in this section to the nearest \$10 because they represent approximations rather than exact costs. The estimated cost ranges in this section encompass internal time costs for preparing the structured reports (e.g., applying the relevant tag from the XBRL taxonomy or custom XML schema to the relevant disclosure) and external monetary costs (e.g., licensing structured data compliance software and/or services from third-party vendors). For annualized population-wide corollaries to the structured data cost estimates in this section, see supra section IX.D.

⁶¹⁰ We have identified 173 such broker-dealers, including 18 of the largest 20 broker-dealers by asset size, using broker-dealer FOCUS Reports and XBRL data through the Commission’s Financial Statement Query Viewer for the fiscal period ending Dec. 31, 2021.

lower costs to tag their financial statements than other large Form X-17A-5 Part III filers, because they would likely be able to leverage the software licenses and/or service agreements and the Inline XBRL tagging processes and experience of their affiliates. Consequently, we estimate these Form X-17-5 Part III filers would incur 25% of the tagging cost of other large Form X-17A-5 Part III filers, resulting in an annual estimated cost of \$940–\$2,820 to tag their financial statements on Form X-17A-5 Part III.

In addition to the financial statements, footnotes, and schedules, Form X-17A-5 Part III also requires a series of reports (including accountant’s reports, compliance reports, exemption reports, and supplemental reports).⁶¹¹ Under the proposal, Form X-17A-5 Part III filers would be required to tag these reports in Inline XBRL. Typically, these reports consist of a short series of narrative text blocks with limited nested details, so tagging them in Inline XBRL would likely be significantly less costly than tagging the financial statements and schedules in Inline XBRL.⁶¹² We therefore estimate the approximate cost of tagging these reports would amount to 5% of the cost to tag financial statements and schedules, yielding a total estimated Inline XBRL tagging cost per filing of approximately \$330–\$990 for smaller Form X-17A-5 Part III filers; \$3,940–\$11,820 for larger Form X-17A-5 Part III filers that are not affiliated with public reporting companies, and \$990–\$2,960 for larger Form X-17A-5 Part III filers that are affiliated with public reporting companies.⁶¹³

Structured Data Compliance Costs for Form X-17A-5 Part III

⁶¹¹ See supra section IV.A.

⁶¹² The ANC broker-dealer supplemental reports, which average approximately 100 pages in length, are an exception. Only five filers (the five ANC broker-dealers) are required provide these reports. See supra section IV.A.1.

⁶¹³ See also supra section IX.D.9.a (discussing estimated burdens associated with structuring Form X-17A-5 Part III information under the proposed amendments).

<u>Filer Type</u>	<u>Estimated Per Filing Structuring Data Compliance Costs</u>
Smaller broker-dealers	\$330–\$990
Larger broker-dealers and non-bank SBS Entities that are not affiliated with public reporting companies	\$3,940–\$11,820
Larger broker-dealers and non-bank SBS Entities that are affiliated with public reporting companies	\$990–\$2,960

A subset of larger Form X-17A-5 Part III filers also file Form 17-H and would thus be required to tag their quarterly financial statements in addition to their annual financial statements.⁶¹⁴ However, unlike Form X-17A-5 Part III, Item 4 of Form 17-H permits filers to omit the statement of cash flows and the notes to the financial statements. Thus, we use considerably lower Inline XBRL cost estimates for Form 17-H than for Form X-17A-5 Part III. We begin with the same cost estimate ranges for structuring financial statements—but not schedules or supplemental reports, because Form 17-H does not require them—on Form X-17A-5 Part III: \$3,750–\$11,250 per filing for larger broker-dealers that are unaffiliated with public reporting companies, and \$940–\$2,820 per filing for larger broker-dealers that are affiliated with public reporting companies.⁶¹⁵ We then reduce the estimated costs by 30% to reflect the omission of notes and schedules, and further reduce the estimated costs by 30% to reflect the omission of the statement of cash flows. This yields an estimated cost of \$350–\$1,050 for Form

⁶¹⁴ See *supra* section IX.C.10. We do not include smaller Form X-17A-5 Part III filers (*i.e.*, those with \$8 million or fewer in total assets) in this discussion because they would not meet the asset threshold for Form 17-H filing requirements. See *supra* note 220 (discussing the thresholds that determine whether broker-dealers are subject to Form 17-H filing requirements).

⁶¹⁵ We have identified 89 Form 17-H filers that are affiliated with public reporting companies that structure Commission filings in Inline XBRL.

17-H filers that are unaffiliated with public reporting companies, and \$100–\$300 for Form 17-H filers that are affiliated with public reporting companies.⁶¹⁶

Other portions of Form 17-H (namely, the facing page and the material associated positions and holdings disclosure) are currently structured in a custom XML data language specific to Form 17-H, and this would remain the case under the proposal. Because nearly all broker-dealers subject to Form 17-H filing requirements currently file Form 17-H via EDGAR, they are already submitting this information in that custom XML language.⁶¹⁷ Thus, we do not believe it is relevant or appropriate to include an approximate custom XML structuring cost estimate for Form 17-H.

Structured Data Compliance Costs for Form 17-H

<u>Filer Type</u>	<u>Estimated Per Filing Structured Data Costs</u>
Larger broker-dealers that are not affiliated with public reporting companies	\$350–\$1,050
Larger broker-dealers that are affiliated with public reporting companies	\$100–\$300

Structured Data Cost Estimates: Covered SRO Forms and Rule 19b-4(e) Information

The Covered SRO Forms (Form CA-1, Form 1, Form 1-N, Form 15A, Form X-17A-19) and the information required to be posted under Rule 19b-4(e) would require some or all of the information reported on the forms or postings to be provided in a structured data language. Here, we provide estimated ranges for the approximate cost that affected entities would incur to structure Forms CA-1, Form 1, and the Rule 19b-4(e) information. With respect to Form X-

⁶¹⁶ See also supra section X.D.10 (discussing estimated burdens associated with structuring Form 17-H information under the proposed amendments).

⁶¹⁷ As of Sept. 30, 2022, approximately 238 of the 245 broker-dealers that were then subject to Form 17-H filing requirements used EDGAR to file Form 17-H. See supra section IV.B.

17A-19, due to the brevity and simplicity of that Form, we anticipate SROs would not structure their disclosures in custom XML themselves, but would instead simply input their disclosures in the fillable web form that EDGAR would provide. Thus, we do not believe a cost estimate for the structuring of Form X-17A-19 in custom XML would be relevant or appropriate to include. For the same reason, we have not included estimated custom XML structuring cost ranges for the facing pages to Form CA-1, Form 1, Form 1-N, and Form 15A. Because the facing pages of Form 1-N and Form 15A would be the only structured portion of those forms, we have not provided any estimated structuring cost ranges for them.

Clearing agencies filing Form CA-1 would be required to tag their financial statements and a series of schedules containing largely narrative disclosures in Inline XBRL. For the financial statements, because clearing agencies likely operate at a higher level of complexity than the median Nasdaq-listed reporting company, we estimate a 25% higher cost than the cost reported in the Nasdaq survey, resulting in an approximate per filing cost estimate of \$4,690–\$14,070 for clearing agencies to tag financial statements in Inline XBRL. For the disclosures other than financial statements, the disclosure schedules on Form CA-1 to be tagged in Inline XBRL are considerably lengthier than the supplemental reports on Form X-17A-5 Part III discussed above. We therefore estimate tagging the non-financial statement disclosures on Form CA-1 would add 25% of the costs to tag financial statements in Inline XBRL, resulting in a median per filing cost estimate of approximately \$1,180–\$3,530 for clearing agencies to tag the non-financial statement disclosures on Form CA-1 in Inline XBRL. This results in a total estimated Inline XBRL tagging cost of \$5,870–\$17,600 per filing on Form CA-1.⁶¹⁸

⁶¹⁸ See supra section IX.D.5 (discussing estimated burdens associated with Form CA-1 under the proposed amendments).

Clearing agencies would be required to structure other Form CA-1 disclosures using a custom XML data language specific to that Form. The Commission recently estimated that the structuring of disclosures of Form N-CR event reports in custom XML would cost approximately \$555 per filing. Here, the Form CA-1 disclosures to be structured in custom XML are lengthier than the Form N-CR disclosures that money market funds would structure in custom XML under that proposal, so we estimate an approximate cost per filing of \$560–\$1,670 (using a 50% increase over the Form N-CR estimate) that clearing agencies would structure the Form CA-1 schedules in custom XML.⁶¹⁹ We therefore estimate that the total cost of structuring Form CA-1 (including Inline XBRL and custom XML disclosures) would amount to \$6,430–\$19,270 per filing.⁶²⁰

For national securities exchanges, we estimate the cost to tag financial statements on Form 1 in Inline XBRL would be similar to the cost that large broker-dealer affiliates of reporting companies would incur to tag financial statements on Form X-17A-5 Part III (estimated above at \$940–\$2,820), because most exchanges are affiliated with reporting companies.⁶²¹ However, Form 1 also requires exchanges to provide balance sheets and income statements for its affiliates and subsidiaries, so we are increasing that estimate by 50%, yielding an estimated median per filing cost of \$1,410–\$4,230 that exchanges affiliated with reporting companies would incur to tag financial statements on Form 1 in Inline XBRL.⁶²² For national securities exchanges that are not affiliated with reporting companies, we similarly base our Inline XBRL cost estimate on large broker-dealers unaffiliated with reporting companies, but with a

⁶¹⁹ See Investment Company Act Release No. 34441 (Dec. 15, 2021), 87 FR 7248, 7332 (Feb. 8, 2022).

⁶²⁰ See id.

⁶²¹ See supra note 606.

⁶²² See supra note 438 and accompanying text for a description of the burdens associated with tagging financial statements on Form 1.

50% increase to account for the additional balance sheets and income statements for the exchange's affiliates and subsidiaries. This results in an estimated median per filing cost of \$5,630–\$16,880 that exchanges unaffiliated with reporting companies would incur to tag financial statements on Form 1 in Inline XBRL.⁶²³

Exchanges would also tag their manner of operation disclosure in Inline XBRL under the proposal.⁶²⁴ This disclosure would consist of a series of tagged narrative text blocks, and could also include some quantitative amounts (such as those related to fee disclosures) that would also be tagged. We estimate an additional 10% cost that exchanges would incur to tag their manner of operation disclosure, resulting in a total estimated compliance cost of \$1,550–\$4,650 per filing for exchanges affiliated with reporting companies and \$6,200–\$18,580 for exchanges unaffiliated with reporting companies would incur to tag Form 1 in Inline XBRL.⁶²⁵ Also, like clearing agencies, exchanges would be required to structure other portions of Form 1 in a custom XML data language specific to that Form.⁶²⁶ Because these requirements are similar, we use the same custom XML structuring cost estimate of \$560–\$1,670 here, resulting in a total per filing cost of structuring Form 1 (including Inline XBRL and custom XML) of \$2,110–\$6,320 for exchanges affiliated with reporting companies and \$6,760–\$20,250 for exchanges unaffiliated with reporting companies.⁶²⁷

⁶²³ See id.

⁶²⁴ This proposed tagging requirement would not include the copy of the users' manual. See supra section II.A.3.

⁶²⁵ See id.

⁶²⁶ See supra note 441 and accompanying text for a description of the burdens associated with structuring portions of Form 1 in a custom XML data language.

⁶²⁷ See also supra section IX.D.2 (discussing estimated burdens associated with structuring disclosures filed on Form 1 under the proposed amendments).

By contrast, for the Rule 19b-4(e) information that exchanges would post on their websites in a custom XML data language (i.e., schema) specific to that information, exchanges would not have the benefit of a fillable web form, and would thus be required to structure their disclosures in custom XML themselves. Rule 19b-4(e) information consists only of a short series of disclosures that are mostly text strings, so we have estimated a per response cost for structuring, rendering, and posting Rule 19b-4(e) information that is 50% lower than the Commission’s aforementioned estimate for structuring Form N-CR in a previous proposal. This yields an approximate cost of \$140–\$420 that exchanges would incur to structure each Rule 19b-4(e) website posting in custom XML.⁶²⁸

Structured Data Compliance Costs for Covered SRO Forms and Rule 19b-4(e) Information

<u>Form/Posting</u>	<u>Filers/Submitters</u>	<u>Estimated Per Filing/Posting Structured Data Costs</u>
Form CA-1	Clearing agencies	\$6,430–\$19,270
Form 1	National securities exchanges that are not affiliated with public reporting companies	\$6,760–\$20,250
Form 1	National securities exchanges that are affiliated with public reporting companies	\$2,110–\$6,320
Form X-17A-19	National securities exchanges and registered national securities associations	N/A
Form 1-N	Securities Futures Product Exchanges	N/A
Form 15A	Registered national securities associations	N/A
Rule 19b-4(e) Information	National securities exchanges	\$140–\$420

Structured Data Cost Estimates: Valuation Dispute Notices and CCO Reports

⁶²⁸ See also supra section IX.D.6 (discussing estimated burdens associated with structuring, rendering, and posting Rule 19b-4(e) information under the proposed amendments).

Under the proposal, SBS Entities would be required to structure the valuation dispute notices required under Exchange Act Rule 15fi-3(c) in a custom XML data language specific to those notices, and they would also be required to structure the CCO report required under Exchange Act Rule 15fk-1(c)(2)(ii)(A) in Inline XBRL. In addition, non-bank SBS Entities would be required to file Form X-17A-5 Part III and related annual filings in Inline XBRL; the structuring costs associated with that form are discussed above.

For Rule 15fi-3(c) valuation dispute notices, which are not required to include specific fields, we expect SBS Entities would use the fillable web form that EDGAR would provide rather than structure the disclosures in the custom XML data language themselves.⁶²⁹ Thus, we have not included a cost estimate for the custom XML structuring of the valuation dispute notices.

For the Inline XBRL tagging of the CCO report, those reports consist of a series of narrative text blocks, some of which could contain nested quantitative values (such as the description of financial resources set aside for compliance). This content is similar to the content of the narrative disclosures on Form CA-1 that clearing agencies would structure in Inline XBRL under the proposed amendments, which we estimate as \$1,180 to \$3,530. Most SBS Entities, however, are affiliated with public reporting companies that already structure disclosures in Inline XBRL.⁶³⁰ For those entities, which could leverage the Inline XBRL compliance experience, processes, software, and/or service agreements that their affiliates have already

⁶²⁹ See *supra* section V.C.

⁶³⁰ Of the 50 entities that have submitted applications for registration as an SBS Entity, 41 are affiliated with public companies that file financial statement and cover page information in Inline XBRL. See List of Registered Security-Based Swap Dealers and Major Security-Based Swap Participants, [available at https://www.sec.gov/tm/List-of-SBS-Dealers-and-Major-SBS-Participants](https://www.sec.gov/tm/List-of-SBS-Dealers-and-Major-SBS-Participants).

implemented, we estimate a cost range of \$300 to \$880, which represents 25% of the cost incurred by SBS Entities that are not affiliated with public reporting companies.⁶³¹

Structured Data Compliance Costs for Valuation Dispute Notices and CCO Reports

<u>Form</u>	<u>Filers/Submitters</u>	<u>Estimated Per Filing/Notice Structured Data Costs</u>
Valuation Dispute Notices	SBS Entities	N/A
CCO Reports	SBS Entities unaffiliated with public reporting companies	\$1,180–\$3,530
CCO Reports	SBS Entities affiliated with public reporting companies	\$300-\$880

Structured Data Cost Estimates: Initial Implementation Costs

The structured data cost estimates discussed above relate to the ongoing costs of structuring various disclosures in Inline XBRL and in custom XML-based data languages. For affected entities that do not have structured data compliance experience, and are not affiliated with entities that have structured data compliance experience, we estimate compliance costs would increase by 50% in the first year of the proposed structured data requirements. We anticipate these initial implementation costs, which could include the training of new staff and the establishing of new compliance procedures, would apply only to those filers or submitters that do not fully outsource their structured data preparation requirements to a third-party tagging service provider (i.e., all filers or submitters other than smaller broker-dealers, which we expect would outsource their structured data preparation requirements like many smaller reporting companies do).⁶³²

The impact of this initial implementation cost overall is reflected in the following chart:

⁶³¹ See also supra section IX.D.14 (discussing estimated burdens associated with structuring CCO reports under the proposed amendments).

⁶³² See supra note 536.

Structured Data Initial Compliance Costs

<u>Form</u>	<u>Estimated Per Response Initial Structured Data Costs</u>
Form X-17A-5 Part III (for larger broker-dealers and non-bank SBS Entities unaffiliated with public reporting companies)	\$5,910–\$17,730 (first year)
Form CA-1	\$9,650–\$28,910 (first year)
Form 1 (for exchanges unaffiliated with public reporting companies)	\$10,140–\$30,380 (first year)
Rule 19b-4(e) information	\$210–\$630 (first response)
CCO Report (for SBS Entities unaffiliated with public reporting companies)	\$1,770–\$5,300

Form 17-H is excluded from the table above, because Form 17-H filers also file Form X-17A-5 Part III. Including initial implementation costs for structuring financial statements on Form 17-H would be duplicative of the initial implementation costs for structuring financial statements on Form X-17A-5 Part III, which are reflected in the table.⁶³³

For Rule 19b-4(e) information, we anticipate the initial implementation costs would apply only to the first posting, and not to subsequent postings during the first year of compliance. The content required by Rule 19b-4(e) is limited to less than 10 individual items of disclosure regarding the newly traded derivative securities product for each posting. We expect the process of structuring, rendering, and posting the first response would entail additional implementation time to map the associated (and commensurately simple) custom XML schema to the information regarding the new derivative securities product traded on the exchange; we expect

⁶³³ See 17 CFR 240.15Fk-1(c)(2)(i)(E).

subsequent responses would entail a less burdensome process of applying the newly mapped schema to each derivative securities product.⁶³⁴

D. Efficiency, Competition, and Capital Formation

Mandated electronic submission and posting will increase the timeliness of public access to the affected documents that are made publicly available. Insofar as market participants use the information in these documents, easier or quicker access could result in lower search costs or more efficient decision making. These benefits are potentially magnified during disruptive events, such as a pandemic, when investors may place a premium on electronic and timely access to information. Furthermore, the efficiency benefits of electronic submission or posting may be augmented by the proposed structured data requirements, as structured data requirements have been observed to decrease information asymmetries, increase liquidity, and reduce the cost of capital.⁶³⁵ The proposed structured data requirements for those affected documents that are used by information intermediaries (such as financial analysts and data aggregators) may also increase competition and encourage market entry by reducing their information processing costs.⁶³⁶

Moreover, as mandated electronic submission or posting leads to lower ongoing, marginal costs for reporting entities, compared to non-electronic submission, the submission or posting process may become more efficient, especially over the medium and longer term. In

⁶³⁴ See also supra section IX.D.6 (discussing estimated burdens associated with structuring, rendering, and posting Rule 19b-4(e) information).

⁶³⁵ See, e.g., N. Bhattacharya, Y.J. Cho, J.B. Kim, Leveling the Playing Field Between Large and Small Institutions: Evidence from the SEC's XBRL Mandate, 93(5) ACCOUNT. REV. 51-71 (2018); B. Li, Z. Liu, W. Qiang, and B. Zhang, The Impact of XBRL Adoption on Local Bias: Evidence from Mandated U.S. Filers, 39(6) J. ACCOUNT. PUB. POL. (2020); W. Sassi, H. Ben Othman, and K. Hussainey, The Impact of Mandatory Adoption of XBRL on Firm's Stock Liquidity: A Cross-Country Study, 19(2) J. FIN. REPORT. ACCOUNT. 299-324 (2021); C. Ra and H. Lee, XBRL Adoption, Information Asymmetry, Cost of Capital, and Reporting Lags, 10 BUSINESS, 93-118 (2018); S.C. Lai, Y.S. Lin, Y.H. Lin, and H.W. Huang, XBRL Adoption and Cost of Debt, INTL. J. ACCOUNT. INFO. MGMT. (2015); Y. Cong, J. Hao, and L. Zou, The Impact of XBRL Reporting on Market Efficiency, 28(2) J. INFO. SYS. 181-207 (2014).

⁶³⁶ See supra section X.C.1.b.

addition, electronic submission or posting standards in the proposed amendments are expected to make the submission or posting process more efficient by making it easier and less costly for reporting entities to assure timely receipt and/or availability of the submitted information. We expect, however, that any such efficiency gains would be small. The efficiency gains that would arise under the proposed rule would likely be further mitigated in the near term because, as noted, the proposed Inline XBRL requirements would impose initial implementation costs on affected entities subject to the requirements that do not have prior experience with Inline XBRL.

As discussed above, similar implementation costs are unlikely to arise for most of the proposed EDGAR custom XML forms, because EDGAR would provide a fillable web form in which affected entities would be able to input their disclosures without having to structure them in the relevant custom XML data language. By contrast, implementation costs are likely to arise for SROs subject to the proposed custom XML schema requirement for posting Rule 19b-4(e) information, because those would be posted on the SROs' websites rather than filed through EDGAR; however, due to the relatively small amount of data to be structured, rendered, and posted for each new derivative securities product, we expect the cost of structuring each Form 19b-4(e) would be lower than the cost of structuring Commission filings in Inline XBRL.⁶³⁷

The costs and benefits of electronic submission or posting under the proposed rule may have differential impacts on some categories of reported entities, resulting in potential competitive effects. To the extent that the EDGAR cost has a fixed component, smaller entities that do not have experience with EDGAR may be at a relative competitive disadvantage to larger entities. In addition, smaller registrants might use third party service providers to meet the requirements of the proposed amendments. The use of these providers could reduce the costs of

⁶³⁷ See supra sections IX.D.6 and X.C.2.b.

EDGAR access, and reduce the competitive effects of the requirements.⁶³⁸ In addition, many of the reporting entities already are familiar with electronic submission in EDGAR due to changes in market practices and an increase in electronic submission due to the pandemic.

For the proposed Inline XBRL requirements, it is less likely that the associated compliance costs would be fixed, because the documents filed or submitted by smaller entities (such as smaller broker-dealers) are likely shorter and less complex than documents filed or submitted by larger entities (such as larger broker-dealers), and would thus require less time and sophistication to tag in Inline XBRL. By contrast, compliance costs for the proposed custom XML requirements are more likely to be fixed, because with the exception of Form 1 and Form CA-1 filers and SROs posting Rule 19b-4(e) information, we expect affected filers or submitters to comply with such requirements by completing fillable web forms rather than structuring their disclosures in custom XML.⁶³⁹

To the extent that market practices are already consistent with the Updated Staff Statement, many of the expected effects of the proposed amendments on efficiency, competition, and capital formation may be mitigated. For example, for broker-dealer registrants that file reports pursuant to Rule 17a-5 electronically, the efficiency gains of electronic submission will be mitigated, and the effects of the proposed amendments will be limited to those associated with the use of structured data.

⁶³⁸ The proposed rule might increase demand for third party services, but is unlikely to have significant effects on efficiency, competition, or capital formation in these markets.

⁶³⁹ See supra text accompanying note 592.

E. Reasonable Alternatives

1. Exempt Certain Entities or Disclosures from Structured Data Requirements

As an alternative, the Commission could change the scope of the proposed structured data requirements (e.g., Inline XBRL tagging requirements for Form X-17A-5 Part III, Form 17-H, Form CA-1, Form 1, and the CCO reports), by exempting certain subsets of reporting entities or disclosures. For example, the Commission could exempt some broker-dealers from the requirement to structure Form X-17A-5 Part III and related annual filings based on size (e.g., total reported assets) or other characteristics. Potential exemption thresholds could be broker-dealers with \$500,000 or less in total assets (which would have exempted 1,252, or 38%, of registered broker-dealers as of December 31, 2021), or broker-dealers with \$250,000 or less in total annual revenues (which would have exempted 1,073, or 32%, of registered broker-dealers as of December 31, 2021).⁶⁴⁰ Such thresholds would prevent smaller broker-dealers from incurring the compliance costs associated with the proposed Inline XBRL tagging requirements for Form X-17A-5 Part III. Another alternative would be to limit the Inline XBRL tagging requirements only to those broker-dealers that carry customer or broker-dealer accounts and receive or hold funds or securities for customers (which would have exempted 3,319, or 95%, of registered broker-dealers, as of December 31, 2021). This approach may be useful in targeting the Inline XBRL requirements towards those broker-dealers that may have the most impact on financial markets, and reducing compliance costs for all other broker-dealers. However, the Commission believes any cost savings arising from the exemption of certain subsets of reporting entities or disclosures from the Inline XBRL requirements may not justify the reduction in

⁶⁴⁰ See supra note 556.

informational benefits to data users such as Commission staff and market participants, who would be required to manually collect unstructured data from the exempted reporting entities or disclosure items in order to analyze it (or rely on and incur costs to third parties to do so).

2. Require Structured Data on Form 1-N, Form 15A, and ANE Exception Notices to Same Extent as Proposed Structured Documents

As another alternative, the Commission could require structuring Form 1-N, Form 15A, and the ANE Exception Notices to the same extent as comparable Proposed Structured Documents. For example, the Commission could require Form 1-N and Form 15A, which are similar to Form CA-1 and Form 1 in that they contain substantive disclosures in exhibits to an execution page, to be structured using a mix of Inline XBRL and custom XML data languages. The Commission could also require ANE Exception Notices, which contain only a limited number of data points, to be structured using a custom XML data language. Structuring these documents would extend the analytical capabilities associated the other structured data requirements in this proposal to these additional documents. However, the Commission believes the limited number of filers and filings (for Form 1-N and Form 15A) and the limited number of data points on each document (for the ANE Exception Notices) would limit the potential utility of functionality enabled by structured data (such as large-scale comparisons across populations of entities). Given this limitation on expected benefits, the Commission believes the additional structuring requirements would not be justified.

3. Replace Inline XBRL Requirements with Custom XML Requirements or Vice Versa

As another alternative, the Commission could replace the proposed custom XML requirements with Inline XBRL requirements for some or all of the relevant Proposed Structured Documents (which include Form X-17A-5 Part III, Form 17-H, Form CA-1, Form 1, Form 1-N,

Form 15A, Form X-17A-19, Rule 19b-4(e) information, notices of security-based swap valuation disputes pursuant to Rule 15fi-3(c), and CCO reports). For example, rather than requiring Inline XBRL structuring for certain of the affected documents, and custom XML structuring for other affected documents, the Commission could require Inline XBRL for all of the affected documents proposed to be structured (i.e., require Form X-17A-19, the execution pages of Forms 1-N and 15A, the notice required by Rule 15fi-3(c) under the Exchange Act, the information required to be posted under Rule 19b-4(e), and the entirety of the other Covered SRO Forms, Form X-17A-5 Part III, and Form 17-H, to be provided using Inline XBRL rather than using custom XML-based data languages).

This alternative could benefit users of the data in that the reported information could be used compatibly (e.g., using the same software tools) with the disclosures in the other affected documents (and with existing Inline XBRL data). However, the alternative would also impose the costs and complexity associated with Inline XBRL tagging on Forms and notices and reports that are each limited to a constrained set of non-financial, non-narrative data elements or are otherwise less suitable for Inline XBRL, thus potentially making the structured disclosures more burdensome to prepare and use than is called for by these particular disclosures.⁶⁴¹ The Commission believes the difficulties in preparing and using such data under an Inline XBRL requirement would likely not be justified by any compatibility benefits that would arise from such an alternative.

The Commission could alternatively replace the proposed Inline XBRL requirements with custom XML requirements for some or all of the relevant Proposed Structured Documents (which include Form X-17A-5 Part III, Form 17-H, Form CA-1, Form 1, and CCO reports).

⁶⁴¹ See supra section VII.A.

However, while this could lead to benefits such as smaller file sizes and lower compliance burdens (to the extent entities would input disclosures into fillable forms rather than structuring the disclosures themselves), Inline XBRL is more technically suited to handle financial statement disclosures (and was originally designed to so), as well as extended narrative discussions (including those with individual values nested within the discussions). Accordingly, the Commission believes Inline XBRL as proposed for these forms is appropriate.

4. Require Structured Data Languages other than Inline XBRL and Custom XML

As another alternative, the Commission could require structured data languages other than Inline XBRL and custom XML for some or all of the affected documents. For example, the Commission could require other variants of XBRL, such as XBRL-CSV (“Comma-Separated Values”) or XBRL-JSON (“JavaScript Object Notation”). For example, we are aware that public commenters in other rulemakings have indicated that using these XBRL variants could entail benefits, such as smaller file sizes and greater ease of use.⁶⁴² However, unlike custom XML and Inline XBRL, no EDGAR filings are currently filed using the JSON or CSV formats, and the EDGAR system currently does not accept these formats.⁶⁴³ The Commission preliminarily

⁶⁴² See Letter from Campbell Pryde, President and CEO, XBRL US, “RE: Enhanced Reporting of Proxy Votes by Registered Management Investment Companies; Reporting of Executive Compensation Votes by Institutional Investment Managers, File Number S7-11-21” (Dec. 14, 2021), *available at* <https://www.sec.gov/comments/s7-11-21/s71121-20109496-263895.pdf> (stating, “The XBRL-CSV specification allows data to be prepared in a simple CSV file which can then be opened in Excel. Data prepared using XBRL-CSV can be loaded automatically with no need to understand the meaning of individual columns (which would need to be reviewed if ingesting a custom XML file)”); Letter from Gregory Babyak, Global Head of Regulatory Affairs, Bloomberg, L.P., BLOOMBERG L.P. “Enhanced Reporting of Proxy Votes by Registered Management Investment Companies; Reporting of Executive Compensation Votes by Institutional Investment Managers Release No. 34-93169 / File No. S7-11-21” (Dec. 14, 2021), *available at* <https://www.sec.gov/comments/s7-11-21/s71121-20109566-263925.pdf> (stating, “JSON makes for significantly smaller files, does not need specialized tools and libraries, and is both easier to consume and generate”).

⁶⁴³ See Regulation S-T, 17 CFR 232.101(a)(1)(iv); 17 CFR 232.301; EDGAR Filer Manual, *supra* note 212, at 5.1 (requiring EDGAR filers generally to use ASCII or HTML for their document submissions, subject to certain exceptions).

believes any usability benefit associated with XBRL-CSV or XBRL-JSON would likely not justify the burden of expanding reporting and intake capability to accommodate JSON or CSV.

Other structured data languages that could be used include the Financial Information eXchange Markup Language (“FIXML”), which the Commission recently proposed for security-based swap position reporting, and pipe-delimited ASCII, which the Rule 605 NMS Plan currently requires for market centers’ order execution reports.⁶⁴⁴ However, FIXML is generally designed to accommodate the communication of information related to securities trading, whereas the information required by the Proposed Structured Documents is broader.⁶⁴⁵ For pipe-delimited ASCII, unlike custom XML, EDGAR does not currently provide fillable forms or rendering applications for that format. In addition, the use of pipe-delimited ASCII rather than custom XML and Inline XBRL would preclude more complex technical validations (such as checks on any disclosures nested within narrative descriptions).

5. Permit, Not Require, Structured Data for Affected Documents

As another alternative, the Commission could replace some or all of the proposed structured data requirements with voluntary structuring provisions. This would provide greater flexibility to respondents and ease compliance burdens on any respondents that choose not to structure their filings or postings. Some respondents may be incentivized by the benefits of structured data, and thus pursue those benefits even in the absence of structured data

⁶⁴⁴ See Exchange Act Release No. 93784 (Dec. 15, 2021), 87 FR 6652, 6675 (Feb. 4, 2022); 17 CFR 242.605(a)(2) and Securities and Exchange Commission File No. 4-518 (National Market System Plan Establishing Procedures Under Rule 605 of Regulation NMS) at 2 (“Section V . . . provides that market center files must be in standard, pipe-delimited ASCII format”).

⁶⁴⁵ See *What Is FIX?*, <https://www.fixtrading.org/what-is-fix/> (last visited Mar. 3, 2023) (“The FIX Protocol language is comprised of a series of messaging specifications used in trade communications”). FIXML is the machine-readable data language associated with the Financial Information eXchange (“FIX”) Protocol. See *FIXML Online, Technical Specification, Version 1.1*. (May 2014), <https://www.fixtrading.org/standards/fixml-online/>.

requirements, such as reduced audit fees and efficient review of peer disclosures.⁶⁴⁶ However, relying on all affected entities to pursue such incentives would likely result in the incomplete provision of structured data. This would result in incomplete datasets, thereby adversely affecting the informational benefits that we expect would accrue from structured data requirements.

6. Exempt Smaller Entities from Electronic Submission or Posting Requirements

As another alternative, the Commission could exempt smaller entities from electronic submission or posting requirements for some or all of the affected documents. This could take the form of some thresholds based on total assets, total annual revenues, net capital requirements, a combination of factors, or the type of entity (e.g., whether the broker-dealer carries customer accounts and receives or holds customer cash and securities, or whether the broker-dealer is an OTC derivatives dealer).

While this alternative could reduce the cost burden to smaller entities, this alternative would also eliminate the benefits of electronic submission and posting for these entities, such as the reduction of costs and the improved efficiency of the submission process. In addition, exempting smaller entities from the submission or posting requirements might reduce the value of publicly available data if the result is that only a portion of the submissions are machine-readable or if multiple methods are required to access all the data as might occur if some portion of forms are submitted electronically via EDGAR while other submissions of the same form are made publicly available as PDFs of paper submissions.

⁶⁴⁶ See supra Section X.C.1.b.

7. Require SROs to submit Form 19b-4(e) via EDGAR

As another alternative, rather than requiring the information required by Rule 19b-4(e) under the Exchange Act to be posted on an SRO's website in custom XML, the Commission could amend Rule 19b-4, Form 19b-4(e), and the instructions thereto to require SROs to submit Form 19b-4(e) with the Commission via EDGAR using custom XML. Compared to the proposal, an EDGAR alternative could provide benefits for users of the information, because they would be able to access and analyze disclosures across different SROs from a centrally accessible location, rather than having to navigate to various individual SRO websites to retrieve the disclosures. EDGAR would also provide the ability to run technical validations upon intake of the disclosures, thus potentially improving the quality of the 19b-4(e) data by decreasing the incidence of non-substantive errors (e.g., omitting values from fields that should always be populated). On the other hand, SROs may find the process of posting information on their websites to be less burdensome than submitting information to EDGAR, as they currently have experience with the former but not the latter. Given the thousands of Form 19b-4(e) submissions that SROs make a year, and given the original intent for Form 19b-4(e) to provide the Commission with accurate information regarding new derivatives securities products while ensuring that information remains publicly available, the Commission preliminarily believes any informational benefits of an EDGAR requirement would likely not justify the increased burden of such a requirement.⁶⁴⁷ Furthermore, given the highly standardized nature of the information provided on Form 19b-4(e) and the relevant SRO's books and records obligations, coupled with the Commission's examination and inspection authority, the Commission does not believe the submission of Form 19b-4(e) through EDGAR rather than posting of the information on the

⁶⁴⁷ See supra section II.E.

relevant SRO's website would impact the accuracy of the record of new securities derivatives products for the Commission to review.

8. Require the Use of Dedicated Mailbox

As another alternative, the Commission could require registrants submit by sending some or all of the affected documents to a dedicated email inbox in addition to eliminating the paper requirement. For example, rather than requiring registered clearing agencies to post Rule 17a-22 materials on their websites, the Commission could require registered clearing agencies to submit electronic copies of Rule 17a-22 materials to a dedicated email inbox, as they have been doing recently, consistent with the Updated Staff Statement.⁶⁴⁸ Similarly, another example would be to require SROs to send Form 19b-4(e) materials to a dedicated email inbox, rather than publicly posting the materials on their websites. This alternative would facilitate Commission staff access to the Rule 17a-22 and 19b-4(e) materials compared to the proposal, as Commission staff would receive the materials directly rather than having to navigate to each registered clearing agency's individual website. However, this alternative could delay or preclude their availability for market participants, and require Commission staff to upload these documents to EDGAR, imposing costs and delays on the process. In addition, to the extent that market participants have already developed the practice of submitting the affected documents via EDGAR – for these documents, the proposed alternative, requiring submission to an electronic mailbox would entail both a higher cost and a lower benefit for market participants.

F. Request for Comment

The Commission requests feedback on any aspect of the above economic analysis, including our description of the current economic baseline, the potential costs (including

⁶⁴⁸ See Updated Staff Statement.

quantified estimates thereof) and benefits of the proposed amendments, their effect on efficiency, competition, and capital formation, and reasonable alternatives. In addition, we request comment on the following aspects of the proposal:

96. In general, are there any affected entities for whom the compliance costs associated with the proposed structured data requirements would not be justified by the informational benefits that would be realized by users of the structured data, such that exempting those entities from structured data requirements would be advisable? If so, what particular exemption threshold or thresholds should the Commission use for the structured data requirements under the proposed rule amendments, and why?
97. For example, with respect to Form X-17A-5 Part III filers, would the compliance costs incurred by smaller broker-dealers, or non-clearing/carrying broker-dealers, in filing Form X-17A-5 Part III and related annual filings in Inline XBRL not be justified by the benefits arising to data users from having the information in a structured, machine-readable data language? Should the Commission use an exemption threshold for Form X-17A-5 Part III filers based on total assets (e.g., less than \$500,000), total annual revenues (e.g., less than \$250,000), net capital requirements (e.g., less than \$250,000), on a combination of factors (e.g., capital less than \$50 million and total assets of less than \$1 billion), on the type of broker-dealer (e.g., whether the broker-dealer carries customer accounts and receives or holds customer cash and securities, or whether the broker-dealer is an OTC derivatives dealer), or on the financial condition of the broker-dealer (e.g., whether the broker-dealer has less than \$1 million of free credit balances and other credit balances, or whether the broker-dealer has less than \$500 million of tentative net capital)?
As another example, with respect to Form CA-1 and Form 1 filers, should the

Commission require only registered clearing agencies and exchanges to structure those forms? Should the Commission use thresholds based on the number of members or users of the clearing agencies and exchanges? If so, what specific thresholds should the Commission use, and why?

98. Similarly, are there any affected documents (or portions thereof) subject to proposed structuring requirements (i.e., Form X-17A-5 Part III, Form 17-H, Form 1, Form 1-N, Form 15A, Form CA-1, Form X-17A-19, Rule 19b-4(e) information, valuation dispute notices, and CCO reports) for which the compliance costs associated with the proposed structured data requirements would not be justified by the informational benefits that would be realized by users of the structured data, such that exempting those documents from structured data requirements would be appropriate? If so, which particular documents (or portions thereof) should be exempted from the structured data requirements, and why?
99. For example, should the Commission refrain from adding structuring requirements for Form CA-1, which is filed by only twelve entities, for the same reason the Commission is refraining from adding structured data requirements (other than execution page structuring) for Form 15A and Form 1-N, which are each filed by only one entity?⁶⁴⁹ As another example, should the Commission limit the proposed structuring requirements to financial statement disclosures (including notes and schedules) only, thus requiring only portions of Form X-17A-5 Part III, Form 17-H, Form 1, and Form CA-1 to be structured? Should the Commission require all quantitative information to be structured, but refrain from requiring narrative or other non-quantitative information to be structured?

⁶⁴⁹ See supra sections IX.C.3, IX.C.4, and IX.C.5.

100. Conversely, are there any affected documents or portions thereof not subject to proposed structuring requirements (i.e., ANE Exception Notices, Form 1-N other than the execution page, and Form 15A other than the execution page) for which the informational benefits of structured data would justify the compliance costs associated with structuring, such that requiring those documents to be structured would be advisable? If so, which of these documents or portions thereof should be structured, and why?
101. How would the costs of third-party service providers, including those that provide electronic submission and structured data compliance services and/or software to filers and submitters, as well as those that provide software that facilitates structured data research, impact affected entities and data users under the proposed rule amendments? Please provide any data you have on the current costs and usage of these third-party services and software, as well as how such costs and usage may change under the proposed rule amendments.
102. Does the evidence of structured data benefits in other contexts, such as XBRL requirements for public operating company financial statements, generally indicate that the proposed structured data requirements could facilitate the use and analysis of the information disclosed on the affected documents? Why or why not?
103. Is it reasonable to assume that affected entities with affiliates that are subject to Inline XBRL requirements would be able to leverage the Inline XBRL compliance software licenses and/or service agreements, as well as the Inline XBRL tagging processes and experience, of those affiliates? Why or why not?
104. Should the Commission modify the particular structured data languages required for each Proposed Structured Document? For example, should the Commission replace the

proposed custom XML requirements with Inline XBRL requirements, or vice versa?
Should the Commission require other structured data languages, such as XBRL-CSV, XBRL-JSON, FIXML, pipe-delimited ASCII, or other structured data languages for some or all of the Proposed Structured Documents? If so, which structured data languages should be used for which documents, and why?

105. Rather than requiring structured data for the Proposed Structured Documents, should the Commission permit affected entities (or subsets thereof) to provide structured data on a voluntary basis? If so, which entities and which documents should be subject to voluntary structuring, and why?
106. Also, are there any affected documents for which the proposed manner of submission or posting creates significant costs or difficulties for reporting entities or for users of the documents? If so, which particular documents, and how should the manner of submission be changed for those documents?

XI. Initial Regulatory Flexibility Act Analysis

Section 3(a) of the Regulatory Flexibility Act of 1980⁶⁵⁰ (“RFA”) requires the Commission to undertake an initial regulatory flexibility analysis of the impact of the proposed rule amendments on small entities unless the Commission certifies that the rule, if adopted, would not have a significant economic impact on a substantial number of small entities.⁶⁵¹ For purposes of Commission rulemaking in connection with the RFA,⁶⁵² a small entity includes a

⁶⁵⁰ 5 U.S.C. 603(a).

⁶⁵¹ 5 U.S.C. 605(b).

⁶⁵² Although Section 601(b) of the RFA defines the term “small entity,” the statute permits agencies to formulate their own definitions. The Commission has adopted definitions for the term “small entity” for the purposes of Commission rulemaking in accordance with the RFA. Those definitions, as relevant to this proposed rulemaking, are set forth in Rule 0-10 under the Exchange Act, 17 CFR 240.0-10. See Exchange Act Release No. 18451 (Jan. 28, 1982), 47 FR 5215 (Feb. 4, 1982) (File No. AS-305).

broker or dealer that: (1) had total capital (net worth plus subordinated liabilities) of less than \$500,000 on the date in the prior fiscal year as of which its audited financial statements were prepared pursuant to paragraph (d) of Rule 17a-5 under the Exchange Act,⁶⁵³ or, if not required to file such statements, a broker-dealer with total capital (net worth plus subordinated liabilities) of less than \$500,000 on the last day of the preceding fiscal year (or in the time that it has been in business, if shorter); and (2) is not affiliated with any person (other than a natural person) that is not a small business or small organization.⁶⁵⁴ With regard to a national securities exchange subject to Rule 17a-19, a small entity is an exchange that has been exempt from the reporting requirements of Rule 601 under Regulation NMS, and is not affiliated with any person (other than a natural person) that is not a small business or small organization. With respect to a clearing agency, a small entity is a clearing agency that: (1) compared, cleared and settled less than \$500 million in securities transactions during the preceding fiscal year (or in the time that it has been in business, if shorter); (2) had less than \$200 million of funds and securities in its custody or control at all times during the preceding fiscal year (or in the time that it has been in business, if shorter); and (3) is not affiliated with any person (other than a natural person) that is not a small business or small organization.⁶⁵⁵ When used with reference to an “issuer” or a

⁶⁵³ 17 CFR 240.17a-5(d).

⁶⁵⁴ See 17 CFR 240.0-10(c). See also 17 CFR 240.0-10(i) (providing that a broker or dealer is affiliated with another person if: such broker or dealer controls, is controlled by, or is under common control with such other person; a person shall be deemed to control another person if that person has the right to vote 25% or more of the voting securities of such other person or is entitled to receive 25% or more of the net profits of such other person or is otherwise able to direct or cause the direction of the management or policies of such other person; or such broker or dealer introduces transactions in securities, other than registered investment company securities or interests or participations in insurance company separate accounts, to such other person, or introduces accounts of customers or other brokers or dealers, other than accounts that hold only registered investment company securities or interests or participations in insurance company separate accounts, to such other person that carries such accounts on a fully disclosed basis).

⁶⁵⁵ 17 CFR 240.0-10(d).

“person,” other than an investment company, a small entity includes an “issuer” or “person” that, on the last day of its most recent fiscal year, had total assets of \$5 million or less.⁶⁵⁶

A. Regulatory Flexibility Act Certification

The Commission currently believes that no national securities exchange, Security Futures Product Exchange, or national securities association is a “small entity” as currently defined. With regard to clearing agencies, based on publicly reported data the Commission does not believe that any registered or exempt clearing agency is a “small entity” as currently defined. With respect to registrants subject to Rule 17a-12, based upon financial reports and other information filed with the Commission by such entities, none of the entities subject to Rule 17a-12 is a “small entity” as currently defined. With respect to SBS Entities, based on feedback from market participants and staff experience with the security-based swap markets, and consistent with the Commission’s position in prior Dodd-Frank Act rulemakings, the Commission continues to believe that (1) the types of entities that register with the Commission as SBSDs (i.e., because they engage in more than a de minimis amount of dealing activity involving security-based swaps)—which generally would be large financial institutions—would not be “small entities” for purposes of the RFA and (2) the types of entities that may have security-based swap positions above the level required to be MSBSPs would not be “small entities” for purposes of the RFA.⁶⁵⁷ The Commission thus continues to believe that SBS Entities providing notices (and any amendments to the notices) required by Rule 15fi-3(c)⁶⁵⁸ or filing annual reports

⁶⁵⁶ 17 CFR 240.0-10(a).

⁶⁵⁷ See Registration Process for Security-Based Swap Dealers and Major Security-Based Swap Participants, Exchange Act Release No. 75611 (Aug. 5, 2015), 80 FR 48964, 49013 (Aug. 14, 2015); Prohibition Against Fraud, Manipulation, or Deception in Connection with Security-Based Swaps; Prohibition against Undue Influence over Chief Compliance Officers; Position Reporting of Large Security-Based Swap Positions, Exchange Act Release No. 93784 (Dec 15, 2021), 87 FR 6652, 6702-03 (Feb 4, 2022).

⁶⁵⁸ See Risk Mitigation Adopting Release, 85 FR at 6411-12.

required by Rule 18a-7 would not be “small entities” for purposes of the RFA. The Commission also continues to expect that all Relying Entities making use of the ANE Exception from the de minimis threshold to SBSB status also would not be “small entities” for purposes of the RFA.⁶⁵⁹ As a result, the Commission believes that any Registered Entity filing an ANE Exception Notice or withdrawal of an ANE Exception Notice also would not be a “small entity.”⁶⁶⁰ Consequently, the Commission certifies that the proposed amendments would not, if adopted, have a significant economic impact on a substantial number of small entities that are described in the foregoing paragraph.

The Commission encourages written comments regarding this certification. The Commission solicits comment as to whether the proposed amendments could have impacts on small entities that have not been considered. The Commission requests that commenters describe the nature of any impacts on small entities and provide empirical data to support the extent of such effect. Persons wishing to submit written comments should refer to the instructions for submitting comments located at the front of this release.

⁶⁵⁹ See Cross-Border Adopting Release, 85 FR at 6345.

⁶⁶⁰ The “small entity” definition applied to brokers excludes brokers that are affiliated with a person that is not a “small entity.” See Exchange Act Rule 0-10(c)(2), 17 CFR 240.0-10(c)(2). Because the Commission does not expect any Relying Entity to be a “small entity” for purpose of the RFA, any affiliated broker serving as the Registered Entity for purposes of the ANE Exception also would not be a “small entity.” See Cross-Border Adopting Release, 85 FR at n.737. Moreover, any registered SBSB serving as the Registered Entity for purposes of the ANE Exception would likely be registered as such because it engages in security-based swap dealing above the de minimis threshold, and therefore also would not, in the Commission’s view, be a “small entity.” See supra note 657 and accompanying text. Even in the unlikely event that some Relying Entities satisfy the ANE Exception’s conditions via the use of an affiliated Registered Entity that is a registered security-based swap dealer and a “small entity” for purposes of the RFA, the Commission continues to believe that there would not be a substantial number of such entities. See Cross-Border Adopting Release, 85 FR at 6345.

B. Initial Regulatory Flexibility Analysis

This Initial Regulatory Flexibility Act Analysis (“IRFA”) has been prepared, and been made available for public comment, in accordance with the RFA.⁶⁶¹ It relates to the proposed amendments to Rule 17a-5. As stated above, based on experience with the staff no-action letter permitting the voluntary filing of broker-dealer annual reports on EDGAR, the staff estimates that approximately 1,559 broker-dealers file their annual reports with the Commission in paper. Based upon staff experience, the Commission estimates that almost all of these 1,559 broker-dealers are “small entities” (that is, such broker-dealers would, individually, have total capital (net worth plus subordinated liabilities) of less than \$500,000 on the last day of the preceding fiscal year (or in the time that it has been in business, if shorter)). As required by the RFA, this IRFA describes the impact of these proposed amendments on small entities.⁶⁶²

C. Reasons for, and Objectives of, the Proposed Action

In general, the proposed amendments to Rule 17a-5 that implicate broker-dealers that are small entities would require that a broker-dealer: (1) file its annual reports and related annual filings electronically on EDGAR using structured data; and (2) keep the original notarized oath or affirmation for a period of not less than six years, the first two in an easily accessible place in accordance with the requirements of Rule 17a-4.⁶⁶³

As stated above, it has been the staff’s experience that electronic filing has been practical and efficient. It also has been the staff’s experience that electronic filing has been positively

⁶⁶¹ 5 U.S.C. 601 et seq.

⁶⁶² 5 U.S.C. 603.

⁶⁶³ 17 CFR 240.17a-5. The proposed amendments to the FOCUS Report that impact broker-dealers are limited to stand-alone swap dealers which are not expected to be small entities. The proposed amendment to allow electronic signatures will not impact small broker-dealers because they will continue to have the option to use manual signatures.

received by the broker-dealers who are currently filing their annual reports electronically on EDGAR. Based on these positive experiences with electronic filing and as part of its efforts to modernize the methods by which it collects information from registrants, the Commission is proposing to amend certain rules and forms, including certain rules and forms that would impact broker-dealers that are small entities.

With respect to the proposed structured data requirements, XBRL requirements for public company financial statements have been observed to increase the ease and efficiency of analyzing those structured disclosures (e.g., allowing for efficient comparisons of disclosures across multiple reporting entities and multiple time periods).⁶⁶⁴ Such benefits have encompassed small public companies as well as large public companies, and have accrued to both public and regulatory entities.⁶⁶⁵ Therefore, the staff believes the proposed structured data requirements under the proposed amendments would facilitate the use of the information reported by broker-dealers in their annual reports and related filings.

D. Legal Basis

The Commission is proposing the amendments in this release under the authority set forth in sections 6, 7, 8, 10, and 19(a) of the Securities Act of 1933,⁶⁶⁶ sections 3, 12, 13, 14, 15, 15A, 15F, 17, 17A, 19, 23, 30, and 35A of the Securities Exchange Act of 1934,⁶⁶⁷ section 319 of the

⁶⁶⁴ See supra section X.C.1.b.

⁶⁶⁵ See supra notes 217 and 501.

⁶⁶⁶ 15 U.S.C. 77f, 77g, 77h, 77j, and 77s(a).

⁶⁶⁷ 15 U.S.C. 78c, 78l, 78m, 78n, 78o, 78o-3, 78o-10, 78q, 78q-1, 78s, 78w, 78dd and 78ll.

Trust Indenture Act of 1939,⁶⁶⁸ sections 8, 30, 31, and 38 of the Investment Company Act of 1940⁶⁶⁹ and section 761(b) of the Dodd-Frank Act.⁶⁷⁰

E. Small Entities Subject to the Proposed Rules

The proposed changes would affect some broker-dealers that are small entities. For purposes of Commission rulemaking in connection with the RFA,⁶⁷¹ a small entity includes a broker or dealer that: (1) had total capital (net worth plus subordinated liabilities) of less than \$500,000 on the date in the prior fiscal year as of which its audited financial statements were prepared pursuant to paragraph (d) of Rule 17a-5 under the Exchange Act,⁶⁷² or, if not required to file such statements, a broker-dealer with total capital (net worth plus subordinated liabilities) of less than \$500,000 on the last day of the preceding fiscal year (or in the time that it has been in business, if shorter); and (2) is not affiliated with any person (other than a natural person) that is not a small business or small organization.⁶⁷³

⁶⁶⁸ 15 U.S.C. 77sss.

⁶⁶⁹ 15 U.S.C. 80a-8, 80a-29, 80a-30, and 80a-37.

⁶⁷⁰ 15 U.S.C. 8341.

⁶⁷¹ Although Section 601(b) of the RFA defines the term “small entity,” the statute permits agencies to formulate their own definitions. The Commission has adopted definitions for the term “small entity” for the purposes of Commission rulemaking in accordance with the RFA. Those definitions, as relevant to this proposed rulemaking, are set forth in Rule 0-10 under the Exchange Act, 17 CFR 240.0-10. See Exchange Act Release No. 18451 (Jan. 28, 1982), 47 FR 5215 (Feb. 4, 1982) (File No. AS-305).

⁶⁷² 17 CFR 240.17a-5(d).

⁶⁷³ See 17 CFR 240.0-10(c). See also 17 CFR 240.0-10(i) (providing that a broker or dealer is affiliated with another person if: such broker or dealer controls, is controlled by, or is under common control with such other person; a person shall be deemed to control another person if that person has the right to vote 25% or more of the voting securities of such other person or is entitled to receive 25% or more of the net profits of such other person or is otherwise able to direct or cause the direction of the management or policies of such other person; or such broker or dealer introduces transactions in securities, other than registered investment company securities or interests or participations in insurance company separate accounts, to such other person, or introduces accounts of customers or other brokers or dealers, other than accounts that hold only registered investment company securities or interests or participations in insurance company separate accounts, to such other person that carries such accounts on a fully disclosed basis).

F. Reporting, Recordkeeping, and Other Compliance Requirements

As noted above, the purpose of the proposed amendments to Rule 17a-5 that would impact a broker-dealer that is a small entity is to require a broker-dealer to: (1) file its annual reports on EDGAR using structured data; and (2) keep the original notarized oath or affirmation attached to the annual reports for a period of not less than six years, the first two in an easily accessible place in accordance with the requirements of Rule 17a-4.

The Commission does not believe that the compliance costs of the proposed amendments relating to the requirement to file on EDGAR will be significant. The Commission does expect that smaller entities that are broker-dealers will need to familiarize themselves with the EDGAR system. However, the Commission does not believe that the familiarization process will be particularly burdensome. In support of its belief in this regard, the Commission notes that approximately 1,659 broker-dealers have chosen to voluntarily file their respective annual reports on EDGAR, and the Commission estimates that a large majority of these broker-dealers are small entities. Furthermore, with respect to the proposed structured data requirements, the Commission believes the related compliance costs for broker-dealers that are small entities would be modest and would continue to decrease over time. The Commission bases this belief on observed trends in XBRL compliance costs for small public companies.⁶⁷⁴

The Commission also believes that there will be benefits to small entities resulting from filing on EDGAR. For example, once a smaller entity has familiarized itself with EDGAR, that entity can be confident that required filings will be timely because the public portion of the filing is immediately available on the Commission's website and the filer has received a confirming

⁶⁷⁴ See supra note 516.

email. The Commission believes that such regulatory certainty is of benefit to registrants generally, including broker-dealers that are small entities.

With respect to the requirement to maintain a copy of the oath or affirmation, the Commission does not believe this requirement will be unduly burdensome to small entities that are broker-dealers. A broker-dealer filing its annual reports in paper maintains a hard copy of the filing cover sheet as a record of the oath or affirmation. The proposed amendment in paragraph (e)(2)(iii) of Rule 17a-5 is designed to ensure that this requirement is preserved in the context of a broker-dealer filing its annual reports electronically on EDGAR.

G. Duplicative, Overlapping, or Conflicting Federal Rules

The Commission does not believe that the proposed amendments impacting smaller entities that are broker-dealers would duplicate, overlap, or conflict with other Federal Rules.

H. Significant Alternatives

The RFA directs the Commission to consider alternatives that would accomplish our stated objectives, while minimizing any significant economic impact on small entities. The Commission considered alternatives with respect to whether to utilize the EDGAR system. However, given that approximately half of all broker-dealers are voluntarily utilizing EDGAR for filing their respective annual audit reports, and that EDGAR is an existing system that is available for immediate use, the Commission does not believe that alternative electronic platforms would be practical or efficient. Further, developing an alternative technology platform for intake of annual audit reports or change in SRO membership would be time consuming and expensive relative to using an existing Commission system that is in use by a large number of broker-dealers. The Commission considered exempting small entities from the EDGAR-filing requirement and allowing small entities to make submissions via dedicated email or similar means, but there are significant efficiencies for Commission staff and other users of regulatory

disclosure information in having the forms submitted to a single, uniform platform, and, as mentioned, EDGAR is the Commission's existing platform for the receipt and publication (in the case of non-confidential submission) of such information. Exempting small entities from the EDGAR-filing requirement would make aggregation of the data from regulatory disclosures less complete, which could detract from the usefulness of such data in illustrating the conditions of Commission-regulated entities in the financial markets.

The Commission also considered alternatives with respect to the proposed structured data requirements, including the alternative of removing broker-dealers that are smaller entities from the structured data requirements.⁶⁷⁵ However, given users of the information disclosed by broker-dealers would be required to manually collect unstructured data in order to analyze it (or rely on third parties to do so), the Commission believes any cost savings arising from such an alternative would not justify the limitations and difficulties that would arise for investors, other market participants, and/or regulatory users of the disclosures.

Likewise, the Commission considered changing the actual forms themselves—either by consolidating or simplifying the information to be submitted—for small entities, but allowing a subset of entities to submit different forms—and accompanying information—would reduce the usability and comparability of the information contained in disclosures. The Commission does not believe that the cost savings that might arise from devising different forms for small entities would justify the limitations and difficulties that would arise for investors, market participants and/or regulatory users of the information.⁶⁷⁶

⁶⁷⁵ See *supra* section X.E.1.

⁶⁷⁶ To be clear, this proposal would not require small entities to submit more—or different—information on particular forms. As mentioned previously, the proposal would not change the substantive content of Commission forms with this rulemaking, but would change the manner in which such forms are submitted to the Commission.

Finally, the Commission considered allowing small broker-dealers a longer timeframe to file on EDGAR so they have time to familiarize themselves with the system, but given that a staff no-action letter already does not object to small broker-dealers filing their annual reports within a longer timeframe so long as they file on EDGAR,⁶⁷⁷ an additional extension of time would not provide meaningful additional benefit to these entities and could result in inordinately stale financial data being available to the Commission staff, investors and other market participants.

I. Request for Comment

The Commission encourages the submission of comments with respect to any aspect of this IRFA. In particular, the Commission requests comment regarding:

107. Are there are more efficient or less burdensome ways for the Commission to modernize its collection of information from registrants compared to what the Commission has proposed?
108. What are the number of small entities that may be affected by the proposed rule amendments?
109. What is the existence or nature of the potential impact of the proposed amendments on small entities and would the proposed amendments would have any effects that have not been discussed in the analysis?
110. Are there are any Federal rules that duplicate, overlap, or conflict with the proposed amendments?

⁶⁷⁷ See [Order Extending the Annual Audits Filing Deadline for Certain Smaller Broker-Dealers](#), Exchange Act release no. 91128 (Feb. 12, 2021), 86 FR 10372 (Feb. 19, 2021).

XII. Small Business Regulatory Enforcement Fairness Act

For purposes of the Small Business Regulatory Enforcement Fairness Act of 1996 (“SBREFA”),⁶⁷⁸ the Commission must advise OMB as to whether the proposed amendments constitute a “major” rule. Under SBREFA, a rule is considered “major” where, if adopted, it results or is likely to result in:

- An annual effect on the U.S. economy of \$100 million or more (either in the form of an increase or decrease);
- A major increase in costs or prices for consumers or individual industries; or
- Significant adverse effects on competition, investment, or innovation.

The Commission requests comment on whether the proposal would be a “major rule” for purposes of SBREFA. In particular, we request comment and empirical data on:

- The potential effect on the U.S. economy on an annual basis;
- Any potential increase in costs or prices for consumers or individual industries; and
- Any potential effect on competition, investment, or innovation.

Statutory Authority

The amendments contained in this release are being proposed under the authority in sections 6, 7, 8, 10, and 19(a) of the Securities Act of 1933,⁶⁷⁹ sections 3, 12, 13, 14, 15, 15A, 15F, 17, 17A, 19, 23, 30, and 35A of the Securities Exchange Act of 1934,⁶⁸⁰ section 319 of the Trust Indenture Act of 1939,⁶⁸¹ sections 8, 30, 31, and 38 of the Investment Company Act of

⁶⁷⁸ Publ. L. 104-121, Title II, 110 Stat. 857 (1996) (codified in various sections of 5 U.S.C., 15 U.S.C., and as a note in 5 U.S.C. 601).

⁶⁷⁹ 15 U.S.C. 77f, 77g, 77h, 77j, and 77s(a).

⁶⁸⁰ 15 U.S.C. 78c, 78l, 78m, 78n, 78o, 78o-3, 78o-10, 78q, 78q-1, 78s, 78w, 78dd and 78ll.

⁶⁸¹ 15 U.S.C. 77sss.

1940⁶⁸² and section 761(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.⁶⁸³

List of Subjects

17 CFR Part 202

Administrative Practice and Procedure, Securities.

17 CFR Part 232

Reporting and recordkeeping requirements, Securities.

17 CFR Part 240

Brokers, Fraud, Reporting and recordkeeping requirements, Securities, Swaps.

17 CFR Part 249

Brokers, Reporting and recordkeeping requirements, Securities.

17 CFR Part 249b

Brokers, Reporting and recordkeeping requirements.

Text of the Amendments

In accordance with the foregoing, title 17, chapter II of the Code of Federal Regulations is proposed to be amended as follows:

PART 202 – INFORMAL AND OTHER PROCEDURES

1. The authority citation for part 202 continues to read as follows:

Authority: 15 U.S.C. 77s, 77t, 77sss, 77uuu, 78d-1, 78u, 78w, 78ll(d), 80a-37, 80a-41, 80b-9, 80b-11, 7201 *et seq.*, unless otherwise noted.

⁶⁸² 15 U.S.C. 80a-8, 80a-29, 80a-30, and 80a-37.

⁶⁸³ 15 U.S.C. 8341.

2. Amend § 202.3 by revising the first two sentences of paragraph (b)(2) and revising paragraph (b)(3) to read as follows:

§ 202.3 Processing of filings.

* * * * *

(b) * * *

(2) Applications for registration as national securities exchanges, or exemption from registration as exchanges by reason of such exchanges' limited volume of transactions filed with the Commission are routed to the Division of Trading and Markets, which examines these applications to determine whether all necessary information has been supplied and whether all required financial statements and other documents have been furnished in proper form. Defective applications may be returned. * * *

(3) Notice forms for registration as national securities exchanges pursuant to Section 6(g)(1) of the Securities Exchange Act of 1934 (15 U.S.C. 78f(g)(1)) filed with the Commission are routed to the Division of Trading and Markets, which examines these notices to determine whether all necessary information has been supplied and whether all other required documents have been furnished in proper form. Defective notices may be returned.

PART 232 REGULATION S-T -- GENERAL RULES AND REGULATIONS FOR ELECTRONIC FILINGS

3. The general authority citation for part 232 is revised to read as follows:

Authority: 15 U.S.C. 77c, 77f, 77g, 77h, 77j, 77s(a), 77z-3, 77sss(a), 78c(b), 78l, 78m, 78n, 78o(d), 78o-10, 78w(a), 78ll, 80a-6(c), 80a-8, 80a-29, 80a-30, 80a-37, 80b-4, 80b-6a, 80b-10, 80b-11, 7201 *et seq.*; and 18 U.S.C. 1350, unless otherwise noted.

* * * * *

4. Amend § 232.100 by revising paragraph (c) to read as follows:

§ 232.100 Persons and entities subject to mandated electronic filing.

* * * * *

(c) Persons or entities whose filings are subject to review by the Division of Trading and Markets; and

* * * * *

5. Amend § 232.101 by:

- a. Adding new paragraphs (a)(1)(xxxii), (xxxiii), (xxxiv), and (xxxv);
- b. Revising paragraph (c)(9); and
- c. Revising paragraph (d).

The revisions and additions read as follows:

§ 232.101 Mandated electronic submissions and exceptions.

(a) * * *

(1) * * *

(xxxii)(A) The annual reports filed with the Commission under § 240.17a-5(d) of this chapter, the supplemental reports and statements filed with the Commission under § 240.17a-5(k) of this chapter, the annual reports filed with the Commission under § 240.17a-12(b) of this chapter, the accountant's reports filed with the Commission under § 240.17a-12(k), (l), and (m) of this chapter, the reports filed with the Commission under § 240.17a-19 of this chapter, and the annual reports filed with the Commission under § 240.18a-7(c) of this chapter. The submissions must be made on EDGAR in the electronic format required by the EDGAR Filer Manual, as defined in 17 CFR 232.11 (Rule 11 of Regulation S-T), and must be filed in accordance with the requirements of part 232 (Regulation S-T).

(B) The reports filed and furnished, as applicable, with the Commission under § 240.17h-2T of this chapter. The submissions must be made on EDGAR in the electronic format required by the EDGAR Filer Manual, as defined in Rule 11 of Regulation S-T, and must be filed in accordance with the requirements of Regulation S-T.

(xxxiii) Notices (and withdrawals of notices) filed with the Commission pursuant to § 240.3a71-3(d)(1)(vi) of this chapter (Rule 3a71-3(d)(1)(vi)).

(xxxiv) Notices (and amendments, including notices of dispute termination) provided to the Commission pursuant to § 240.15fi-3(c) of this chapter (Rule 15fi-3(c)); and

(xxxv) Compliance reports submitted with the Commission pursuant to § 240.15fk-1(c)(2)(ii)(A) of this chapter (Rule 15fk-1(c)(2)(ii)(A)).

* * * * *

(c) * * *

(9) Exchange Act filings submitted to the Division of Trading and Markets other than those that are submitted in electronic format as mandated or permitted electronic submissions under paragraph (a) and (b) of this section or that are submitted electronically in a filing system other than EDGAR;

* * * * *

(d) The following must be filed in electronic format:

(1) All documents, including any information with respect to which confidential treatment is requested, filed pursuant to section 13(n) (15 U.S.C. 78m(n)) and section 13(f) (15 U.S.C. 78m(f)) of the Exchange Act and the rules and regulations thereunder;

(2) All documents, including any information with respect to which confidential treatment is requested, filed pursuant to §§ 240.17a-5(d), 240.17a-5(k), 240.17a-12(b), 240.17a-12(k) through (m), 240.17a-19, 240.17h-2T, or 240.18a-7(c) of this chapter; and

(3) All notices (and amendments, including notices of dispute termination), including any information with respect to which confidential treatment is requested, provided to the Commission pursuant to § 240.15fi-3(c) of this chapter.

§232.201 [Amended]

6. Amend § 232.201 by adding to paragraph (a) the phrase “a notice or withdrawal of a notice filed with the Commission pursuant to Rule 3a71-3(d)(1)(vi) (§ 240.3a71-3(d)(1)(vi) of this chapter) under the Exchange Act (15 U.S.C. 78a *et seq.*),” after “an application for an order under any section of the Investment Advisers Act of 1940 (15 U.S.C. 80b-1 *et seq.*),” and before “an Interactive Data File (§ 232.11),”.

§ 232.202 [Amended]

7. Amend § 232.202 by adding to paragraph (a) the phrase “a notice or withdrawal of a notice filed with the Commission pursuant to Rule 3a71-3(d)(1)(vi) (§ 240.3a71-3(d)(1)(vi) of this chapter) under the Exchange Act (15 U.S.C. 78a *et seq.*),” after “a Form D (§ 239.500 of this chapter),” and before “or an Asset Data File (§ 232.11),”.

8. Amend § 232.405 by:

a. Revising the introductory text, paragraphs (a)(2), (a)(3)(i) introductory text, (a)(3)(ii), (a)(4), and (b)(1) introductory text;

b. Redesignating paragraph (b)(5)(i) as (b)(5)(vi);

c. Adding paragraphs (b)(5)(i) through (v); and

d. Revising Note 1 to §232.405.

The revisions and additions read as follows:

§ 232.405 Interactive Data File submissions.

This section applies to electronic filers that submit Interactive Data Files. Section 229.601(b)(101) of this chapter (Item 601(b)(101) of Regulation S-K), General Instruction F of § 249.311 (Form 11-K), §§ 240.15fk-1(c)(2)(ii)(A), 240.17a-5(d)(6)(i), 240.17a-5(k)(2), 240.17a-12(b)(6), 240.17a-12(k), 240.17a-12(l), 240.17a-12(m), 240.17h-2T(a)(2), and 240.18a-7(c)(6) of this chapter (Rules 15fk-1(c)(2)(ii)(A), 17a-5(d)(6)(i), 17a-5(k)(2), 17a-12(b)(6), 17a-12(k), 17a-12(l), 17a-12(m), 17h-2T(a)(2), and 18a-7(c)(6) under the Exchange Act), paragraph (101) of Part II—Information Not Required to be Delivered to Offerees or Purchasers of § 239.40 of this chapter (Form F-10), paragraph 101 of the Instructions as to Exhibits of § 249.220f of this chapter (Form 20-F), paragraph B.(15) of the General Instructions to § 249.240f of this chapter (Form 40-F), paragraph C.(6) of the General Instructions to § 249.306 of this chapter (Form 6-K), § 240.17ad-27(d) of this chapter (Rule 17ad-27(d) under the Exchange Act), Note D.5 of § 240.14a-101 of this chapter (Rule 14a-101 under the Exchange Act), Item 1 of § 240.14c-101 of this chapter (Rule 14c-101 under the Exchange Act), General Instruction C.3.(g) of §§ 239.15A and 274.11A of this chapter (Form N-1A), General Instruction I of §§ 239.14 and 274.11a-1 of this chapter (Form N-2), General Instruction C.3.(h) of §§ 239.17a and 274.11b of this chapter (Form N-3), General Instruction C.3.(h) of §§ 239.17b and 274.11c of this chapter (Form N-4), General Instruction C.3.(h) of §§ 239.17c and 274.11d of this chapter (Form N-6), General Instruction C.4 of §§ 249.331 and 274.128 of this chapter (Form N-CSR), General Instruction A of § 249.1 of this chapter (Form 1), and General Instruction A of § 249b.200 of this chapter (Form CA-1) specify when electronic filers are required or permitted to submit an Interactive Data File (§ 232.11), as further described in note 1 to this section. This section

imposes content, format and submission requirements for an Interactive Data File, but does not change the substantive content requirements for the financial and other disclosures in the Related Official Filing (§ 232.11).

(a) * * *

(2) Be submitted only by an electronic filer either required or permitted to submit an Interactive Data File as specified by § 229.601(b)(101) of this chapter (Item 601(b)(101) of Regulation S-K), General Instruction F of § 249.311 (Form 11-K), §§ 240.15fk-1(c)(2)(ii)(A), 240.17a-5(d)(6)(i), 240.17a-5(k)(2), 240.17a-12(b)(6), 240.17a-12(k), 240.17a-12(l), 240.17a-12(m), 240.17h-2T(a)(2), and 240.18a-7(c)(6) of this chapter (Rules 15fk-1(c)(2)(ii)(A), 17a-5(d)(6)(i), 17a-5(k)(2), 17a-12(b)(6), 17a-12(k), 17a-12(l), 17a-12(m), 17h-2T(a)(2), and 18a-7(c)(6) under the Exchange Act), paragraph (101) of Part II - Information Not Required to be Delivered to Offerees or Purchasers of § 239.40 of this chapter (Form F-10), paragraph 101 of the Instructions as to Exhibits of § 249.220f of this chapter (Form 20-F), paragraph B.(15) of the General Instructions to § 249.240f of this chapter (Form 40-F), paragraph C.(6) of the General Instructions to § 249.306 of this chapter (Form 6-K), § 240.17ad-27(d) of this chapter (Rule 17ad-27(d) under the Exchange Act), Note D.5 of § 240.14a-101 of this chapter (Rule 14a-101 under the Exchange Act), Item 1 of § 240.14c-101 of this chapter (Rule 14c-101 under the Exchange Act), General Instruction C.3.(g) of §§ 239.15A and 274.11A of this chapter (Form N-1A), General Instruction I of §§ 239.14 and 274.11a-1 of this chapter (Form N-2), General Instruction C.3.(h) of §§ 239.17a and 274.11b of this chapter (Form N-3), General Instruction C.3.(h) of §§ 239.17b and 274.11c of this chapter (Form N-4), General Instruction C.3.(h) of §§ 239.17c and 274.11d of this chapter (Form N-6), General Instruction C.4 of §§ 249.331 and

274.128 of this chapter (Form N-CSR), General Instruction A of § 249.1 of this chapter (Form 1), or General Instruction A of § 249b.200 of this chapter (Form CA-1), as applicable;

(3) * * *

(i) If the electronic filer is not a management investment company registered under 15 U.S.C. 80a *et seq.* (the Investment Company Act of 1940), or a separate account as defined in 15 U.S.C. 77b(a)(14) (Section 2(a)(14) of the Securities Act) registered under the Investment Company Act of 1940, or a business development company as defined in 15 U.S.C. 80a-2(a)(48) (Section 2(a)(48) of the Investment Company Act of 1940), an entity subject to §§ 240.15fk-1, 240.17a-5, 240.17a-12, 240.17h-2T, or 240.18a-7 of this chapter (Rule 15fk-1, 17a-5, 17a-12, 17h-2T, or 18a-7 under the Exchange Act), an exchange as defined in 15 U.S.C. 78c(a)(1) (Section 3(a)(1) of the Exchange Act), or a clearing agency as defined in 15 U.S.C. 78c(a)(23)(A) (Section 3(a)(23)(A) of the Exchange Act), and is not within one of the categories specified in paragraph (f)(1)(i) of this section, as partly embedded into a filing with the remainder simultaneously submitted as an exhibit to:

* * * * *

(ii) If the electronic filer is a management investment company registered under 15 U.S.C. 80a *et seq.* (the Investment Company Act of 1940), or a separate account (as defined in 15 U.S.C. 77b(a)(14) (Section 2(a)(14) of the Securities Act)) registered under the Investment Company Act of 1940, or a business development company as defined in 15 U.S.C. 80a-2(a)(48) (Section 2(a)(48) of the Investment Company Act of 1940), an entity subject to §§ 240.15fk-1, 240.17a-5, 240.17a-12, 240.17h-2T, or 240.18a-7 of this chapter (Rule 15fk-1, 17a-5, 17a-12, 17h-2T, or 18a-7 under the Exchange Act), an exchange as defined in 15 U.S.C. 78c(a)(1) (Section 3(a)(1) of the Exchange Act), or a clearing agency as defined in 15 U.S.C.

78c(a)(23)(A) (Section 3(a)(23)(A) of the Exchange Act), and is not within one of the categories specified in paragraph (f)(1)(ii) of this section, as partly embedded into a filing with the remainder simultaneously submitted as an exhibit to a filing that contains the disclosure this section requires to be tagged; and

(4) Be submitted in accordance with the EDGAR Filer Manual and, as applicable, § 229.601(b)(101) of this chapter (Item 601(b)(101) of Regulation S-K), General Instruction F of § 249.311 of this chapter (Form 11-K), §§ 240.15fk-1(c)(2)(ii)(A), 240.17a-5(d)(6)(i), 240.17a-5(k)(2), 240.17a-12(b)(6), 240.17a-12(k), 240.17a-12(l), 240.17a-12(m), 240.17h-2T(a)(2), and 240.18a-7(c)(6) of this chapter (Rules 15fk-1(c)(2)(ii)(A), 17a-5(d)(6)(i), 17a-5(k)(2), 17a-12(b)(6), 17a-12(k), 17a-12(l), 17a-12(m), 17h-2T(a)(2), and 18a-7(c)(6) under the Exchange Act)15fk-1, paragraph (101) of Part II - Information Not Required to be Delivered to Offerees or Purchasers of § 239.40 of this chapter (Form F-10), paragraph 101 of the Instructions as to Exhibits of § 249.220f of this chapter (Form 20-F), paragraph B.(15) of the General Instructions to § 249.240f of this chapter (Form 40-F), paragraph C.(6) of the General Instructions to § 249.306 of this chapter (Form 6-K), § 240.17ad-27(d) of this chapter (Rule 17ad-27(d) under the Exchange Act), Note D.5 of § 240.14a-101 of this chapter (Rule 14a-101 under the Exchange Act), Item 1 of § 240.14c-101 of this chapter (Rule 14c-101 under the Exchange Act), General Instruction C.3.(g) of §§ 239.15A and 274.11A of this chapter (Form N-1A), General Instruction I of §§ 239.14 and 274.11a-1 of this chapter (Form N-2), General Instruction C.3.(h) of §§ 239.17a and 274.11b of this chapter (Form N-3), General Instruction C.3.(h) of §§ 239.17b and 274.11c of this chapter (Form N-4), General Instruction C.3.(h) of §§ 239.17c and 274.11d of this chapter (Form N-6); General Instruction C.4 of §§ 249.331 and 274.128 of this chapter

(Form N-CSR); General Instruction A of § 249.1 of this chapter (Form 1); or General Instruction A of § 249b.200 of this chapter (Form CA-1).

(b) * * *

(1) If the electronic filer is not a management investment company registered under 15 U.S.C. 80a *et seq.* (the Investment Company Act of 1940), a separate account as defined in 15 U.S.C. 77b(a)(14) (Section 2(a)(14) of the Securities Act) registered under the Investment Company Act of 1940, a business development company as defined in 15 U.S.C. 80a-2(a)(48) (Section 2(a)(48) of the Investment Company Act of 1940), an entity subject to §§ 240.15fk-1, 240.17a-5, 240.17a-12, 240.17h-2T, or 240.18a-7 of this chapter (Rule 15fk-1, 17a-5, 17a-12, 17h-2T, or 18a-7 under the Exchange Act), an exchange as defined in 15 U.S.C. 78c(a)(1) (Section 3(a)(1) of the Exchange Act), or a clearing agency as defined in 15 U.S.C.

78c(a)(23)(A) (Section 3(a)(23) of the Exchange Act), an Interactive Data File must consist of only a complete set of information for all periods required to be presented in the corresponding data in the Related Official Filing, no more and no less, from all of the following categories:

* * * * *

(5) If an electronic filer is an entity subject to §§ 240.15fk-1, 240.17a-5, 240.17a-12, 240.17h-2T, or 240.18a-7 of this chapter (Rule 15fk-1, 17a-5, 17a-12, 17h-2T, or 18a-7 under the Exchange Act), an exchange as defined in 15 U.S.C. 78c(a)(1) (Section 3(a)(1) of the Exchange Act), or a clearing agency as defined in 15 U.S.C. 78c(a)(23)(A) (Section 3(a)(23)(A) of the Exchange Act), an Interactive Data File must consist of only a complete set of information for all periods required to be presented in the corresponding data in the Related Official Filing, no more and no less, from all of the following categories, as applicable:

(i) For electronic filers of § 249.517 of this chapter (Part III of Form X-17A-5): the disclosures required by Items (a) through (y) of that Form.

(ii) The disclosure provided pursuant to Item 4 of § 249.328T of this chapter (Form 17-H).

(iii) The report provided pursuant to § 240.15fk-1(c)(2)(ii)(A) of this chapter (Rule 15fk-1(c)(2)(ii)(A) under the Exchange Act).

(iv) The exhibits specified by General Instruction A to § 249.1 of this chapter (Form 1).

(v) The disclosure provided pursuant to Schedule A and Exhibits C, F, H, J, K, L, M, O, R, and S to § 249b.200 of this chapter (Form CA-1).

(vi) The information provided pursuant to § 240.17ad-27 of this chapter (Rule 17ad-27 under the Exchange Act).

* * * * *

Note 1 to § 232.405: Section 229.601(b)(101) of this chapter (Item 601(b)(101) of Regulation S-K) specifies the circumstances under which an Interactive Data File must be submitted and the circumstances under which it is permitted to be submitted, with respect to § 239.11 of this chapter (Form S-1), § 239.13 of this chapter (Form S-3), § 239.25 of this chapter (Form S-4), § 239.18 of this chapter (Form S-11), § 239.31 of this chapter (Form F-1), § 239.33 of this chapter (Form F-3), § 239.34 of this chapter (Form F-4), § 249.310 of this chapter (Form 10-K), § 249.308a of this chapter (Form 10-Q), and § 249.308 of this chapter (Form 8-K). General Instruction F of § 249.311 of this chapter (Form 11-K) specifies the circumstances under which an Interactive Data File must be submitted, and the circumstances under which it is permitted to be submitted, with respect to Form 11-K. Paragraph (101) of Part II - Information not Required to be Delivered to Offerees or Purchasers of § 239.40 of this chapter (Form F-10)

specifies the circumstances under which an Interactive Data File must be submitted and the circumstances under which it is permitted to be submitted, with respect to Form F-10. Paragraph 101 of the Instructions as to Exhibits of § 249.220f of this chapter (Form 20-F) specifies the circumstances under which an Interactive Data File must be submitted and the circumstances under which it is permitted to be submitted, with respect to Form 20-F. Paragraph B.(15) of the General Instructions to § 249.240f of this chapter (Form 40-F) and Paragraph C.(6) of the General Instructions to § 249.306 of this chapter (Form 6-K) specify the circumstances under which an Interactive Data File must be submitted and the circumstances under which it is permitted to be submitted, with respect to § 249.240f of this chapter (Form 40-F) and § 249.306 of this chapter (Form 6-K). Note D.5 of § 240.14a-101 of this chapter (Schedule 14A) and Item 1 of § 240.14c-101 of this chapter (Schedule 14C) specify the circumstances under which an Interactive Data File must be submitted with respect to Schedules 14A and 14C. Section 229.601(b)(101) (Item 601(b)(101) of Regulation S-K), paragraph (101) of Part II - Information not Required to be Delivered to Offerees or Purchasers of Form F-10, paragraph 101 of the Instructions as to Exhibits of Form 20-F, paragraph B.(15) of the General Instructions to Form 40-F, and paragraph C.(6) of the General Instructions to Form 6-K all prohibit submission of an Interactive Data File by an issuer that prepares its financial statements in accordance with 17 CFR 210.6-01 through 210.6-10 (Article 6 of Regulation S-X). For an issuer that is a management investment company or separate account registered under the Investment Company Act of 1940 (15 U.S.C. 80a *et seq.*) or a business development company as defined in 15 U.S.C. 80a-2(a)(48) (Section 2(a)(48) of the Investment Company Act of 1940), General Instruction C.3.(g) of §§ 239.15A and 274.11A of this chapter (Form N-1A), General Instruction I of §§ 239.14 and 274.11a-1 of this chapter (Form N-2), General Instruction C.3.(h) of §§ 239.17a and

274.11b of this chapter (Form N-3), General Instruction C.3.(h) of §§ 239.17b and 274.11c of this chapter (Form N-4), General Instruction C.3.(h) of §§ 239.17c and 274.11d of this chapter (Form N-6), and General Instruction C.4 of §§ 249.331 and 274.128 of this chapter (Form N-CSR), as applicable, specifies the circumstances under which an Interactive Data File must be submitted. For entities subject to §§ 240.15fk-1, 240.17a-5, 240.17a-12, 240.17h-2T, or 240.18a-7 of this chapter (Rule 15fk-1, 17a-5, 17a-12, 17h-2T, or 18a-7 under the Exchange Act), §§ 240.15fk-1(c)(2)(ii)(A), 240.17a-5(d)(6)(i), 240.17a-5(k)(2), 240.17a-12(b)(6), 240.17a-12(k), 240.17a-12(l), 240.17a-12(m), 240.17h-2T(a)(2), and 240.18a-7(c)(6) of this chapter (Rules 15fk-1(c)(2)(ii)(A), 17a-5(d)(6)(i), 17a-5(k)(2), 17a-12(b)(6), 17a-12(k), 17a-12(l), 17a-12(m), 17h-2T(a)(2), and 18a-7(c)(6) under the Exchange Act), as applicable, specify the circumstances under which an Interactive Data File must be submitted. For an exchange as defined in 15 U.S.C. 78c(a)(1) (Section 3(a)(1) of the Exchange Act), General Instruction A of § 249.1 of this chapter (Form 1) specifies the circumstances under which an Interactive Data File must be submitted. For a clearing agency as defined in 15 U.S.C. 78c(a)(23)(A) (Section 3(a)(23)(A) of the Exchange Act), General Instruction A of § 249.200b of this chapter (Form CA-1) specifies the circumstances under which an Interactive Data File must be submitted with respect to § 249.200b of this chapter (Form CA-1), and § 240.17ad-27(d) of this chapter (Rule 17ad-27(d) under the Exchange Act) specify the circumstances under which an Interactive Data File must be submitted with respect to the reports required under § 249.200b of this chapter (Form CA-1) and § 240.17ad-27 of this chapter (Rule 17ad-27 under the Exchange Act).

**PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE
ACT OF 1934**

9. The authority citation for part 240 continues to read, in part, as follows:

Authority: 15 U.S.C. 77c, 77d, 77g, 77j, 77s, 77z-2, 77z-3, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78c-3, 78c-5, 78d, 78e, 78f, 78g, 78i, 78j, 78j-1, 78j-4, 78k, 78k-1, 78l, 78m, 78n, 78n-1, 78o, 78o-4, 78o-10, 78p, 78q, 78q-1, 78s, 78u-5, 78w, 78x, 78dd, 78ll, 78mm, 80a-20, 80a-23, 80a-29, 80a-37, 80b-3, 80b-4, 80b-11, 7201 *et seq.*, and 8302; 7 U.S.C. 2(c)(2)(E); 12 U.S.C. 5221(e)(3); 18 U.S.C. 1350; and Pub. L. 111-203, 939A, 124 Stat. 1376 (2010); and Pub. L. 112-106, sec. 503 and 602, 126 Stat. 326 (2012), unless otherwise noted.

* * * * *

Sections 240.3a71-3 and 240.3a71-5 are also issued under Pub. L. 111-203, sec. 761(b), 124 Stat. 1754 (2010), and 15 U.S.C. 78dd(c).

* * * * *

Sections 240.15Fh-1 through 240.15Fh-6 and 240.15fk-1 are also issued under sec. 943, Pub. L. 111-203, 124 Stat. 1376.

* * * * *

Section 240.19b-4 is also issued under 12 U.S.C. 5465(e).

* * * * *

10. Amend § 240.3a71-3 by revising paragraph (d)(1)(vi) to read as follows:

§ 240.3a71-3 Cross-border security-based swap dealing activity.

* * * * *

(d) * * *

(1) * * *

(vi) *Notices and withdrawals of notices by registered entity.* Before an associated person of the registered entity described in paragraph (d)(1)(i) of this section commences the activity described in paragraph (d)(1)(i) of this section, such registered entity shall have filed a notice with the Commission (that has not been withdrawn) that its associated persons may conduct such

activity. Such registered entity shall file this notice electronically on EDGAR in accordance with the EDGAR Filer Manual, as defined in 17 CFR 232.11 (Rule 11 of Regulation S-T), and in accordance with the requirements of 17 CFR part 232 (Regulation S-T). A registered entity whose associated persons will no longer conduct the activity described in paragraph (d)(1)(i) of this section may withdraw, and an entity that no longer is described in paragraph (d)(1) of this section shall promptly withdraw, its previously filed notice by filing a withdrawal electronically on EDGAR in accordance with the EDGAR Filer Manual, as defined in Rule 11 of Regulation S-T, and in accordance with the requirements of Regulation S-T. Such notices and withdrawals shall be publicly disseminated through the Commission's EDGAR system.

* * * * *

11. Amend § 240.6a-1 by adding paragraph (e) to read as follows:

§ 240.6a-1 Application for registration as a national securities exchange or exemption from registration based on limited volume.

* * * * *

(e) Filings on Form 1 (§ 249.1 of this chapter) submitted pursuant to this chapter shall be filed electronically on EDGAR in accordance with the requirements of 17 CFR part 232 (Regulation S-T). Except as otherwise specified on Form 1, the disclosure required to be included in Exhibits D, E, and I must be provided as an Interactive Data File in accordance with 17 CFR 232.405 (Rule 405 of Regulation S-T).

12. Amend § 240.6a-2 by:

- a. Revising paragraph (a) introductory text ;
- b. Revising paragraph (a)(1);
- c. Revising paragraph (b) introductory text ;

- d. Revising the first sentence of paragraph (c); and
- e. Revising paragraph (d).

The revisions read as follows:

§ 240.6a-2 Amendments to application.

(a) A national securities exchange, or an exchange exempted from such registration based on limited volume, shall electronically file an amendment to Form 1 (§ 249.1 of this chapter), in accordance with § 240.6a-1(e) of this chapter, which shall set forth the nature and effective date of the action taken and shall provide any new information and correct any information rendered inaccurate, on Form 1 (§ 249.1 of this chapter), within 10 days after any action is taken that renders inaccurate, or that causes to be incomplete, any of the following:

- (1) Information filed on Sections I and II of Form 1, or amendment thereto; or

* * * * *

(b) On or before June 30 of each year, a national securities exchange, or an exchange exempted from such registration based on limited volume, shall electronically file, as an amendment to Form 1, in accordance with § 240.6a-1(e) of this chapter, the following:

* * * * *

(c) On or before June 30, 2025, and every three years thereafter, a national securities exchange, or an exchange exempted from such registration based on limited volume, shall electronically file, as an amendment to Form 1, in accordance with § 240.6a-1(e) of this chapter, complete Exhibits A, B, C and J. * * *

(d)(1) If an exchange, on an annual or more frequent basis, publishes, or cooperates in the publication of, any of the information required to be filed by paragraphs (b)(2) and (c) of this section, in lieu of filing such information, an exchange may:

(i) Identify on Form 1 the publication in which such information is available, the name, address, and telephone number of the person from whom such publication may be obtained, and the price of such publication; and

(ii) Certify on Form 1 to the accuracy of such information as of its publication date.

(2) If an exchange keeps the information required under paragraphs (b)(2) and (c) of this section up to date and makes it available to the Commission and the public upon request, in lieu of filing such information, an exchange may certify on Form 1 that the information is kept up to date and is available to the Commission and the public upon request.

(3) If the information required to be filed under paragraphs (b)(2) and (c) of this section is available continuously on an internet website controlled by an exchange, in lieu of filing such information with the Commission, such exchange may:

(i) Provide on Form 1 the Uniform Resource Locator(s) (URL(s)) of the location(s) on the internet website where such information may be found; and

(ii) Certify on Form 1 that the information available at such location(s) is accurate as of its date and is free and accessible (without any encumbrances or restrictions) by the general public.

* * * * *

13. Amend § 240.6a-3 by:

a. Revising the second sentence of paragraph (a)(1);

b. Revising paragraph (a)(2); and

c. Revising the first sentence of the introductory text to paragraph (b).

The revisions read as follows:

§ 240.6a-3 Supplemental material to be filed by exchanges.

(a)(1) * * * Such material shall be electronically filed with the Commission on Form 1 (§ 249.1 of this chapter), in accordance with § 240.6a-1(e) of this chapter, within 10 days after issuing or making such material available to members, participants or subscribers.

(2) If the information required to be filed under paragraph (a)(1) of this section is available continuously on an internet website controlled by an exchange, in lieu of filing such information with the Commission, such exchange may:

(i) Provide on Form 1 the Uniform Resource Locator(s) (URL(s)) of the location(s) on the internet website where such information may be found; and

(ii) Certify on Form 1 that the information available at such location(s) is accurate as of its date and is free and accessible (without any encumbrances or restrictions) by the general public.

(b) Within 15 days after the end of each calendar month, a national securities exchange or an exchange exempted from such registration based on limited volume, shall electronically file on Form 1 (§ 249.1 of this chapter), in accordance with § 240.6a-1(e) of this chapter, a report concerning the securities sold on such exchange during the calendar month. * * *

* * * * *

14. Amend § 240.6a-4 by:

- a. Revising the introductory text to paragraph (a)(1)(i);
- b. Revising paragraphs (a)(1)(i)(B) and (a)(1)(ii)(B);
- c. Revising paragraphs (b)(1)(i), (b)(3), (b)(4), and (b)(5);
- d. Revising paragraphs (c)(1)(ii)(A) and (B);
- e. Revising the second sentence of the introductory text to paragraph (c)(2); and
- f. Adding paragraph (d).

The revisions and addition read as follows:

§ 240.6a-4 Notice of registration under Section 6(g) of the Act, amendment to such notice, and supplemental materials to be filed by exchanges registered under Section 6(g) of the Act.

(a) * * *

(1) * * *

(i) The exchange is a board of trade, as that term is defined in the Commodity Exchange Act (7 U.S.C. 1a(6)), that:

(B) Is registered as a derivative transaction execution facility under Section 6(a) of the Commodity Exchange Act (7 U.S.C. 8(a)) and such registration is not suspended by the Commodity Futures Trading Commission; and

(ii) * * *

(B) Futures on exempted securities or on groups or indexes of securities or options thereon that have been authorized under Section 2(a)(1)(C) of the Commodity Exchange Act (7 U.S.C. 2(a)(1)(C)).

* * * * *

(b) * * *

(1) * * *

(i) Ten days after any action is taken that renders inaccurate, or that causes to be incomplete, any information filed on Sections I through III of Form 1-N (§ 249.10 of this chapter), or amendment thereto; or

* * * * *

(3) On or before June 30, 2023, and by June 30 every year thereafter, a Security Futures Product Exchange shall file, as an amendment to Form 1-N (§ 249.10 of this chapter), Exhibits F, H, and I, which shall be current as of the latest practicable date, but shall, at a minimum, be up to date within three months as of the date the amendment is filed.

(4) On or before June 30, 2025, and by June 30 every three years thereafter, a Security Futures Product Exchange shall file, as an amendment to Form 1-N (§ 249.10 of this chapter), complete Exhibits A, B, C, and E, which shall be current as of the latest practicable date, but shall, at a minimum, be up to date within three months as of the date the amendment is filed.

(5)(i) If a Security Futures Product Exchange, on an annual or more frequent basis, publishes, or cooperates in the publication of, any of the information required to be filed by paragraphs (b)(3) and (b)(4) of this section, in lieu of filing such information, a Security Futures Product Exchange may:

(A) Identify on Form 1-N the publication in which such information is available, the name, address, and telephone number of the person from whom such publication may be obtained, and the price of such publication; and

(B) Certify on Form 1-N to the accuracy of such information as of its publication date.

(ii) If a Security Futures Product Exchange keeps the information required under paragraphs (b)(3) and (b)(4) of this section up to date and makes it available to the Commission and the public upon request, in lieu of filing such information, a Security Futures Product Exchange may certify on Form 1-N that the information is kept up to date and is available to the Commission and the public upon request.

(iii) If the information required to be filed under paragraphs (b)(3) and (b)(4) of this section is available continuously on an internet website controlled by a Security Futures Product Exchange, in lieu of filing such information with the Commission, such Security Futures Product Exchange may:

(A) Provide on Form 1-N the Uniform Resource Locator(s) (URL(s)) of the location(s) of the internet website where such information may be found; and

(B) Certify on Form 1-N that the information available at such location(s) is accurate as of its date and is free and accessible (without any encumbrances or restrictions) by the general public.

* * * * *

(c) * * *

(1) * * *

(ii) * * *

(A) Provide on Form 1-N the Uniform Resource Locator(s) (URL(s)) of the location(s) of the internet website where such information may be found; and

(B) Certify on Form 1-N that the information available at such location(s) is accurate as of its date and is free and accessible (without any encumbrances or restrictions) by the general public.

(2) * * * Such a report shall state:

* * * * *

(d) Filings on Form 1-N (§ 249.10 of this chapter) submitted pursuant to this section shall be filed electronically on EDGAR in accordance with the requirements of 17 CFR part 232 (Regulation S-T).

15. Redesignate § 240.15Aa-1 as § 240.15aa-1 and revise newly redesignated § 240.15aa-1 to read as follows:

§ 240.15aa-1 Registration of a national or an affiliated securities association.

Any application for registration of an association as a national, or as an affiliated, securities association shall be submitted on Form 15A. Filings on Form 15A (§ 249.801 of this chapter) submitted pursuant to this section shall be filed electronically on EDGAR in accordance with the requirements of 17 CFR part 232 (Regulation S-T).

16. Redesignate § 240.15Aj-1 as § 240.15aa-2 and amend newly redesignated § 240.15aa-2 by:

- a. Revising paragraphs (b)(1), (b)(2), and (b)(3);
- b. Revising paragraph (c)(1); and
- c. Revising paragraph (d).

The revisions read as follows:

§ 240.15aa-2 Amendments and supplements to registration statements of securities associations.

* * * * *

(b) * * *

(1) No current supplements need be filed with respect to changes in the information called for in Exhibit B.

(2) Supplements setting forth changes in the information called for in Exhibit C need not be filed until 10 days after the calendar month in which the changes occur.

(3) If changes in the information called for in items (1) and (2) of Exhibit C are reported in any record which is published at least once a month by the association and promptly filed with the Commission, no current supplement need be filed with respect thereto.

(c) * * *

(1) Promptly after March 1 of each year, the association shall file with the Commission an annual consolidated supplement as of such date on Form 15A (§ 249.801) except that:

(i) If the securities association publishes or cooperates in the publication of the information required in Items 6(a) and 6(b) of Form 15A on an annual or more frequent basis, in lieu of filing such an item the securities association may:

(A) Identify on Form 15A the publication in which such information is available, the name, address, and telephone number of the person from whom such publication may be obtained, and the price thereof; and

(B) Certify on Form 15A to the accuracy of such information as of its date.

(ii) Promptly after March 1, 2025, and every three years thereafter each association shall file complete Exhibit A to Form 15A. The information contained in this exhibit shall be up to date as of the latest practicable date within 3 months of the date on which these exhibits are filed. If the association publishes or cooperates in the publication of the information required in this exhibit on an annual or more frequent basis, in lieu of filing such exhibit the association may:

(A) Identify on Form 15A the publication in which such information is available, the name, address, and telephone number of the person from whom such publication may be obtained, and the price thereof; and

(B) Certify on Form 15A to the accuracy of such information as of its date. If a securities association keeps the information required in the exhibit up to date and makes it

available to the Commission and the public upon request, in lieu of filing such an exhibit a securities association may certify on Form 15A that the information is kept up to date and is available to the Commission and the public upon request.

* * * * *

(d) *Filing, dating, etc.* (1) Each amendment or supplement, including the annual consolidated supplement, shall be submitted electronically on Form 15A in a manner prescribed in 17 CFR 240.15Aa-1 (Rule 15aa-1).

(2) One amendment or supplement may include any number of changes. In addition to the formal filing of amendments and supplements above described, each association shall electronically file with the Commission copies of any notices, reports, circulars, loose-leaf insertions, riders, new additions, lists or other records of changes covered by amendments or supplements when, as and if such records are made available to members of the association.

17. Amend § 240.15Fi-3 by:

- a. Redesignating § 240.15Fi-3 as § 240.15fi-3; and
- b. Revising paragraph (c) in newly redesignated § 240.15fi-3.

The revision reads as follows:

§ 240.15fi-3 Security-based swap portfolio reconciliation.

* * * * *

(c) *Reporting of security-based swap valuation disputes.* (1) *Notice requirement.* Each security-based swap dealer and major security-based swap participant shall promptly notify the Commission, electronically through the Commission's EDGAR system, in accordance with the EDGAR Filer Manual, as defined in 17 CFR 232.11 (Rule 11 of Regulation S-T), and in accordance with the requirements of 17 CFR part 232 (Regulation S-T), and any applicable

prudential regulator, in a form and manner acceptable to such applicable prudential regulator, of any security-based swap valuation dispute in excess of \$20,000,000 (or its equivalent in any other currency), at either the transaction or portfolio level, if not resolved within:

(i) Three business days, if the dispute is with a counterparty that is a security-based swap dealer or major security-based swap participant; or

(ii) Five business days, if the dispute is with a counterparty that is not a security-based swap dealer or major security-based swap participant.

(2) *Amendments.* Each security-based swap dealer and major security-based swap participant shall notify the Commission, electronically through the Commission's EDGAR system, in accordance with the EDGAR Filer Manual, as defined in Rule 11 of Regulation S-T, and in accordance with the requirements of Regulation S-T, and any applicable prudential regulator, in a form and manner acceptable to such applicable prudential regulator, if the amount of any security-based swap valuation dispute that was the subject of a previous notice made pursuant to paragraph (c)(1) of this section increases or decreases by more than \$20,000,000 (or its equivalent in any other currency), at either the transaction or portfolio level. Such amended notice shall be provided to the Commission and any applicable prudential regulator no later than the last business day of the calendar month in which the applicable security-based swap valuation dispute increases or decreases by the applicable dispute amount.

* * * * *

18. Amend § 240.15Fk-1 by:

a. Redesignating § 240.15Fk-1 as § 240.15fk-1; and

b. Revising paragraph (c)(2)(ii)(A) in newly redesignated § 240.15fk-1.

The revision reads as follows::

§ 240.15fk-1 Designation of chief compliance officer for security-based swap dealers and major security-based swap participants.

* * * * *

(c) * * *

(2) * * *

(ii) * * *

(A) Be submitted to the Commission electronically through the EDGAR system as an Interactive Data File in accordance with 17 CFR 232.405 (Rule 405 of Regulation S-T) within 30 days following the deadline for filing the security-based swap dealer's or major security-based swap participant's annual financial report with the Commission pursuant to section 15F of the Act and rules and regulations thereunder;

* * * * *

19. Amend § 240.17a-5 by:

- a. Revising the last sentence of paragraph (a)(2);
- b. Revising paragraph (d)(6);
- c. Adding new paragraph (e)(2)(iii);
- d. Revising paragraph (e)(3), the last sentence of paragraph (f)(3)(v)(B), paragraph (i)(1)(ii), and paragraph (k);
- e. Removing paragraph (o); and
- f. Redesignating paragraph (p) as new paragraph (o); and
- g. Adding new paragraph (p).

The revisions and additions read as follows:

§ 240.17a-5 Reports to be made by certain brokers and dealers.

* * * * *

(a) * * *

(2) * * * All reports filed pursuant to this paragraph (a) will be deemed confidential for the purposes of section 24(b) of the Act.

* * * * *

(d) * * *

(6)(i) *Filing with the Commission.* The annual reports must be filed with the Commission electronically on EDGAR in accordance with the EDGAR Filer Manual, as defined in 17 CFR 232.11 (Rule 11 of Regulation S-T), and must be filed in accordance with the requirements of 17 CFR part 232 (Regulation S-T). The annual reports must be provided as an Interactive Data File in accordance with 17 CFR 232.405 (Rule 405 of Regulation S-T).

(ii) *Filing with other organizations.* The annual reports also must be filed with the designated examining authority for the broker or dealer and with the Securities Investor Protection Corporation (“SIPC”) if the broker or dealer is a member of SIPC. Copies of the reports must be provided to all self-regulatory organizations of which the broker or dealer is a member, unless the self-regulatory organization by rule waives this requirement.

* * * * *

(e) * * *

(2) * * *

(iii) The broker or dealer must keep the original notarized oath or affirmation for a period of not less than six years, the first two years in an easily accessible place and in accordance with the requirements of § 240.17a-4 of this chapter (Rule 17a-4) under the Exchange Act.

(3) The annual reports filed under paragraph (d) of this section may be filed as:

(i) One public document; or

(ii) Two documents:

(A) A document consisting of the Statement of Financial Condition, the notes to the Statement of Financial Condition, and the report of the independent public accountant covering the Statement of Financial Condition, which is not confidential; and

(B) A document containing the balance of the annual reports for which confidential treatment may be requested and which will be deemed confidential for the purposes of section 24(b) of the Act. However, the annual reports, including the confidential portions, will be available for official use by any official or employee of the U.S. or any State, by national securities exchanges and registered national securities associations of which the broker or dealer filing such a report is a member, by the Public Company Accounting Oversight Board, and by any other person if the Commission authorizes disclosure of the annual reports to that person. Nothing contained in this paragraph (e)(3) may be construed to be in derogation of the rules of any registered national securities association or national securities exchange that give to customers of a broker or dealer the right, upon request to the broker or dealer, to obtain information relative to its financial condition.

(f) * * *

(3) * * *

(v) * * *

(B) * * * The broker or dealer must file three copies of the notice and the accountant's letter, one copy of which must be signed by the sole proprietor, a general partner, or a duly authorized corporate, limited liability company, or limited liability partnership officer or member, as appropriate, and by the independent public accountant, respectively.

* * * * *

(i) * * *

(1) * * *

(ii) Be signed;

* * * * *

(k) *Supplemental reports.* (1) Each broker or dealer that computes certain of its capital charges in accordance with § 240.15c3-1e shall file concurrently with the annual reports a supplemental report on management controls, which must be prepared by a registered public accounting firm (as that term is defined in section 2(a)(12) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201 *et seq.*)). The supplemental report must indicate the results of the accountant's review of the internal risk management control system established and documented by the broker or dealer in accordance with § 240.15c3-4. This review shall be conducted in accordance with procedures agreed upon by the broker or dealer and the registered public accounting firm conducting the review. The agreed upon procedures are to be performed and the report is to be prepared in accordance with the rules promulgated by the Public Company Accounting Oversight Board. The purpose of the review is to confirm that the broker or dealer has established, documented, and is in compliance with the internal risk management controls established in accordance with § 240.15c3-4. Before commencement of the review and no later than December 10 of each year, the broker or dealer must file a statement with the Commission that includes:

(i) A description of the agreed-upon procedures agreed to by the broker or dealer and the registered public accounting firm; and

(ii) A notice describing changes in those agreed-upon procedures, if any. If there are no changes, the broker or dealer should so indicate.

(2) The supplemental report and statement to be filed under paragraph (k)(1) of this section must be filed with the Commission electronically on EDGAR in the manner described by the EDGAR Filer Manual, as defined in 17 CFR 232.11 (Rule 11 of Regulation S-T), and must be filed in accordance with the requirements of 17 CFR part 232 (Regulation S-T). The supplemental report and statement must be provided as an Interactive Data File in accordance with 17 CFR 232.405 (Rule 405 of Regulation S-T).

* * * * *

(p) *Signatures.* Any signature required by this section may be a manual or electronic signature. The signing process for an electronic signature must, at a minimum:

- (1) Require the signatory to present a physical, logical, or digital credential that authenticates the signatory's individual identity;
- (2) Reasonably provide for non-repudiation of the signature;
- (3) Provide that the signature be attached, affixed, or otherwise logically associated with the signature page or document being signed; and
- (4) Include a timestamp to record the date and time of the signature.

20. Amend § 240.17a-12 by:

- a. Revising paragraph (a)(2);
- b. Revising paragraph (b)(6);
- c. Redesignating paragraph (c)(3) as paragraph (c)(4) and revising newly redesignated paragraph (c)(4);
- d. Adding new paragraph (c)(3);

e. Revising the last sentence of paragraph (g)(2), and paragraphs (j)(1), (k), (l)(1), (m)(1), and (p); and

f. Adding paragraph (q).

The revisions and additions read as follows:

§ 240.17a-12 Reports to be made by certain OTC derivatives dealers.

(a) * * *

(2) The reports provided for in this paragraph (a) must be filed with the Commission electronically on the SEC eFOCUS system. All reports filed pursuant to paragraph (a) of this section shall be deemed to be confidential for the purposes of section 24(b) of the Act.

* * * * *

(b) * * *

(6) The annual audit report shall be filed with the Commission electronically on EDGAR in the manner described by the EDGAR Filer Manual, as defined in 17 CFR 232.11 (Rule 11 of Regulation S-T), and must be filed in accordance with the requirements of 17 CFR part 232 (Regulation S-T). The annual audit report must be provided as an Interactive Data File in accordance with 17 CFR 232.405 (Rule 405 of Regulation S-T).

(c) * * *

(3) The OTC derivatives dealer must keep the original notarized oath or affirmation for a period of not less than six years, the first two years in an easily accessible place and in accordance with the requirements of § 240.17a-4 of this chapter (Rule 17a-4 under the Exchange Act).

(4) An OTC derivatives dealer may request confidential treatment for all of the statements filed pursuant to paragraph (b) of this rule and such statements will be deemed

confidential for the purposes of section 24(b) of the Act. However, such statements shall be available for use by any official or employee of the United States or by any other person if the Commission authorizes disclosure of such information to that person.

* * * * *

(g) * * *

(2) * * * The OTC derivatives dealer shall file three copies of the notice and the accountant's letter, one copy of which shall be signed by the sole proprietor, a general partner, or a duly authorized corporate, limited liability company, or limited liability partnership officer or member, as appropriate, and by the independent public accountant, respectively.

* * * * *

(j) * * *

(1) *Technical requirements.* The certified public accountant's report shall be dated; be signed; indicate the city and state where issued; and identify without detailed enumeration the financial statements and schedules covered by the report.

* * * * *

(k) *Accountant's report on material inadequacies and reportable conditions.* The OTC derivatives dealer shall file concurrently with the annual audit report a supplemental report by the certified public accountant describing any material inadequacies or any matter that would be deemed to be a reportable condition under U.S. Generally Accepted Auditing Standards that are unresolved as of the date of the certified public accountant's report. The report shall also describe any material inadequacies found to have existed since the date of the previous audit. The supplemental report shall indicate any corrective action taken or proposed by the OTC derivatives dealer with regard to any identified material inadequacies or reportable conditions. If

the audit did not disclose any material inadequacies or reportable conditions, the supplemental report shall so state. This supplemental report shall be filed with the Commission electronically on EDGAR in the manner described by the EDGAR Filer Manual, as defined in 17 CFR 232.11 (Rule 11 of Regulation S-T), and must be filed in accordance with the requirements of 17 CFR part 232 (Regulation S-T). This supplemental report must be provided as an Interactive Data File in accordance with 17 CFR 232.405 (Rule 405 of Regulation S-T).

(l) * * *

(1) The OTC derivatives dealer shall file concurrently with the annual audit report a supplemental report by the certified public accountant indicating the results of the certified public accountant's review of the OTC derivatives dealer's internal risk management control system with respect to the requirements of § 240.15c3-4. This review shall be conducted in accordance with procedures agreed to by the OTC derivatives dealer and the certified public accountant conducting the review. The purpose of the review is to confirm that the OTC derivatives dealer has established, documented, and maintained an internal risk management control system in accordance with § 240.15c3-4, and is in compliance with that internal risk management control system. This supplemental report shall be filed with the Commission electronically on EDGAR in the manner described by the EDGAR Filer Manual, as defined in 17 CFR 232.11 (Rule 11 of Regulation S-T), and must be filed in accordance with the requirements of 17 CFR part 232 (Regulation S-T). This supplemental report must be provided as an Interactive Data File in accordance with 17 CFR 232.405 (Rule 405 of Regulation S-T).

* * * * *

(m) * * *

(1) The OTC derivatives dealer shall file concurrently with the annual audit report a supplemental report by the certified public accountant indicating the results of the certified public accountant's review of the broker's or dealer's inventory pricing and modeling procedures. This review shall be conducted in accordance with procedures agreed to by the OTC derivatives dealer and by the certified public accountant conducting the review. The purpose of the review is to confirm that the pricing and modeling procedures relied upon by the OTC derivatives dealer conform to the procedures submitted to the Commission as part of its OTC derivatives dealer application, and that the procedures comply with the qualitative and quantitative standards set forth in § 240.15c3-1f. This supplemental report shall be filed with the Commission electronically on EDGAR in the manner described by the EDGAR Filer Manual, as defined in 17 CFR 232.11 (Rule 11 of Regulation S-T), and must be filed in accordance with the requirements of 17 CFR part 232 (Regulation S-T). This supplemental report must be provided as an Interactive Data File in accordance with 17 CFR 232.405 (Rule 405 of Regulation S-T).

* * * * *

(p) Unless otherwise stated in this rule, for purposes of filing requirements as described in § 240.17a-12, these filings shall be deemed to have been accomplished upon receipt at the Commission's principal office in Washington, DC.

(q) Any signature required by this section may be a manual or electronic signature. The signing process for an electronic signature must, at a minimum:

(1) Require the signatory to present a physical, logical, or digital credential that authenticates the signatory's individual identity;

(2) Reasonably provide for non-repudiation of the signature;

(3) Provide that the signature be attached, affixed, or otherwise logically associated with the signature page or document being signed; and

(4) Include a timestamp to record the date and time of the signature.

21. Revise § 240.17a-19 to read as follows:

§ 240.17a-19 Form X-17A-19 Report by national securities exchanges and registered national securities associations of changes in the membership status of any of their members.

Every national securities exchange and every registered national securities association must file with the Commission and with the Securities Investor Protection Corporation such information as is required by § 249.635 of this chapter on Form X-17A-19 within five business days of the occurrence of the initiation of the membership of any person or the suspension or termination of the membership of any member. Form X-17A-19 must be filed with the Commission electronically on EDGAR in accordance with the EDGAR Filer Manual, as defined in 17 CFR 232.11 (Rule 11 of Regulation S-T), and must be filed in accordance with the requirements of Regulation S-T. Nothing in this section shall be deemed to relieve a national securities exchange or a registered national securities association of its responsibilities under § 240.17a-5(b)(5) except that, to the extent a national securities exchange or a registered national securities association promptly files a report on Form X-17A-19 including therewith, inter alia, information sufficient to satisfy the requirements of § 240.17a-5(b)(5), it shall not be required to file a report pursuant to § 240.17a-5(b). Upon the occurrence of the events described in this paragraph, every national securities exchange and every registered national securities association shall notify in writing such member of its responsibilities under § 240.17a-5(b).

22. Revise § 240.17a-22 to read as follows:

§ 240.17a-22 Supplemental material of registered clearing agencies.

Within two business days after issuing, or making generally available, to its participants or to other entities with whom it has a significant relationship, any material (including, for example, manuals, notices, circulars, bulletins, lists or periodicals) that are not otherwise required to be posted on its internet website pursuant to any requirement under Section 19(b) of the Exchange Act or any rule under § 240.19b-4, a registered clearing agency shall prominently post such material on its internet website.

23. Amend § 240.17h-2T by revising paragraph (a) to read as follows:

§ 240.17h-2T Risk assessment reporting requirements for brokers and dealers.

(a) Reporting requirements of risk assessment information required to be maintained by section 240.17h-1T.

(1) Every broker or dealer registered with the Commission pursuant to section 15 of the Act, and every municipal securities dealer registered pursuant to section 15B of the Act for which the Commission is the appropriate regulatory agency, unless exempt pursuant to paragraph (b) of this section, shall file a Form 17-H within 60 calendar days after the end of each fiscal quarter. The Form 17-H for the fourth fiscal quarter shall be filed within 60 calendar days of the end of the fiscal year. The cumulative year-end financial statements required by section 240.17h-1T may be filed separately within 105 calendar days of the end of the fiscal year.

(2) The reports required to be filed pursuant to paragraph (a)(1) of this section must be filed with the Commission electronically on EDGAR in accordance with the EDGAR Filer Manual, as defined in 17 CFR 232.11 (Rule 11 of Regulation S-T), and must be filed in accordance with the requirements of 17 CFR part 232 (Regulation S-T). The filings must be

provided as Interactive Data Files in accordance with 17 CFR 232.405 (Rule 405 of Regulation S-T).

(3) For purposes of this section, the term Material Associated Person shall have the meaning used in § 240.17h-1T.

* * * * *

24. Amend § 240.17Ab2-1 by:

- a. Redesignating § 240.17Ab2-1 as § 240.17ab2-1;
- b. Revising paragraphs (a), (d), (e), and (f) in newly redesignated § 240.17ab2-1; and
- c. Adding paragraph (g).

The revisions and addition read as follows:

§ 240.17ab2-1 Registration of clearing agencies.

(a) An application for registration or for exemption from registration as a clearing agency, as defined in section 3(a)(23) of the Act, or an amendment to any such application shall be filed electronically with the Commission on Form CA-1, in accordance with the instructions thereto and paragraph (g) below.

* * * * *

(d) The electronic filing of an amendment to an application for registration or for exemption from registration as a clearing agency, which registration or exemption has not been granted, or the electronic filing of additional information or documents prior to the granting of registration or an exemption from registration shall extend to ninety days from the date such electronic filing is made (or to such longer period as to which the applicant consents) the period within which the Commission shall grant registration, institute proceedings to determine whether

such registration shall be denied, or conditionally or unconditionally exempt registrant from the registration and other provisions of section 17A of the Act or the rules or regulations thereunder.

(e) If any information reported at items 1-3 of Form CA-1 is or becomes inaccurate, misleading or incomplete for any reason, whether before or after registration or an exemption from registration has been granted, the registrant shall electronically file promptly an amendment on Form CA-1 correcting the inaccurate, misleading or incomplete information.

(f) Every application for registration or for exemption from registration as a clearing agency or amendment to, or additional information or document electronically filed in connection with, any such application shall constitute a “report” or “application” within the meaning of sections 17, 17A, 19, and 32(a) of the Act.

(g)(1) Filings on Form CA-1 made pursuant to this section shall be made electronically and shall contain an electronic signature.

(2) For the purposes of this section, the term *electronic signature* means an electronic entry in the form of a magnetic impulse or other form of computer data compilation of any letter or series of letters or characters comprising a name, executed, adopted or authorized as a signature.

(3) If the conditions of this section and Form CA-1 are otherwise satisfied, all filings submitted electronically on or before 5:30 p.m. eastern standard time or eastern daylight saving time, whichever is currently in effect, on a business day, shall be deemed filed on that business day, and all filings submitted after 5:30 p.m. eastern standard time or eastern daylight saving time, whichever is currently in effect, shall be deemed filed on the next business day. A filing would be deemed timely filed if it is required to be filed on a day that is not a business day and it is filed on the next available business day.

(4) For purposes of this section, the term *business day* means any day other than a Saturday, Sunday, Federal Holiday, a day that the Office of Personnel Management has announced that Federal agencies in the Washington, DC, area, are closed to the public, a day on which the Commission is subject to a Federal Government shutdown or a day on which the Commission's Washington, DC, office is otherwise not open for regular business.

25. Amend § 240.18a-7 by revising paragraphs (c)(6), (d)(1), (d)(2), the last sentence of (e)(3)(v)(B), and paragraphs (h)(1)(ii) and (j) as follows:

§ 240.18a-7 Reports to be made by certain security-based swap dealers and major security-based swap participants.

* * * * *

(c) * * *

(6) *Filing with the Commission.* The annual reports must be filed with the Commission electronically on EDGAR in accordance with the EDGAR Filer Manual, as defined in 17 CFR 232.11 (Rule 11 of Regulation S-T), and must be filed in accordance with the requirements of 17 CFR part 232 (Regulation S-T). The annual reports must be provided as an Interactive Data File in accordance with 17 CFR 232.405 (Rule 405 of Regulation S-T).

(d) * * *

(1)(i) *Oath or affirmation.* The security-based swap dealer or major security-based swap participant must attach to the annual reports an oath or affirmation that, to the best knowledge and belief of the person making the oath or affirmation:

(A) The financial report is true and correct; and

(B) Neither the registrant, nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

(ii) The oath or affirmation must be made before a person duly authorized to administer such oaths or affirmations. If the security-based swap dealer or major security-based swap participant is a sole proprietorship, the oath or affirmation must be made by the proprietor; if a partnership, by a general partner; if a corporation, by a duly authorized officer; or if a limited liability company or limited liability partnership, by the chief executive officer, chief financial officer, manager, managing member, or those members vested with management authority for the limited liability company or limited liability partnership.

(iii) The security-based swap dealer or major security-based swap participant must keep the original notarized oath or affirmation for a period of not less than six years, the first two years in an easily accessible place in accordance with the requirements of § 240.18a-6 of this chapter (Rule 18a-6 under the Exchange Act).

(2) *Confidentiality*. The annual reports filed under paragraph (c) of this section may be filed as:

(i) One public document; or

(ii) Two documents:

(A) A document consisting of the Statement of Financial Condition, the notes to the Statement of Financial Condition, and the report of the independent public accountant covering the Statement of Financial Condition, which is not confidential; and

(B) A document containing the balance of the annual reports for which confidential treatment may be requested and which will be deemed confidential for the purposes of section 24(b) of the Act. However, the annual reports, including the confidential portions, will be available for official use by any official or employee of the U.S. or any State, and by any other person if the Commission authorizes disclosure of the annual reports to that person. Nothing

contained in paragraph (d)(2) of this section may be construed to be in derogation of the rights of customers of a security-based-swap dealer or major security-based swap participant, upon request to the security-based swap dealer or major security-based swap participant, to obtain information relative to its financial condition.

(e) * * *

(3) * * *

(v) * * *

(B) * * * The security-based swap dealer or major security-based swap participant must file three copies of the notice and the accountant's letter, one copy of which must be signed by the sole proprietor, or a general partner or a duly authorized corporate, limited liability company, or limited liability partnership officer or member, as appropriate, and by the independent public accountant, respectively.

* * * * *

(h) * * *

(1) * * *

(ii) Be signed;

* * * * *

(j) *Signatures.* Any signature required by this section may be a manual or electronic signature. The signing process for an electronic signature must, at a minimum:

(1) Require the signatory to present a physical, logical, or digital credential that authenticates the signatory's individual identity;

(2) Reasonably provide for non-repudiation of the signature;

(3) Provide that the signature be attached, affixed, or otherwise logically associated with the signature page or document being signed; and

(4) Include a timestamp to record the date and time of the signature.

26. Amend § 240.19b-4 by revising paragraphs (e)(2)(ii) and (j) to read as follows:

§ 240.19b-4 Filings with respect to proposed rule changes by self-regulatory organizations.

* * * * *

(e) * * *

(2) * * *

(ii) When relying on paragraph (e) of this section, a self-regulatory organization shall post the following information, using the most recent versions of the XML schema and the associated PDF renderer as published on the Commission's website for all reports required by this section, on its publicly available internet website within five business days after commencement of trading a new derivative securities product:

(A) Type of issuer of new derivatives securities product;

(B) Class of new derivative securities product;

(C) Name of underlying instrument;

(D) If the underlying instrument is an index, identify whether it is broad-based or narrow-based;

(E) Ticker symbol(s) of new derivative securities product;

(F) Market(s) upon which securities comprising the underlying instrument trades;

(G) Settlement methodology of new derivative securities product; and

(H) Position limits of new derivative securities product (if applicable).

* * * * *

(j) Filings by a self-regulatory organization submitted under 17 CFR 249.819 on Form 19b-4 electronically shall contain an electronic signature. For the purposes of this section, the term *electronic signature* means an electronic entry in the form of a magnetic impulse or other form of computer data compilation of any letter or series of letters or characters comprising a name, executed, adopted or authorized as a signature.

* * * * *

27. Amend § 240.24b-2 by:

- a. In paragraph (b), removing the words “Except as otherwise provided in paragraphs (g) through (i) of this section” and adding in their place “Except as otherwise provided in paragraphs (g), (h), (i), (j), and (k) of this section”; and
- b. Adding paragraphs (j) and (k).

The revisions and additions read as follows:

§ 240.24b-2 Nondisclosure of information filed with the Commission and with any exchange.

* * * * *

(j)(1) A broker or dealer shall not omit the confidential portion from the material filed in electronic format pursuant to §§ 240.17a-5(d), 240.17a-5(k), 240.17a-12, or 240.17h-2T of this chapter. In lieu of the procedures described in paragraph (b) of this section, a broker or dealer shall request confidential treatment electronically for any material filed in electronic format pursuant to pursuant to §§ 240.17a-5(d), 240.17a-5(k), 240.17a-12, or 240.17h-2T, of this chapter.

(2) A security-based swap dealer shall not omit the confidential portion from the material filed in electronic format pursuant to § 240.18a-7(c) of this chapter. In lieu of the procedures

described in paragraph (b) of this section, a security-based swap dealer shall request confidential treatment electronically for any material filed in electronic format pursuant to § 240.18a-7(c) of this chapter.

(k) An entity shall not omit the confidential portion from the material filed in electronic format on Form CA-1 pursuant to § 240.17ab2-1, and, in lieu of the procedures described in paragraph (b) of this section, may request confidential treatment of information provided on Form CA-1 by completing Section X of Form CA-1.

PART 249 – FORMS, SECURITIES EXCHANGE ACT OF 1934

28. The authority citation for part 249 continues to read, in part, as follows:

Authority: 15 U.S.C. 78a *et seq.* and 7201 *et seq.*; 12 U.S.C. 5461 *et seq.*; 18 U.S.C. 1350; Sec. 953(b) Pub. L. 111-203, 124 Stat. 1904; Sec. 102(a)(3) Pub. L. 112-106, 126 Stat. 309 (2012), Sec. 107 Pub. L. 112-106, 126 Stat. 313 (2012), Sec. 72001 Pub. L. 114-94, 129 Stat. 1312 (2015), and secs. 2 and 3 Pub. L. 116-222, 134 Stat. 1063 (2020), unless otherwise noted.

* * * * *

Section 249.617 is also issued under Pub. L. 111-203, § 939, 939A, 124. Stat. 1376 (2010) (15 U.S.C. 78c, 15 U.S.C. 78o-7 note).

* * * * *

Section 249.819 is also issued under 12 U.S.C. 5465(e).

* * * * *

29. Revise Form 1 (referenced in § 249.1) to read as follows:

Note: Form 1 is attached as Appendix 1 to this document. Form 1 will not appear in the Code of Federal Regulations.

30. Revise Form 1-N (referenced in § 249.10) to read as follows:

Note: Form 1-N is attached as Appendix 2 to this document. Form 1-N will not appear in the Code of Federal Regulations.

31. Amend Part II of Form X-17A-5 (referenced in § 249.617 of this chapter) by:

a. Revising the Computation of Minimum Regulatory Capital Requirements section, Line 1 in the Statement of Income (Loss) or Statement of Comprehensive Income, As Applicable section, and the Computation of CFTC Minimum Capital Requirements section, as shown in Appendix 3;

b. In the Cover Page section of the instructions, adding the following text after “The cover page must be completed in its entirety. If a line does not apply, the firm should write “None” or “N/A” on the line, as applicable.”: “The cover page of the FOCUS Report includes signature lines for the principal executive officer or comparable officer, principal financial officer or comparable officer, and principal operations officer or comparable officer. The firm must obtain manual or electronic signatures from at least two of the three listed officers. The signing process for an electronic signature must, at a minimum: (1) Require the signatory to present a physical, logical, or digital credential that authenticates the signatory’s individual identity; (2) Reasonably provide for non-repudiation of the signature; (3) Provide that the signature be attached, affixed, or otherwise logically associated with the signature page or document being signed; and (4) Include a timestamp to record the date and time of the signature.”;

c. Removing the following instruction from the Computation of Minimum Regulatory Capital Requirements (Broker-Dealer) section:

3870 Ratio requirement – 2% of aggregate debit items. FCMs must report here the greater of:

- 2% of aggregate debit items, or
- 8% of funds required to be segregated pursuant to the Commodity Exchange Act.

d. Replacing the instructions for the Computation of CFTC Minimum Capital Requirements section, as shown in Appendix 4.

32. Amend Part IIC of Form X-17A-5 (referenced in § 249.617 of this chapter) by:

a. Revising the Balance Sheet, Regulatory Capital, and Income Statement sections as shown in Appendix 5; and

b. Amend the instructions to the Cover Page section of Part IIC of Form X-17A-5 (referenced in § 249.617 of this chapter) by adding the following text after “The cover page must be completed in its entirety. If a line does not apply, the firm should write “None” or “N/A” on the line, as applicable.”: “The cover page of the FOCUS Report includes signature lines for the principal executive officer or comparable officer, principal financial officer or comparable officer, and principal operations officer or comparable officer. The firm must obtain manual or electronic signatures from at least two of the three listed officers. The signing process for an electronic signature must, at a minimum: (1) Require the signatory to present a physical, logical, or digital credential that authenticates the signatory’s individual identity; (2) Reasonably provide for non-repudiation of the signature; (3) Provide that the signature be attached, affixed, or otherwise logically associated with the signature page or document being signed; and (4) Include a timestamp to record the date and time of the signature.”

33. Amend the Cover Page of Part IIA of Form X-17A-5 (referenced in § 249.617 of this chapter) by:

a. Removing the words “Manual signatures of:” and adding in their place “Signatures of:”;

b. In the instructions, adding the following text in the “Filing Requirements for Part IIA” section as a second new paragraph after “Part IIA shall be filed monthly by such of these firms

which receive written notice pursuant to Rule 17a-5(a)(2)(iv) that they have exceeded parameters set by the self-regulators.”: “The cover page of the FOCUS Report includes signature lines for the principal executive officer or managing partner, principal financial officer or partner, and principal operations officer or partner. The firm must obtain manual or electronic signatures from at least two of the three listed officers. The signing process for an electronic signature must, at a minimum: (1) Require the signatory to present a physical, logical, or digital credential that authenticates the signatory’s individual identity; (2) Reasonably provide for non-repudiation of the signature; (3) Provide that the signature be attached, affixed, or otherwise logically associated with the signature page or document being signed; and (4) Include a timestamp to record the date and time of the signature.”

34. Redesignate Form X-15AA-1 (referenced in § 249.801) as Form 15A and revise newly redesignated Form 15A to read as follows:

Note: Form 15A is attached as Appendix 6 to this document. Form 15A will not appear in the Code of Federal Regulations.

35. Amend the General Instructions for Form X-17A-19 (referenced in § 249.635) by:

- a. Revising instructions 2 and 3;
- b. Removing instruction 4;
- c. Redesignating instructions 5 through 8 as instructions 4 through 7; and
- d. Revising newly redesignated instruction 6.

The revisions read as shown in Appendix 7.

§ 249.802 [Removed and Reserved]

36. Remove and reserve § 249.802.

§ 249.803 [Removed and Reserved]

37. Remove and reserve § 249.803.38.

38. Amend the General Instructions for Form 19b-4 (referenced in § 249.819) by revising Section F as shown in Appendix 8.

PART 249b – FURTHER FORMS, SECURITIES EXCHANGE ACT OF 1934

39. The general authority citation for part 249b continues to read as follows:

Authority: 15 U.S.C. 78a *et seq.*, unless otherwise noted.

* * * * *

40. Revise Form CA-1 (referenced in § 249b.200) as shown in Appendix 8.

Note: Form CA-1 is attached as Appendix 9 to this document. Form CA-1 will not appear in the Code of Federal Regulations.

By the Commission.

Dated: March 22, 2023.

J. Matthew DeLesDernier,

Deputy Secretary.

Appendix 1

Note: The text of Form 1 does not, and this amendment will not, appear in the Code of Federal Regulations.

United States Securities and Exchange Commission
Washington, DC 20549

Form 1 Application for, and Amendments to Application for, Registration as a National Securities Exchange or Exemption from Registration, and Supplemental Materials and Reports

WARNING: Failure to keep this form current and to file accurate supplementary information on a timely basis, or the failure to keep accurate books and records or otherwise comply with the provisions of law applying to the conduct of the exchange would violate the Federal securities laws and may result in disciplinary, administrative, or criminal action.

INTENTIONAL MISSTATEMENTS OR OMISSIONS OF FACTS MAY CONSTITUTE CRIMINAL VIOLATIONS.

{Name of entity} is making this filing pursuant to the following Rule: (select one)

- Rule 6a-1 Application
 - Initial (select type of application)
 - National Securities Exchange
 - Exemption from registration based on limited volume
 - Rule 6a-1(b),(c) or (d) Amendment to Application – Amendment #####
 - Consent to Extension of Time
 - Date Extension Expires: mm/dd/yyyy
 - Withdrawal of Application
- Rule 6a-2(a) Amendment to Registration
 - Effective date of action taken: mm/dd/yyyy
- Rule 6a-2(b) Annual Filing
- Rule 6a-2(c) Triennial Filing for Year: YYYY
- Rule 6a-3(a) Supplemental Materials
- Rule 6a-3(b) Report of securities sold during calendar month

Section I: – Entity Contact Information

Check Box if there is a change in information previously filed.

1. Primary Street Address (Do not use a P.O. Box)

Street: _____

City _____, State _____ Zip Code _____

2. Mailing Address: Same as above

Street: _____

City _____, State _____ Zip Code _____

3. Business Telephone () ____-_____

4. Facsimile () ____-_____

5. Fiscal Year End: mm/dd

6. Legal Status (select one)

- Sole Proprietorship
- Corporation
- Partnership
- Limited Liability Company
- Other (Specify): _____

If other than a sole proprietor, please provide the following:

a) Date exchange obtained legal status (e.g. date of incorporation): mm/dd/yyyy

b) State/Country of formation:

c) Statute under which exchange was organized: _____

Section II: – Name and address of Counsel for (Entity Name)

Name of Firm:

First Name:

Last Name:

Title:

Street: _____

City _____, State _____ Zip Code _____

Email:

Section III – Rule 6a-3(a) (select one)

- Provide all supplemental materials required under Rule 6a-3(a)(1) (including notices, circulars, bulletins, lists and periodicals) issued or made generally available to members of, or participants or subscribers to, the exchange. Such material shall be filed with the

Commission within 10 days after issuing or making such material available to members, participants or subscribers.

- In lieu of filing the supplemental material required under Rule 6a-3(a)(1) the {entity} certifies that such information is available continuously at the internet website indicated below and is free and accessible (without any encumbrances or restrictions) by the general public, and further certifies that the site is controlled by the exchange and the information is accurate as of the date of this filing.

Please enter URL(s): _____

Section IV – Rule 6a-3(b)

Rule 6a-3(b) requires that within 15 days after the end of each calendar month, a national securities exchange or an exchange exempted from such registration based on limited volume, shall file a report concerning the securities sold on such exchange during the calendar month.

The report shall set forth:

- (1) The number of shares of stock sold and the aggregate dollar amount of such stock sold;
- (2) The principal amount of bonds sold and the aggregate dollar amount of such bonds sold; and
- (3) The number of rights and warrants sold and the aggregate dollar amount of such rights and warrants sold.

Report of securities sold during calendar month ended mm/dd/yyyy

Section V – Exhibits

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits K, M, N) and Triennial (Exhibits A, B, C, J) Filings		
	Rule 6a-2(d)(1) – Available by publication	Rule 6a-2(d)(2) – Available upon request	Rule 6a-2(d)(3) – Available via internet website
Exhibit A: A copy of the constitution, articles of incorporation or association with all subsequent amendments, and of existing by-laws or corresponding rules or instruments, whatever the name, of the exchange.	<input type="checkbox"/> In lieu of filing {entity} certifies that the information may be obtained below and is accurate as of the publication date: Name of Publication:	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is kept up to date and is available to	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is continuously available at the internet website below, which is controlled by {entity}, and the information is accurate as of the date of this filing and is free and accessible (without any encumbrances or

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits K, M, N) and Triennial (Exhibits A, B, C, J) Filings		
	Rule 6a-2(d)(1) – Available by publication	Rule 6a-2(d)(2) – Available upon request	Rule 6a-2(d)(3) – Available via internet website
	Name Address Telephone # Price of Publication \$____ Date of Publication: mm/dd/yyyy	the Commission and the public upon request.	restrictions) by the general public URL(s):
Exhibit B: A copy of all written rulings, settled practices having the effect of rules, and interpretations of the Governing Board or other committee of the exchange in respect of any provisions of the constitution, by-laws, rules, or trading practices of the exchange which are not included in Exhibit A.	<input type="checkbox"/> In lieu of filing {entity} certifies that the information may be obtained below and is accurate as of the publication date: Name of Publication: Name Address Telephone # Price of Publication \$____ Date of Publication: mm/dd/yyyy	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is kept up to date and is available to the Commission and the public upon request.	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is continuously available at the internet website below, which is controlled by {entity}, and the information is accurate as of the date of this filing and is free and accessible (without any encumbrances or restrictions) by the general public URL(s):
Exhibit C: For each subsidiary or affiliate of the exchange, and for any entity with	<input type="checkbox"/> In lieu of filing {entity} certifies that the information may be	<input type="checkbox"/> In lieu of filing {entity} certifies that the	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is continuously available at the internet website below,

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits K, M, N) and Triennial (Exhibits A, B, C, J) Filings		
	Rule 6a-2(d)(1) – Available by publication	Rule 6a-2(d)(2) – Available upon request	Rule 6a-2(d)(3) – Available via internet website
<p>whom the exchange has a contractual or other agreement relating to the operation of an electronic trading system to be used to effect transactions on the exchange (“System”), provide the following information:</p> <ol style="list-style-type: none"> 1. Name and address of organization. 2. Form of organization (e.g., association, corporation, partnership, etc.). 3. Name of state and statute citation under which organized. Date of incorporation in present form. 4. Brief description of nature and extent of affiliation. 5. Brief description of business or functions. Description should include responsibilities with respect to operation of the System and/or execution, reporting, clearance, or settlement of transactions in connection with operation of the System. 	<p>obtained below and is accurate as of the publication date:</p> <p>Name of Publication: Name Address Telephone # Price of Publication \$____ Date of Publication: mm/dd/yyyy</p>	<p>information requested under this exhibit is kept up to date and is available to the Commission and the public upon request.</p>	<p>which is controlled by {entity}, and the information is accurate as of the date of this filing and is free and accessible (without any encumbrances or restrictions) by the general public</p> <p>URL(s):</p>

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits K, M, N) and Triennial (Exhibits A, B, C, J) Filings		
	Rule 6a-2(d)(1) – Available by publication	Rule 6a-2(d)(2) – Available upon request	Rule 6a-2(d)(3) – Available via internet website
<p>6. A copy of the constitution.</p> <p>7. A copy of the articles of incorporation or association including all amendments.</p> <p>8. A copy of existing by-laws or corresponding rules or instruments.</p> <p>9. The name and title of the present officers, governors, members of all standing committees, or persons performing similar functions.</p> <p>10. An indication of whether such business or organization ceased to be associated with the exchange during the previous year, and a brief statement of the reasons for termination of the association.</p>			
<p>Exhibit D:</p> <p>For each subsidiary or affiliate of the exchange, provide unconsolidated financial statements for the latest fiscal year. Such financial statements shall consist, at a minimum, of a</p>	Not Applicable	Not Applicable	Not Applicable

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits K, M, N) and Triennial (Exhibits A, B, C, J) Filings		
	Rule 6a-2(d)(1) – Available by publication	Rule 6a-2(d)(2) – Available upon request	Rule 6a-2(d)(3) – Available via internet website
<p>balance sheet and an income statement with such footnotes and other disclosures as are necessary to avoid rendering the financial statements misleading. If any affiliate or subsidiary is required by another Commission rule to submit annual financial statements, a statement to that effect, with a citation to the other Commission rule, may be provided in lieu of the financial statements required here.</p>			
<p>Exhibit E: Describe the manner of operation of the System. This description should include the following:</p> <ol style="list-style-type: none"> 1. The means of access to the System. 2. Procedures governing the entry and display of quotations and orders in the System. 3. Procedures governing the execution, reporting, clearance and settlement of transactions in 	Not Applicable	Not Applicable	Not Applicable

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits K, M, N) and Triennial (Exhibits A, B, C, J) Filings		
	Rule 6a-2(d)(1) – Available by publication	Rule 6a-2(d)(2) – Available upon request	Rule 6a-2(d)(3) – Available via internet website
<p>connection with the System.</p> <p>4. Proposed fees.</p> <p>5. Procedures for ensuring compliance with System usage guidelines.</p> <p>6. The hours of operation of the System, and the date on which exchange intends to commence operation of the System.</p> <p>7. Attach a copy of the users’ manual.</p> <p>8. If exchange proposes to hold funds or securities on a regular basis, describe the controls that will be implemented to ensure safety of those funds or securities.</p>			
<p>Exhibit F:</p> <p>A complete set of all forms pertaining to:</p> <p>1. Application for membership, participation, or subscription to the entity.</p> <p>2. Application for approval as a person associated</p>	Not Applicable	Not Applicable	Not Applicable

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits K, M, N) and Triennial (Exhibits A, B, C, J) Filings		
	Rule 6a-2(d)(1) – Available by publication	Rule 6a-2(d)(2) – Available upon request	Rule 6a-2(d)(3) – Available via internet website
<p>with a member, participant, or subscriber of the entity.</p> <p>3. Any other similar materials.</p>			
<p>Exhibit G: A complete set of all forms of financial statements, reports, or questionnaires required of members, participants, subscribers, or any other users relating to financial responsibility or minimum capital requirements for such members, participants, or any other users. Provide a table of contents listing the forms included in this Exhibit G.</p>	Not Applicable	Not Applicable	Not Applicable
<p>Exhibit H: A complete set of documents comprising the exchange’s listing applications, including any agreements required to be executed in connection with listing and a schedule of listing fees. If the exchange does not list securities, provide a brief</p>	Not Applicable	Not Applicable	Not Applicable

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits K, M, N) and Triennial (Exhibits A, B, C, J) Filings		
	Rule 6a-2(d)(1) – Available by publication	Rule 6a-2(d)(2) – Available upon request	Rule 6a-2(d)(3) – Available via internet website
description of the criteria used to determine what securities may be traded on the exchange. Provide a table of contents listing the forms included in this Exhibit H.			
Exhibit I: For the latest fiscal year of the exchange, audited financial statements which are prepared in accordance with, or in the case of a foreign exchange, reconciled with, United States generally accepted accounting principles, and are covered by a report prepared by an independent public accountant. If an exchange has no consolidated subsidiaries, it shall file audited financial statements under Exhibit I alone and need not file a separate unaudited financial statement for the exchange under Exhibit D.	Not Applicable	Not Applicable	Not Applicable
Exhibit J: A list of the officers, governors, members of	<input type="checkbox"/> In lieu of filing {entity} certifies that	<input type="checkbox"/> In lieu of filing {entity}	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits K, M, N) and Triennial (Exhibits A, B, C, J) Filings		
	Rule 6a-2(d)(1) – Available by publication	Rule 6a-2(d)(2) – Available upon request	Rule 6a-2(d)(3) – Available via internet website
<p>all standing committees, or persons performing similar functions, who presently hold or have held their offices or positions during the previous year, indicating the following for each:</p> <ol style="list-style-type: none"> 1. Name. 2. Title. 3. Dates of commencement and termination of term of office or position. 4. Type of business in which each is primarily engaged (e.g., floor broker, specialist, odd lot dealer, etc.). 	<p>the information may be obtained below and is accurate as of the publication date:</p> <p>Name of Publication: Name Address Telephone # Price of Publication \$____ Date of Publication: mm/dd/yyyy</p>	<p>certifies that the information requested under this exhibit is kept up to date and is available to the Commission and the public upon request.</p>	<p>is continuously available at the internet website below, which is controlled by {entity}, and the information is accurate as of the date of this filing and is free and accessible (without any encumbrances or restrictions) by the general public</p> <p>URL(s):</p>
<p>Exhibit K: This Exhibit is applicable only to exchanges that have one or more owners, shareholders, or partners that are not also members of the exchange. If the exchange is a corporation, please provide a list of each shareholder that directly owns 5% or more of a class of a voting security of the exchange. If the exchange is a partnership, please provide a list of all</p>	<p><input type="checkbox"/> In lieu of filing {entity} certifies that the information may be obtained below and is accurate as of the publication date:</p> <p>Name of Publication: Name Address Telephone #</p>	<p><input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is kept up to date and is available to the Commission and the public upon request.</p>	<p><input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is continuously available at the internet website below, which is controlled by {entity}, and the information is accurate as of the date of this filing and is free and accessible (without any encumbrances or restrictions) by the general public</p> <p>URL(s):</p>

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits K, M, N) and Triennial (Exhibits A, B, C, J) Filings		
	Rule 6a-2(d)(1) – Available by publication	Rule 6a-2(d)(2) – Available upon request	Rule 6a-2(d)(3) – Available via internet website
<p>general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 5% or more of the partnership’s capital. For each of the persons listed in the Exhibit K, please provide the following:</p> <ol style="list-style-type: none"> 1. Full legal name; 2. Title or Status; 3. Date title or status was acquired; 4. Approximate ownership interest; and 5. Whether the person has control, a term that is defined in the instructions to this Form. 	<p>Price of Publication \$____</p> <p>Date of Publication: mm/dd/yyyy</p>		
<p>Exhibit L:</p> <p>Describe the exchange’s criteria for membership in the exchange.</p> <p>Describe conditions under which members may be subject to suspension or termination with regard to the exchange.</p> <p>Describe procedures that will be involved in the suspension or</p>	Not Applicable	Not Applicable	Not Applicable

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits K, M, N) and Triennial (Exhibits A, B, C, J) Filings		
	Rule 6a-2(d)(1) – Available by publication	Rule 6a-2(d)(2) – Available upon request	Rule 6a-2(d)(3) – Available via internet website
termination of a member.			
<p>Exhibit M: Provide an alphabetical list of all members, participants, subscribers or other users, including the following information:</p> <ol style="list-style-type: none"> 1. Name; 2. Date of election to membership or acceptance as a participant, subscriber or other user; 3. Principal business address and telephone number; 4. If member, participant, subscriber or other user is an individual, the name of the entity with which such individual is associated and the relationship of such individual to the entity (e.g. partner, officer, director, employee, etc.); 5. Describe the type of activities primarily engaged in by the member, participant, subscriber, or other 	<p><input type="checkbox"/> In lieu of filing {entity} certifies that the information may be obtained below and is accurate as of the publication date: Name of Publication: Name Address Telephone # Price of Publication \$____ Date of Publication: mm/dd/yyyy</p>	<p><input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is kept up to date and is available to the Commission and the public upon request.</p>	<p><input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is continuously available at the internet website below, which is controlled by {entity}, and the information is accurate as of the date of this filing and is free and accessible (without any encumbrances or restrictions) by the general public URL(s):</p>

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits K, M, N) and Triennial (Exhibits A, B, C, J) Filings		
	Rule 6a-2(d)(1) – Available by publication	Rule 6a-2(d)(2) – Available upon request	Rule 6a-2(d)(3) – Available via internet website
<p>user (e.g. floor broker, specialist, odd lot dealer, other market maker, proprietary trader, non-broker dealer, inactive or other functions). A person shall be “primarily engaged” in an activity or function for purposes of this item when that activity or function is the one in which that person is engaged for the majority of their time. When more than one type of person at an entity engages in any of the six types of activities or functions enumerated in this item, identify each type (e.g. proprietary, trader, Registered Competitive Trader and Registered Competitive Market Maker) and state the number of members, participants, subscribers, or other users in each; and</p> <p>6. The class of membership, participation or</p>			

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits K, M, N) and Triennial (Exhibits A, B, C, J) Filings		
	Rule 6a-2(d)(1) – Available by publication	Rule 6a-2(d)(2) – Available upon request	Rule 6a-2(d)(3) – Available via internet website
subscription or other access.			
<p>Exhibit N: Provide a schedule for each of the following:</p> <ol style="list-style-type: none"> The securities listed in the exchange, indicating for each the name of the issuer and a description of the security; The securities admitted to unlisted trading privileges, indicating for each the name of the issuer and a description of the security; The unregistered securities admitted to trading on the exchange which are exempt from registration under Section 12(a) of the Act. For each security listed, provide the name of the issuer and a description of the security, and the statutory exemption claimed (e.g. Rule 12a-6); and 	<input type="checkbox"/> In lieu of filing {entity} certifies that the information may be obtained below and is accurate as of the publication date: Name of Publication: Name Address Telephone # Price of Publication \$____ Date of Publication: mm/dd/yyyy	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is kept up to date and is available to the Commission and the public upon request.	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is continuously available at the internet website below, which is controlled by {entity}, and the information is accurate as of the date of this filing and is free and accessible (without any encumbrances or restrictions) by the general public URL(s):

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits K, M, N) and Triennial (Exhibits A, B, C, J) Filings		
	Rule 6a-2(d)(1) – Available by publication	Rule 6a-2(d)(2) – Available upon request	Rule 6a-2(d)(3) – Available via internet website
4. Other securities traded on the exchange, including for each the name of the issuer and a description of the security.			

Section VI – Contact Employee Information

Provide the following information of the person at {entity name} prepared to respond to questions for this submission:

First Name: _____ Last Name: _____
 Title: _____
 Email: _____ Telephone: _____

Section VII – Consent to Service and Attestation

By checking this box, {Name of Entity} consents that service of any civil action brought by, or notice of any proceeding before, the Securities and Exchange Commission in connection with the exchange’s activities may be given to the contact employee by registered or certified mail at the main address, or mailing address if different, given in Section I above; and represents that the information and statements contained herein, including exhibits, schedules, or other documents attached hereto, and other information filed herewith, all of which are made a part hereof, are current, true, and complete.

Form 1 General Instructions

A. Use of the Form

Form 1 is the form used by: (a) an applicant for registration as a national securities exchange under Section 6 of the Securities Exchange Act of 1934 (“Exchange Act”) or for an exemption from registration pursuant to Section 5 of the Exchange Act by reason of the limited volume of transactions effected on such exchange (“applicant”) to provide to the Securities and Exchange Commission (“SEC” or “Commission”) specific items of information about the applicant and its operations, or to amend such application, as required under Rule 6a-1; and (b) a national securities exchange (“registered exchange”) or an exchange exempted from such registration by

reason of the limited volume of transactions effected on such exchange (“exempt exchange”) uses to provide the information required by Rule 6a-2 and Rule 6a-3.

Filings on Form 1 submitted pursuant to Rule 6a-1, Rule 6a-2 or Rule 6a-3 of the Exchange Act shall be filed in an electronic format on the Commission’s Electronic Data Gathering, Analysis, and Retrieval system (EDGAR) in accordance with EDGAR rules set forth in Regulation S-T (17 CFR Part 232). All pages of an electronically filed Form 1, including exhibits, shall be numbered consecutively, consistent with Rule 0-3 under the Exchange Act (17 CFR 240.0-3). For assistance with EDGAR issues, please consult the EDGAR—Information for Filers webpage on SEC.gov.

The disclosure required to be included in the following exhibits to Form 1 must be provided as an Interactive Data File in accordance with Rule 405 of Regulation S-T. This requirement does not extend to copies of existing documents:

- (1) Exhibit D;
- (2) Exhibit E, except for the copy of the users’ manual; and
- (3) Exhibit I.

B. Need for Careful Preparation of the Completed Form, Including Exhibits

Applicants and registered and exempt exchanges must provide all the information required by the form, including the exhibits, and must present the information in a clear and comprehensible manner. A filing that is incomplete or similarly deficient may be returned to the applicant or registered or exempt exchange. Any filing so returned shall for all purposes be deemed not to have been filed with the Commission. See also Rule 0-3 under the Exchange Act (17 CFR 240.0-3). If any exhibit required is inapplicable, a statement to that effect shall be furnished in lieu of such exhibit.

C. When to Use the Form 1

Form 1 is composed of 6 types of submissions to the Commission pursuant to Rules 6a-1, 6a-2 and 6a-3 under the Exchange Act. In completing Form 1, an applicant or exchange shall select the type of filing and provide all information required by the relevant rules. The types of submissions are:

- (1) “Rule 6a-1 Application” submissions are applications for registration as a national securities exchange or for exemption from such registration based on limited volume. The applicant must select the type of application during the initial filing. An exchange that is filing Form 1 as an application may not satisfy the requirements to provide certain information by means of an internet website. All materials must be filed with the Commission as part of the Form 1 application. Amendments to applications as required by Rules 6a-1(b), (c) or (d) must be filed as amending the Rule 6a-1 application type, and marked to number the amendments consecutively. An applicant may withdraw a Rule 6a-1 application submission type prior to Commission action to issue any order granting registration, or institute proceedings to determine whether registration should be denied.
- (2) “Rule 6a-2(a) Amendment to Registration” submissions are for amendments to the Form 1 by registered exchanges and exempt exchanges. The amendments shall set forth the

nature and effective date of the action taken and shall provide any new information and correct any information rendered inaccurate within 10 days after any action that is taken renders inaccurate, or that causes to be incomplete, any of the following:

- i) Information in Section I-Entity Contact Information, or any amendments thereto; or
 - ii) Information filed as part of Exhibits C, F, G, H, J, K or M, or any amendments thereto.
- (3) “Rule 6a-2(b) Annual Filing” submission shall be filed on or before June 30 of each year and include the following:
- i) Exhibits D and I as of the end of the latest fiscal year of the exchange; and
 - ii) Exhibits K, M, and N, which shall be up to date as of the latest date practicable within three (3) months of the date the amendment is filed.
- (4) “Rule 6a-2(c) Triennial Filing” submission shall be filed on or before June 30, 2025, and every three years thereafter and shall include complete Exhibits A, B, C and J. The information filed under this submission type shall, at a minimum, be up to date within three (3) months as of the date the amendment is filed.
- (5) “Rule 6a-3(a) Supplemental Material” submission shall be filed with the Commission within 10 days after issuing or making any materials (including notices, circulars, bulletins, lists and periodicals) issued or made generally available to members of, or participants or subscribers to, the exchange.
- (6) “Rule 6a-3(b) Report of securities sold” submission type shall be filed within 15 days after the end of each calendar month and shall include a report concerning the securities sold on such exchange during the calendar month. The report shall set forth:
- i) The number of shares of stock sold and the aggregate dollar amount of such stock sold;
 - ii) The principal amount of bonds sold and the aggregate dollar amount of such bonds sold; and
 - iii) The number of rights and warrants sold and the aggregate dollar amount of such rights and warrants sold.

D. Documents Comprising the Completed Form

The completed form filed with the Commission shall consist of Form 1, responses to all applicable items, and any exhibits required in connection with the filing.

E. Contact Information and Filing of Completed Form

Each time an applicant or exchange submits a filing to the Commission on Form 1, the applicant or exchange must provide the contact information required by Section II of Form 1. The contact employee must be authorized to receive all contact information, communications and mailings and must be responsible for disseminating that information within the applicant or exchange’s organization.

For assistance with EDGAR issues, please consult the EDGAR—Information for Filers webpage on SEC.gov.

F. Recordkeeping

A copy of this Form 1 must be retained by the exchange and made available for inspection upon request of the SEC.

G. Paperwork Reduction Act Disclosure

Form 1 requires an applicant seeking to register as a national securities exchange or seeking an exemption from registration as a national securities exchange pursuant to Section 5 of the Exchange Act to provide the SEC with certain information regarding the operation of the exchange. Form 1 also requires national securities exchanges or exchanges exempt from registration based on limited volume to update certain information on a periodic basis and to provide supplemental material as required.

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 control number. Sections 3(a)(1), 5, 6(a) and 23(a) authorize the Commission to collect information on this Form 1 from exchanges. See 15 U.S.C. 78c(a)(1), 78e, 78f(a) and 78w(a).

Any member of the public may direct to the Commission any comments concerning the accuracy of the burden estimate on the facing page of Form 1 and any suggestions for reducing this burden.

Form 1 is designed to enable the Commission to determine whether an exchange applying for registration is in compliance with the provisions of Sections 6 and 19 of the Exchange Act. Form 1 is also designed to enable the Commission to determine whether a national securities exchange or exchange exempt from registration based on limited volume is operating in compliance with the Exchange Act.

It is estimated that an exchange will spend approximately 891 hours completing the initial application on Form 1 pursuant to Rule 6a-1. It is also estimated that each exchange will spend approximately 26 hours to prepare each amendment to Form 1 pursuant to Rule 6a-2. It is also estimated that each exchange will spend approximately 0.5 hours to prepare each submission pursuant to Rule 6a-3.

It is mandatory that an exchange seeking to operate as a national securities exchange or as an exchange exempt from registration based on limited volume file Form 1 with the Commission. It is also mandatory that national securities exchanges or exchanges exempt from registration based on limited volume file amendments to Form 1 under Rule 6a-2. It is further mandatory that national securities exchanges or exchanges exempt from registration based on limited volume file supplemental information and monthly reports under Rule 6a-3.

No assurance of confidentiality is given by the Commission with respect to the responses made in Form 1. The public has access to the information contained in Form 1.

This collection of information has been reviewed by the Office of Management and Budget (“OMB”) in accordance with the clearance requirements of 44 U.S.C. 3507. The Commission

has determined that the information collection does not constitute a system of record for purposes of the Privacy Act.

H. Explanation of Terms

AFFILIATE - Any person that, directly or indirectly, controls, is under common control with, or is controlled by, the national securities exchange or exchange exempt from registration based on the limited volume of transactions effected on such exchange, including any employees.

CONTROL - The power, directly or indirectly, to direct the management or policies of a company, whether through ownership of securities, by contract, or otherwise. Any person that (i) is a director, general partner or officer exercising executive responsibility (or having similar status or functions); (ii) directly or indirectly has the right to vote 25% or more of a class of voting securities or has the power to sell or direct the sale of 25% or more of a class of voting securities; or (iii) in the case of a partnership, has the right to receive, upon dissolution, or has contributed, 25% or more of the capital, is presumed to control that entity.

DIRECT OWNERS - Any person that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 5% or more of a class of a voting security of the applicant. For purposes of this Form 1, a person beneficially owns any securities (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant or right to purchase the security.

MEMBER - Shall have the same meaning as under Exchange Act Section 3(a)(3).

NATIONAL SECURITIES EXCHANGE - Shall mean any exchange registered pursuant to Section 6 of the Exchange Act.

PERSON ASSOCIATED WITH A MEMBER - Shall have the same meaning as under Section 3(a)(21) of the Exchange Act.

Appendix 2

Note: The text of Form 1-N does not, and this amendment will not, appear in the Code of

Federal Regulations.

Securities and Exchange Commission
Washington, DC 20549

Form 1-N Form and Amendments for Notice of Registration as a National Securities Exchange for the Sole Purpose of Trading Security Futures Products Pursuant to Section 6(g) of the Exchange Act

WARNING: Failure to keep this form current and to file accurate supplementary information on a timely basis, or the failure to keep accurate books and records or otherwise comply with the provisions of law applying to the conduct of the exchange would violate the Federal securities laws and may result in disciplinary, administrative, or criminal action.

INTENTIONAL MISSTATEMENTS OR OMISSIONS OF FACTS MAY CONSTITUTE CRIMINAL VIOLATIONS.

{Name of exchange} is making this filing pursuant to the following Rule: (select one)

- Rule 6a-4 Initial Notice of Registration
- Rule 6a-4(b) Amendment to Notice of Registration
- Rule 6a-4(b)(3) Annual Filing for Year
- Rule 6a-4(b)(4) Triennial Filing for Year: YYYY
- Rule 6a-4(c)(1) Supplemental Materials
- Rule 6a-4(c)(2) Report of securities futures products traded during prior calendar month

Section I – Security Futures Product Exchange’s Contact Information

Check Box if there is a change in information previously filed.

1. Primary Street Address (Do not use a P.O. Box)

Street: _____

City _____, State _____ Zip Code _____

2. Mailing Address: Same as above

Street: _____

City _____, State _____ Zip Code _____

3. Business Telephone () ____ - _____

4. Facsimile () ____ - _____

5. Fiscal Year End: mm/dd

6. Legal Status (select one)

- Sole Proprietorship
- Corporation
- Partnership
- Limited Liability Company
- Other (Specify): _____

If other than a sole proprietor, please provide the following:

- a) Date exchange obtained legal status (e.g. date of Incorporation): mm/dd/yyyy
- b) State/Country of formation: {pick list}
- c) Statute under which exchange was organized _____

Section II: Name and address of Counsel for {Name of Exchange}

Name of Firm:

First Name:

Last Name:

Title:

Street:

City:

State Zip Code

Email:

Section III – Rule 6a-4(c)(1) (select one)

- Provide all supplemental materials required under Rule 6a-4(c) related to the trading of security futures products (including notices, circulars, bulletins, lists and periodicals) issued or made generally available to members of, or participants or subscribers to, the exchange. Such material shall be filed within 10 days after issuing or making such material available to members, participants or subscribers.
- In lieu of filing the supplemental material required under Rule 6a-4(c)(1)(i) the {entity} certifies that the information requested is available continuously at the internet website indicated below and is free and accessible (without any encumbrances or restrictions) by the general public, and further certifies that the site is controlled by the exchange and the information(?) is accurate as of the date of this filing. Please enter URL(s) below: _____

Section IV – Rule 6a-4(c)

Within 15 days after the end of each calendar month, file a report concerning the security futures products traded on the exchange during the previous calendar month. Such report shall contain:

- (1) For each contract of sale for future delivery of a single security, the number of contracts traded on such exchange during the relevant calendar month and the total number of shares underlying such contracts traded; and
- (2) For each contract of sale for future delivery of a narrow-based security index, the number of contracts traded on such exchange during the relevant calendar month and the total number of shares represented by the index underlying such contracts traded.

Report of security futures products traded during calendar month ended mm/dd/yyyy

Section V: Exhibits

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits F, H, I) and Triennial (A, B, C, E) Filings		
	Rule 6a-4(b)(5)(i) Available by publication	Rule 6a-4(b)(5)(ii) Available upon request	Rule 6a-4(b)(5)(iii) Available via internet website
Exhibit A: As of the latest date practicable within one (1) month of the date Form 1-N is filed, a copy of the constitution, articles of incorporation or association with all subsequent amendments, and existing by-laws or corresponding rules or instruments, whatever the name, of the filing exchange.	<input type="checkbox"/> In lieu of filing {entity} certifies that the information may be obtained below and is accurate as of the publication date: Name of Publication:	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is kept up to date and is available to the	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is continuously available at the internet

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits F, H, I) and Triennial (A, B, C, E) Filings		
	Rule 6a-4(b)(5)(i) Available by publication	Rule 6a-4(b)(5)(ii) Available upon request	Rule 6a-4(b)(5)(iii) Available via internet website
	Name Address Telephone # Price of Publication \$____ Date of Publication: mm/dd/yyyy	Commission and the public upon request.	website below, which is controlled by {entity}, and is accurate as of the date of this filing and is free and accessible (without any encumbrances or restrictions) by the general public URL(s):
Exhibit B: As of the latest date practicable within one (1) month of the date Form 1-N is filed, a copy of all written rulings, settled practices having the effect of rules, and interpretations of the Governing Board or other committee of the exchange in respect of any provisions of the constitution, by-laws, rules, or trading practices of the filing exchange which are not included in Exhibit A.	<input type="checkbox"/> In lieu of filing {entity} certifies that the information may be obtained below and is accurate as of the publication date: Name of Publication: Name Address Telephone # Price of Publication \$____ Date of Publication: mm/dd/yyyy	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is kept up to date and is available to the Commission and the public upon request.	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is available at the internet website below and is accurate as of the date of this filing and is free and accessible (without any encumbrances or restrictions) by the general public URL(s):
Exhibit C: As of the latest date practicable within one (1) month of the date Form 1-N is filed, for each subsidiary or affiliate of the filing exchange that will be involved in	<input type="checkbox"/> In lieu of filing {entity} certifies that the information may be obtained below and is	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits F, H, I) and Triennial (A, B, C, E) Filings		
	Rule 6a-4(b)(5)(i) Available by publication	Rule 6a-4(b)(5)(ii) Available upon request	Rule 6a-4(b)(5)(iii) Available via internet website
<p>the trading of security futures products, and for any entity with whom the exchange has a contractual or other agreement relating to the operation of an electronic trading system to be used to effect transactions in security futures products on the exchange (“System”), provide the following information:</p> <ol style="list-style-type: none"> 1. Name and address of organization. 2. Form of organization (e.g., association, corporation, partnership, etc.). 3. Name of state and statute citation under which organized. Date of incorporation in present form. 4. Brief description of nature and extent of affiliation. 5. Brief description of business or functions. Description should include responsibilities with respect to operation of the System and/or execution, reporting, clearance (including the controls that will be implemented to ensure the safety of held funds or securities), or settlement of transactions in connection with operation of the System. 6. A copy of the constitution. 7. A copy of the articles of incorporation or association including all amendments. 8. A copy of existing by-laws or corresponding rules or instruments. 	<p>accurate as of the publication date: Name of Publication: Name Address Telephone # Price of Publication \$____ Date of Publication: mm/dd/yyyy</p>	<p>under this exhibit is kept up to date and is available to the Commission and the public upon request.</p>	<p>under this exhibit is available at the internet website below and is accurate as of the date of this filing and is free and accessible (without any encumbrances or restrictions) by the general public URL(s):</p>

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits F, H, I) and Triennial (A, B, C, E) Filings		
	Rule 6a-4(b)(5)(i) Available by publication	Rule 6a-4(b)(5)(ii) Available upon request	Rule 6a-4(b)(5)(iii) Available via internet website
<p>9. The name and title of the present officers, governors, members of all standing committees, or persons performing similar functions.</p> <p>10. An indication of whether such business or organization ceased to be associated with the Security Futures Product Exchange during the previous year, and a brief statement of the reasons for termination of the association.</p>			
<p>Exhibit D:</p> <p>Describe the manner of operation of the System involving trading of security futures products. The description should include the following:</p> <ol style="list-style-type: none"> 1. The means of access to the System. 2. Procedures governing entry and display of quotations and orders in the System. 3. Procedures governing the execution, reporting, clearance, and settlement of transactions in connection with the System. 4. Proposed fees. 5. Procedures for ensuring compliance with System usage guidelines. 6. The hours of operation of the System, and the date of which the exchange intends to commence operation of the System. 7. Attach a copy of the users' manual. 	Not Applicable.	Not Applicable	Not Applicable

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits F, H, I) and Triennial (A, B, C, E) Filings		
	Rule 6a-4(b)(5)(i) Available by publication	Rule 6a-4(b)(5)(ii) Available upon request	Rule 6a-4(b)(5)(iii) Available via internet website
Exhibit E: A list of the officers, governors, or persons performing similar functions, who presently hold or have held their offices or positions during the previous year, indicating the following for each: <ol style="list-style-type: none"> 1. Name. 2. Title. 3. Dates of commencement and termination of term of office or position. 4. Type of business in which each is primarily engaged. 	<input type="checkbox"/> In lieu of filing {entity} certifies that the information may be obtained below and is accurate as of the publication date: Name of Publication: Name Address Telephone # Price of Publication \$____ Date of Publication: mm/dd/yyyy	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is kept up to date and is available to the Commission and the public upon request.	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is available at the internet website below and is accurate as of the date of this filing and is free and accessible (without any encumbrances or restrictions) by the general public URL(s):
Exhibit F: This Exhibit is applicable only to filing exchanges that have one or more owners, shareholders, partners that are also not members of the exchange and should be current as of the latest date practicable within one month of the date Form 1-N is filed. If the exchange is a corporation, please provide a list of each shareholder that directly owns 5% or more of a class of a voting security of the Security Futures Product Exchange. If the exchange is a partnership, please provide a list of	<input type="checkbox"/> In lieu of filing {entity} certifies that the information may be obtained below and is accurate as of the publication date: Name of Publication: Name Address Telephone #	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is kept up to date and is available to the Commission and the public upon request.	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is available at the internet website below and is accurate as of the date of this filing and is free and

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits F, H, I) and Triennial (A, B, C, E) Filings		
	Rule 6a-4(b)(5)(i) Available by publication	Rule 6a-4(b)(5)(ii) Available upon request	Rule 6a-4(b)(5)(iii) Available via internet website
<p>all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 5% or more of the partnership's capital. For each person listed in the Exhibit F, please provide the following:</p> <ol style="list-style-type: none"> 1. Full legal name. 2. Title of Status. 3. Date of title or status acquired. 4. Approximate ownership interest. 5. Whether the person has control, a term that is defined in the instructions to this Form. 	Price of Publication \$____ Date of Publication: mm/dd/yyyy		accessible (without any encumbrances or restrictions) by the general public URL(s):
<p>Exhibit G: To the extent not covered in an exchange's rules submitted under Exhibit A, describe the Security Futures Product Exchange's criteria for membership. Describe conditions under which members may be subject to suspension or termination for infractions relating to the trading of security futures products. Describe any procedures that will be involved in the suspension or termination of a member for such infractions.</p>			
<p>Exhibit H: As of the latest date practicable within 1 month of the date Form 1-N is filed, provide an alphabetical list of all members, participants, subscribers, or other users, including the following information:</p> <ol style="list-style-type: none"> 1. Name 2. If a member, participant, subscriber, or other user is an individual, the name of 	<input type="checkbox"/> In lieu of filing {entity} certifies that the information may be obtained below and is accurate as of the publication date: Name of Publication: Name	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is kept up to date and is available to the Commission	<input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is available at the internet website below and is

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits F, H, I) and Triennial (A, B, C, E) Filings		
	Rule 6a-4(b)(5)(i) Available by publication	Rule 6a-4(b)(5)(ii) Available upon request	Rule 6a-4(b)(5)(iii) Available via internet website
<p>the entity with which such individual is associated and the relationship of such individual to the entity (e.g., partner, officer, director, employee, etc.).</p> <p>3. Brief description of the type of activities primarily engaged in by the member, participant, subscriber, or other user. A person shall be “primarily engage” in an activity or function for purposes of this item when that activity or function is the one in which that person is engaged for the majority of their time. When more than one type of person at an entity engages in activities or functions, identify each type and state the number of members, participants, subscribers, or other users in each.</p> <p>4. The class of membership, participation, subscription, or other access.</p>	<p>Address Telephone # Price of Publication \$____ Date of Publication: mm/dd/yyyy</p>	<p>and the public upon request.</p>	<p>accurate as of the date of this filing and is free and accessible (without any encumbrances or restrictions) by the general public URL(s):</p>
<p>Exhibit I: Provide a schedule of the security futures products proposed to be listed by the filing exchange, or for amendments to the Form 1-N the security futures products listed by the exchange, indicating for each the name of the issuer and a description of the security.</p>	<p><input type="checkbox"/> In lieu of filing {entity} certifies that the information may be obtained below and is accurate as of the publication date: Name of Publication: Name Address Telephone #</p>	<p><input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is kept up to date and is available to the Commission and the public upon request.</p>	<p><input type="checkbox"/> In lieu of filing {entity} certifies that the information requested under this exhibit is available at the internet website below and is accurate as of the date of this filing and is free and</p>

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits F, H, I) and Triennial (A, B, C, E) Filings		
	Rule 6a-4(b)(5)(i) Available by publication	Rule 6a-4(b)(5)(ii) Available upon request	Rule 6a-4(b)(5)(iii) Available via internet website
	Price of Publication \$____ Date of Publication: mm/dd/yyyy		accessible (without any encumbrances or restrictions) by the general public URL(s):

Section VI: Contact Employee Information

The individual listed herein as the Contact Employee for {name of exchange} must be authorized to receive all contact information, communications, and mailings and is responsible for disseminating such information within the Security Futures Product Exchange’s organization.

First Name: _____ Last Name: _____
 Title: _____
 Email: _____ Telephone: _____

Section VII: Consent to Service and Attestation

By checking this box, {Name of Entity} consents that service of any civil action brought by, or notice of any proceeding before, the Securities and Exchange Commission in connection with the exchange’s activities may be given by registered or certified mail to the contact employee at the main address, or mailing address if different, given in Section I above; and represents that the information and statements contained herein, including exhibits, schedules, or other documents attached hereto, and other information filed herewith, all of which are made a part hereof, are current, true, and complete.

Form 1-N General Instructions:

A. Use of the Form

Form 1-N is the form used for: (a) notice of registration as a national securities exchange for the sole purpose of trading security futures products (“Security Futures Product Exchange”) under Section 6(g) of the Securities Exchange Act of 1934 (“Exchange Act”) to provide to the Securities and Exchange Commission (“SEC” or “Commission”) specific items of information about the Security Futures Product Exchange and its operations; (b) the filing of annual and triennial updates to the information required by Form 1-N following notice of registration; and (c) supplemental material and reports of security futures products traded. Filings on Form 1-N submitted pursuant to Rule 6a-4 of the Exchange Act (17 CFR 240.6a-4) shall be filed in an electronic format on the Commission’s Electronic Data Gathering, Analysis, and Retrieval System (EDGAR) in accordance with EDGAR rules set forth in Regulation S-T (17 CFR Part 232). For assistance with EDGAR issues, please consult the EDGAR—Information for Filers webpage on SEC.gov. All pages of an electronically filed Form 1-N, including exhibits, shall be numbered consecutively, consistent with Rule 0-3 under the Exchange Act (17 CFR 240.0-3).

B. Need for Careful Preparation of the Completed Form, Including Exhibits

Security Futures Product Exchanges must provide all the information required by the form, including the exhibits, and must present the information in a clear and comprehensible manner. A filing that is incomplete or similarly

deficient may be returned to the Security Futures Product Exchange. Any filing so returned shall for all purposes be deemed not to have been filed with the Commission. See also Rule 0-3 under the Exchange Act (17 CFR 240.0-3). If any exhibit required is inapplicable, a statement to that effect shall be furnished in lieu of such exhibit. The first filing on Form 1-N that a Security Futures Product Exchange submits through EDGAR must contain all items required by Section I.

C. When to Use the Form 1-N

Form 1-N is composed of 6 types of submissions to the Commission pursuant to Rule 6a-4 under the Exchange Act. In completing Form 1-N, a Security Futures Product Exchange shall select the type of filing and provide all information required by the relevant rules. The types of submissions are:

- (1) “Rule 6a-4 Initial Notice of Registration” submissions for notice of registration as a Security Futures Product Exchange. An exchange that is filing Form 1-N may not satisfy the requirements to provide certain information by means of an internet website. All materials must be filed with the Commission as part of the Form 1-N notice of registration.
- (2) “Rule 6a-4(b) Amendment to Notice of Registration” submissions for amendments to the Form 1-N, which shall set forth the nature and effective date of the action taken and shall provide any new information and correct any information rendered inaccurate within:
 - i) 10 days after any action that is taken renders inaccurate, or that causes to be incomplete, any information in Sections I through IV, or any amendments thereto; or
 - ii) 30 days after any action is taken that renders inaccurate, or that causes to be incomplete, any information filed as part of Exhibit F to Form 1-N, or any amendments thereto.
- (3) “Rule 6a-4(b)(3) Annual Filing” submission, which shall be filed by June 30 of each year and include Exhibits F, H, and I, which shall be current as of the latest date practicable within 3 months of the date the amendment is filed.
- (4) “Rule 6a-4(b)(4) Triennial Filing” submission, which shall be filed by June 30, 2025, and by June 30 every three years thereafter, and shall include complete Exhibits A, B, C, and E. The information filed under this submission type shall be current as of the latest practicable date, but shall at a minimum, be up to date within 3 months as of the date the amendment is filed.
- (5) “Rule 6a-4(c)(1) Supplemental Material” submission type, for submission of supplemental material within 10 days after issuing or making such material available to members, participants, or subscribers.
- (6) “Rule 6a-4(c)(2) Report of security futures products traded” submission type shall be filed within 15 days after the end of each calendar month. Such report shall contain: (i) For each contract of sale for future delivery of a single security, the number of contracts traded on such exchange during the relevant calendar month and the total number of share underlying such contracts traded; and (ii) For each contract of sale for future delivery of a narrow-based security index, the number of contracts traded on such exchange during the relevant calendar month and the total number of shares represented by the index underlying such contracts traded.

D. Documents Comprising the Completed Form

The completed form filed with the Commission shall consist of Form 1-N, responses to all applicable items, and any exhibits required in connection with the filing.

E. Contact Information and Filing of Completed Form

Each time a Security Futures Product Exchange submits a filing to the Commission on Form 1-N, the Security Futures Product Exchange must provide the contact information required by Section II of Form 1-N. The contact employee must be authorized to receive all contact information, communications and mailings and must be responsible for disseminating that information within the Security Futures Product Exchange.

For assistance with EDGAR issues, please consult the EDGAR—Information for Filers webpage on SEC.gov.

F. Recordkeeping

A copy of this Form 1-N, as well as the forms filed with the SEC, must be retained by the Security Futures Product Exchange and made available for inspection upon request of the SEC.

G. Paperwork Reduction Act Disclosure

Form 1-N requires an exchange seeking to register as a national securities exchange for the sole purpose of trading security futures products, pursuant to Section 6(g) of the Exchange Act, to provide the Commission with certain information regarding its operation. If documents containing information satisfying the Commission's information requirements have been filed with the Commodity Futures Trading Commission, copies of such documents may be filed with the Commission. Form 1-N also requires Security Futures Product Exchanges to update certain information on a periodic basis.

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 control number. Sections 3(a)(1), 5, 6(a) and 23(a) authorize the Commission to collect information on this Form 1-N from Security Futures Product Exchanges. See 15 U.S.C. 78c(a)(1), 78e, 78f(a) and 78w(a).

Form 1-N is designed to enable the Commission to determine whether a Security Futures Product Exchange is in compliance with the Exchange Act.

It is estimated that a Security Futures Product Exchange will spend approximately 29 hours completing the initial application on Form 1-N pursuant to Rule 6a-4. It is estimated that each Security Futures Product Exchange will spend approximately 14 hours annually to prepare periodic amendments, 14 hours annually to prepare annual amendments, 7 hours annually to prepare triennial amendments to Form 1-N and 6 hours annually for the required supplemental information and monthly reports pursuant to Rule 6a-4.

Any member of the public may direct to the Commission any comments concerning the accuracy of this burden estimate and any suggestions for reducing this burden.

It is mandatory that an exchange seeking to operate as a national securities exchange for the sole purpose of trading security futures products file a Form 1-N with the Commission. It is also mandatory that Security Futures Product Exchanges file amendments to Form 1-N under Rule 6a-4.

No assurance of confidentiality is given by the Commission with respect to the responses made in Form 1-N. The public has access to the information contained in Form 1-N.

This collection of information has been reviewed by the Office of Management and Budget ("OMB") in accordance with the clearance requirements of 44 U.S.C. 3507. The Commission has determined that the information collection does not constitute a system of record for purposes of the Privacy Act.

H. Explanation of Terms

AFFILIATE - Any person that, directly or indirectly, controls, is under common control with, or is controlled by, the national securities exchange or exchange exempt from registration based on the limited volume of transactions effected on such exchange, including any employees.

CONTROL - The power, directly or indirectly, to direct the management or policies of a company, whether through ownership of securities, by contract, or otherwise. Any person that (i) is a director, general partner or officer exercising executive responsibility (or having similar status or functions); (ii) directly or indirectly has the right to vote 25% or more of a class of voting securities or has the power to sell or direct the sale of 25% or more of a class

of voting securities; or (iii) in the case of a partnership, has the right to receive, upon dissolution, or has contributed, 25% or more of the capital, is presumed to control that entity.

DIRECT OWNERS - Any person that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 5% or more of a class of a voting security of the Security Futures Product Exchange. For purposes of this Form 1-N, a person beneficially owns any securities (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant or right to purchase the security.

MEMBER - Shall have the same meaning as under Exchange Act Section 3(a)(3).

PERSON ASSOCIATED WITH A MEMBER - Shall have the same meaning as under Section 3(a)(21) of the Exchange Act.

Appendix 3

Note: The text of Part II of Form X-17A-5 and the instructions thereto do not and these amendments will not appear in the Code of Federal Regulations.

* * * * *

FOCUS Report Part II	COMPUTATION OF MINIMUM REGULATORY CAPITAL REQUIREMENTS
Items on this page to be reported by a:	Stand-Alone Broker-Dealer Broker-Dealer SBSB (other than OTC Derivatives Dealer) Broker-Dealer MSBSP
Calculation of Excess Tentative Net Capital (If Applicable)	
1. Tentative net capital.....	\$ 8640
2. Minimum tentative net capital requirement	\$ 12058
3. Excess tentative net capital (difference between Lines 1 and 2).....	\$ 12058
4. Tentative net capital in excess of 120% of minimum tentative net capital requirement reported on Line 2.....	\$ 12057
Calculation of Minimum Net Capital Requirement	
5. Ratio minimum net capital requirement	
A. 6 ² / ₅ % of total aggregate indebtedness (Line Item 3840)	\$ 3759
B. 2% of aggregate debit items as shown in the Formula for Reserve Requirements pursuant to Rule 15c3-3	\$ 8870
C. 4% of funds required to be segregated under 17 CFR 240.15c3-1(a)(1)(iii), if applicable	\$ XXXXX
D. Minimum ratio requirement required under 17 CFR 240.15c3-1(a)(1) (greater of [Line 5A or Line 5B, as applicable] and Line 5C)	\$ XXXXX
E. Percentage of risk margin amount computed under 17 CFR 240.15c3-1(a)(7)(i) or (a)(10), if applicable	\$ 12058
F. Minimum ratio net capital requirement (Line 5D plus Line 5E, if applicable).....	\$ 12060
6. Fixed-dollar minimum net capital requirement	\$ 8880
7. For broker-dealers engaged in reverse repurchase agreements, 10% of the amounts in 17 CFR 240.15c3-1(a)(9)(i)-(iii)	\$ 12059
8. Minimum net capital requirement (Line 7 plus greater of Line 5F and Line 6).....	\$ 8780
9. Excess net capital (Item 3750 minus Item 3760)	\$ 8910
10. Net capital and tentative net capital in relation to early warning thresholds	
A. Net capital in excess of 120% of minimum net capital requirement reported on Line 8	\$ 12061
B. Net capital in excess of 5% of combined aggregate debit items as shown in the Formula for Reserve Requirements pursuant to Rule 15c3-3	\$ 8920

Computation of Aggregate Indebtedness (If Applicable)

11. Total aggregate indebtedness liabilities from Statement of Financial Condition (Item 1230)	\$	_____	3790
12. Add:			
A. Drafts for immediate credit	\$	_____	3800
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	_____	3810
C. Other unrecorded amounts (list)	\$	_____	3820
D. Total additions (sum of Line Items 3800, 3810, and 3820)	\$	_____	3830
13. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts (see Rule 15c3-1(c)(1)(vii))	\$	_____	3838
14. Total aggregate indebtedness (sum of Line Items 3790 and 3830)	\$	_____	3840
15. Percentage of aggregate indebtedness to net capital (Item 3840 divided by Item 3750)	%	_____	3850
16. Percentage of aggregate indebtedness to net capital <u>after</u> anticipated capital withdrawals (Item 3840 divided by Item 3750 less Item 4880)	%	_____	3853

Calculation of Other Ratios

17. Percentage of net capital to aggregate debits (Item 3750 divided by Item 4470)	%	_____	3851
18. Percentage of net capital, <u>after</u> anticipated capital withdrawals, to aggregate debits (Item 3750 less Item 4880, divided by Item 4470)	\$	_____	3854
19. Percentage of debt to debt-to-equity total, computed in accordance with Rule 15c3-1(d)	%	_____	3860
20. Options deductions/net capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(6) and (c)(2)(x) divided by net capital	\$	_____	3852

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1. Commissions

A. Commissions on transactions in listed equity securities executed on an exchange	\$	_____	3935
B. Commissions on transactions in exchange listed equity securities executed over-the-counter	\$	_____	3937
C. Commissions on listed option transactions	\$	_____	3938
D. All other securities commissions	\$	_____	3939
E. Total securities commissions (sum of Lines 1A-1D)	\$	_____	XXXXX
F. Commissions on commodity transactions	\$	_____	3991
G. All other commissions	\$	_____	XXXXX
H. Total commissions (sum of Lines 1E and 1H)	\$	_____	3940

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COMPUTATION OF CFTC MINIMUM CAPITAL REQUIREMENTS

Items on this page to be reported by: Futures Commission Merchant
Swap Dealer (SD)
CFTC Introducing Broker

ADJUSTED NET CAPITAL REQUIRED

A. Risk-based capital requirement

i. Amount of customer risk

Maintenance margin \$ 7413

ii. Enter 8% of Line A.i \$ 7423

iii. Amount of non-customer risk

Maintenance margin \$ 7433

iv. Enter 8% of Line A.iii \$ 7443

v. Amount of uncleared swap margin \$ 7446

vi. Enter 2% of Line A.v \$ 7447

vii. Enter the sum of Lines A.ii, A.iv, and A.vi \$ 7453

B. Minimum dollar amount requirement..... \$ 7463

C. Other NFA requirement..... \$ 7473

D. Minimum CFTC adjusted net capital requirement

Enter the greatest of Lines A.vii, B, or C..... \$ 7490

E. Minimum net capital requirement (enter greater of Item 3760 or Item 7490, as applicable)..... \$ XXXXX

F. Excess adjusted net capital (Item 3750 minus Line E)..... \$ XXXXX

G. CFTC early warning level –

i. If an FCM, or an FCM also registered as a SD, enter the greatest of 110% of Line A.vii,
150% of Line B, or 150% of Line C \$ 7493

ii. If a SD not also registered as an FCM, enter the greatest of 120% of Line A.vii, Line B, or Line C..... \$ XXXXX

H. CFTC Adjusted Net Capital in excess of early warning level (Item 3750 minus Line G.i or Line G.ii, as applicable) \$ XXXXX

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Appendix 4

Note: The text of Part II of Form X-17A-5 and the instructions thereto do not and these amendments will not appear in the Code of Federal Regulations.

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Computation of CFTC Minimum Capital Requirements

This section must be prepared by broker-dealers, nonbank SBSBs, and nonbank MSBSPs registered with the CFTC as futures commission merchants (“FCMs”), swap dealers, and/or introducing brokers pursuant to section 4f and 4s, as applicable, of the Commodity Exchange Act and that elect to file a FOCUS Report in lieu of required CFTC financial reports. (Broker-dealers that notice register as FCMs with the CFTC for the sole purpose of soliciting order, accepting orders, or executing orders for security futures products on behalf of others are not subject to CFTC financial reporting requirements.)

This section should be prepared in accordance with the CFTC’s Form 1-FR and other guidance issued by the CFTC or CFTC staff (“CFTC Instructions”).

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Items on this page to be reported by a: Bank SBSB
Bank MSBSP

Liabilities	Totals
13. Deposits	
A. In domestic offices (sum of totals of Columns A and C from FFIEC Form 031's Schedule RC-E, part I).....	\$ _____ 2200b
1. Noninterest-bearing	\$ _____ 6631b
2. Interest-bearing	\$ _____ 6636b
B. In foreign offices, Edge and Agreement subsidiaries, and IBFs (from FFIEC Form 031's Schedule RC-E, part II)	\$ _____ 2200bb
1. Noninterest-bearing	\$ _____ 6631bb
2. Interest-bearing	\$ _____ 6636bb
14. Federal funds purchased and securities sold under agreements to repurchase.....	
A. Federal funds purchased in domestic offices.....	\$ _____ 8993b
B. Securities sold under agreements to repurchase.....	\$ _____ 8995b
15. Trading liabilities (from FFIEC Form 031's Schedule RC-D).....	\$ _____ 3548b
16. Other borrowed money (includes mortgage indebtedness) (from FFIEC Form 031's Schedule RC-M)	\$ _____ 3190b
17. Not applicable.....	
18. Not applicable.....	
19. Subordinated notes and debentures	\$ _____ 3200b
20. Other liabilities (from FFIEC Form 031's Schedule RC-G).....	\$ _____ 2930b
21. Total liabilities (sum of Lines 13 through 20).....	\$ _____ 2948b
22. Not applicable.....	
Equity Capital	
23. Perpetual preferred stock and related surplus	\$ _____ 3838b
24. Common stock	\$ _____ 3230b
25. Surplus (exclude all surplus related to preferred stock)	\$ _____ 3839b
26 A. Retained earnings.....	\$ _____ 3632b
B. Accumulated other comprehensive income	\$ _____ 8530b
C. Other equity capital components	\$ _____ A130b
27A. Total bank equity capital (sum of Lines 23 through 26.C).....	\$ _____ 3210b
B. Non-controlling (minority) interests in consolidated subsidiaries	\$ _____ 3000b
28. Total equity capital (sum of Lines 27A and 27B).....	\$ _____ 3105b
29. Total liabilities and equity capital (sum of Lines 21 and 28).....	\$ _____ 3300b

Items on this page to be reported by a: Bank SBSD
Bank MSBSP

<u>Capital</u>	<u>Totals</u>
1. Total bank equity capital (from FFIEC Form 031's Schedule RC, Line 27A)	\$ _____ 3210b
2. Tier 1 capital	\$ _____ 8274b
3. Tier 2 capital	\$ _____ 5311b
4. Total capital	\$ _____ 8792b
5. Total risk-weighted assets	\$ _____ A223b
6. Total assets for the leverage ratio	\$ _____ A224b

Capital Ratios (Column A is to be completed by all banks. Column B is to be completed by advanced approach institutions that exit parallel run only.)

	<u>Column A</u>	<u>Column B</u>
7. Tier 1 leverage ratio	_____ % 7204b	
8. Common equity tier 1 capital ratio	_____ % P793b	_____ % P793bb
9. Tier 1 capital ratio	_____ % 7206b	_____ % 7206bb
10. Total capital ratio	_____ % 7205b	_____ % 7205bb

Items on this page to be reported by a: Bank SBSB
Bank MSBSP

	<u>Totals</u>
1. Total interest income	\$ <u>4107b</u>
2. Total interest expense	\$ <u>4073b</u>
3. Total noninterest income	\$ <u>4079b</u>
4. Total noninterest expense	\$ <u>4093b</u>
5. Realized gains (losses) on held-to-maturity securities	\$ <u>3521b</u>
6. Realized gains (losses) on available-for-sale securities	\$ <u>3196b</u>
7. Income (loss) before applicable income taxes and discontinued operations	\$ <u>4301b</u>
8. Net income (loss) attributable to bank	\$ <u>4340b</u>
9. Trading revenue (from cash instruments and derivative instruments)	
A. Interest rate exposures	\$ <u>8757b</u>
B. Foreign exchange exposures	\$ <u>8758b</u>
C. Equity security and index exposures	\$ <u>8759b</u>
D. Commodity and other exposures	\$ <u>8760b</u>
E. Credit exposures	\$ <u>F186b</u>
Lines 9F and 9G are to be completed by banks with \$100 billion or more in total assets that are required to complete lines 9A through 9E above.	
F. Impact on trading revenue of changes in the creditworthiness of the bank's derivative counterparties on the bank's derivative assets	
i. Gross credit valuation adjustment (CVA)	\$ <u>FT36b</u>
ii. CVA hedge	\$ <u>FT37b</u>
G. Impact on trading revenue of changes in the creditworthiness of the bank on the bank's derivative liabilities	
i. Gross credit valuation adjustment (CVA)	\$ <u>FT38b</u>
ii. CVA hedge	\$ <u>FT39b</u>
10. Net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account	
A. Net gains (losses) on credit derivatives held for trading	\$ <u>C889b</u>
B. Net gains (losses) on credit derivatives held for purposes other than trading	\$ <u>C890b</u>
11. Credit losses on derivatives	\$ <u>A251b</u>

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Appendix 6

Note: The text of Form 15A does not and the amendments will not appear in the Code of Federal Regulations.

Form 15A-Application for Registration as a National or Affiliated Securities Association and Amendments and Supplements Thereto.

WARNING: Failure to keep this form current and to file accurate supplementary information on a timely basis, or the failure to keep accurate books and records or otherwise comply with the provisions of law applying to the conduct of the association would violate the Federal securities laws and may result in disciplinary, administrative, or criminal action.

INTENTIONAL MISSTATEMENTS OR OMISSIONS OF FACTS MAY CONSTITUTE CRIMINAL VIOLATIONS.

Note: The granting of registration is not to be deemed permanent approval of the association's rules and practices.

{Entity} is making this filing pursuant to the following Rule: (select one)

Submission type:

- Rule 15aa-1** – Application for Registration as a National Securities Association or an Affiliated Securities Association
 - Initial (select type of application)
 - A National Securities Association
 - An Affiliated Securities Association
 - Amendment to Application – Amendment #####
 - Consent to Extension of Time
 - Date Extension Expires: MM/DD/YYYY
 - Withdrawal of Application
- Rule 15aa-2(a)** – Correcting Amendment
- Rule 15aa-2(b)** – Current Supplements to Registration
 - Does information being reported include a change in Exhibit C? Yes/No
 - If Yes, provide the month in which changes to Exhibit C occurred: mm/yyyy
- Rule 15aa-2(c)** – Annual Supplement as of March 1, YYYY
- Rule 15aa-2(c)(1)(ii)** – Triennial Supplements for Year: YYYY
- Rule 15aa-2(c)(2)** – Annual Financial Supplement as of mm/dd/yyyy
- Rule 15aa-2(d)(2)** – Materials

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Section I: Organization

- 1) Exact name of Association: {Entity}
- 2) Addresses: Check if information has changed since previous filing
- a) Statutory office:
Street: _____
City _____, State _____ Zip Code _____
- b) Principal executive office: Same as above
Street: _____
City _____, State _____ Zip Code _____
- c) Branch or District Offices:
 Not Applicable
 A list of all branch or district offices, including the street, city, state, zip code, shall be provided and marked as Schedule I.
- 3) Name and address of each person authorized to receive service of process and notices on behalf of the association from the Commission. Email address of each person authorized to receive notices on behalf of the association from the Commission. If more than one person, provide the information in Schedule II.

Name: _____
Title: _____
Street: _____
City: _____, State: _____ Zip Code: _____
Email: _____

- 4) Name, address and email address of counsel to the association, if any:
Name: _____
Street: _____
City: _____, State: _____ Zip Code: _____
Email: _____

- 5) Legal Status
- Form of organization of association (select one):
- Check if information has not changed since previous filing
 - Sole Proprietorship
 - Corporation
 - Partnership
 - Limited Liability Company
 - Other (Specify): _____
- Date of organization in present form: mm/dd/yyyy
- Name of state and reference to any statute thereof under which organized:
{State/Territory} Statute: _____

- 6) Officers, Directors, Committee members, and other persons.

Provide the following information as Schedule III:

- a) A listing of all officers, directors (or persons occupying similar status or performing similar functions), the chairman of the national business conduct committee, and the chairman of each regional business conduct committee. The listing shall include (1) Name (last name, first name, middle name); (2) Title, (3) Name of firm with which such person is associated, (4) Location (city and state) of the particular office of the firm with

which such person is connected, and (5) Periods during which the present incumbent has held the same office or position.

- b) A listing for each national and regional standing committee. The listing shall include (1) Name of each member, (2) Name of firm with which such member is associated, and (3) Location (city and state) of the particular office of the firm with which such person is connected.

Rule 15aa-2(c)(1)(i)(A)-(B) In lieu of filing {entity} certifies that the information in Item 6 may be obtained below and is accurate as of the publication date:

Name of Publication: _____ Name: _____
Address: _____ Telephone #: _____
Price of Publication \$ _____ Date of Publication: mm/dd/yyyy

Exhibit A – Governing Documents

Provide copies of the association’s constitution, charter, or articles of incorporation or association, with all amendments thereto, and of its existing by-laws, and of any rules or instruments corresponding to the foregoing, whatever the name.

Rule 15aa-2(c)(1)(ii)(A): In lieu of filing {entity} certifies that the information may be obtained below and is accurate as of the publication date:

Name of Publication: _____ Name: _____
Address: _____ Telephone #: _____
Price of Publication \$ _____ Date of Publication: mm/dd/yyyy

Rule 15aa-2(c)(1)(ii)(B): In lieu of filing {entity} certifies that the information requested under this exhibit is kept up to date and is available to the Commission and the public upon request.

Exhibit B – Financial Statements

A balance sheet of the association as of a date within 30 days of the filing of this application, or promptly after the close of each fiscal year if a supplement, together with an income and expense statement for the year preceding such date or, if the association was organized during such year, for the period from the date of such organization to the date of such balance sheet.

Exhibit C – Members

A list, as of latest practicable date, alphabetically arranged, of all members of the association indicating for each: (1) the name (last name, first name, middle name), (2) the principal place of business, and (3) the date of election to membership for each member elected to membership after December 31, 1994.

Rule 15aa-2(b)(3): Changes in the information called for in items (1) and (2) of Exhibit C are reported in a record which is published at least once a month by {entity} and promptly filed with the Commission. No current supplement need be filed with respect thereto.

Exhibit D – Materials

Any notices, reports, circulars, loose-leaf insertions, riders, new additions, lists or other records of changes when, as, and if such records are made available to members of the association.

Section II: Membership

Check if information has not changed since previous filing

- 7) What rule or rules of the association deals with admissions to membership?

- 8) What rule or rules of the association restricts membership therein

a) On a specified geographical basis?

b) On a specified basis relating to the type of business done by the member?

c) On any basis other than those referred to in (a) or (b) hereof?

9) What rule or rules of the association prescribes the grounds upon which a broker or dealer shall not be admitted to or continued in membership in such association in accordance with Section 15A(b)(4) of the Act?

10) What rule or rules of the association provides that, in any proceeding to determine whether a broker or dealer shall be denied membership, such broker or dealer shall be notified of, and be given an opportunity to be heard upon, the specific grounds for denial which are under consideration, a record shall be kept, and the determination shall set forth the specific grounds upon which the denial is based?

Section III: Representation of Membership
previous filing

Check if information has not changed since

11) What rule or rules of the association assures a fair representation of its members:

a) In the adoption of any rule of the association or amendment thereto:

b) In the selection of officers and directors of the association

c) In all phases of the administration of the affairs of the association other than those referred to in (a) or (b) hereof

Section IV: Dues and Expenses **Check if information has not changed since previous filing**

12) What rule or rules of the association provides for the equitable allocation of dues among its members to defray reasonable expenses of administration?

Section V: Business Conduct and Protection of Members **Check if information has not changed since previous filing**

13) What rule or rules of the association is designed to prevent fraudulent and manipulative acts and practices?

14) What rule or rules of the association is designed to promote just and equitable principles of trade?

15) What rule or rules of the association is designed to provide safeguards against unreasonable profits or unreasonable rates of commissions or other charges?

16) Financial Statements

a) Does the association require financial statements from its members? **Yes/No**

If yes, specify types of members included in and excluded from such requirement

If yes, provide answers to 16(b)–(d) below.

b) How frequently and with what notice does the association require such statements?

c) Must such statements be certified by independent certified or public accountants?

Yes/No

d) What procedure does the association employ in checking the accuracy of such statements?

17) Give reference to the rules of the association with respect to insolvency of members; limitations on members' maximum indebtedness, or ratio of indebtedness to capital; methods of financing "when, as and if issued" trading; other provisions concerning financial responsibility of members.

18) Give reference to the rules of the association with respect to hypothecation of securities carried for customers' accounts; segregation in safekeeping of customers' free securities; handling of customers' free credit balances; sending of regular monthly statements to customers showing the amount of the customer's free credit balance, if any, and a list of fully paid securities, if any, held in safekeeping; securities sold to customers on an installment plan; lending of securities carried for customers' accounts; manner, method and place of soliciting business including matters pertaining to securities salesmen.

19) Give reference to the rules of the association with respect to keeping and preservation of minimum specified books and records.

20) Give reference to the rules of the association with respect to:

- a) Fictitious quotations. _____
- b) Nominal quotations. _____

21) Are any rules of the association substantially identical with any rules promulgated by the Commission? Yes/No. If so, state which:

22) Give reference to the rules of the association with respect to discretionary accounts.

23) What reports or special questionnaires, other than financial statements referred to in Item 16 above, are or may be required of members either periodically or regularly? Also provide information as to how frequently and with what notice such reports are required.

Section VI: Disciplining of Members Check if information has not changed since previous filing.

What rule or rules of the association:

24) Provides that its members shall be appropriately disciplined, by expulsion, suspension, fine, censure, or any other fitting penalty, for any violation of its rules?

25) Prescribes the procedure to be followed in any proceeding to determine whether a member shall be disciplined in accordance with Section 15A(b)(7) of the Act?

Section VII: Affiliated Associations Check if information has not changed since previous filing.

26) What rule or rules of the association, if any, provides for the admission of registered affiliated securities associations?

Section VIII: Miscellaneous Check if information has not changed since previous filing.

27) What rule or rules of the association, if any, specifically regulates the dealings of a member with any nonmember broker or dealer?

28) What rule or rules of the association provides a method for enforcing compliance on the part of its members with the rules of the association?

Section IX: Additional Information for Registration as an Affiliated Securities Association

Check if information has not changed since previous filing

29) Respond to this section only if application is made for registration as an affiliated securities association:

a) To which registered national securities association will the applicant forthwith upon registration apply for admission to affiliation?

b) State reasons for believing that such affiliations will be granted.

30) Estimate annual dollar volume of transactions effected by members of the applicant association.

\$ _____

SECTION X: Contact Information

Provide the following information of the contact employee at { association long name } prepared to respond to questions for this submission:

First Name: _____ Last Name: _____

Title: _____

Email: _____ Telephone: _____

SECTION XI: Consent to Service and Attestation

■ By checking this box, {Name of Entity} consents that service of any civil action brought by, or notice of any proceeding before, the Securities and Exchange Commission in connection with the association's activities may be given by registered or certified mail to the contact employee at the main address, or mailing address if different, given in Section I above; and represents that the information and statements contained herein, including exhibits, schedules, or other documents attached hereto, and other information filed herewith, all of which are made a part hereof, are current, true, and complete.

FORM 15A General Instructions

A. General Instructions for Preparing and Filing Form 15A

Form 15A is to be used by an entity for registration with the Securities and Exchange Commission (the "Commission") as a national securities association or an affiliated securities association, and for any amendments or supplements to such registration statement under Section 15A of the Securities Exchange Act of 1934 ("the Act"). As used hereinafter, the term "Form 15A" includes the form and any required exhibits and schedules thereto.

Form 15A shall be filed in an electronic format through the Commission's Electronic Data Gathering, Analysis, and Retrieval System (EDGAR) in accordance with EDGAR rules set forth in Regulation S-T (17 CFR Part 232).

Unless the context clearly indicates otherwise, the terms used in Form 15A have the meanings given in the Act. Note: The granting of registration is not to be deemed permanent approval of the association's rules and practices.

B. Need for Careful Preparation of the Completed Form, Including Schedules and Exhibits

A Form 15A that is not prepared and executed in compliance with applicable requirements may be returned as not acceptable for filing. Any filing so returned shall for all purposes be deemed not to have been filed with the Commission. See also Rule 0-3 under the Act (17 CFR 240.0-3). However, acceptance of Form 15A shall not constitute a finding that it has been filed as required or that the information submitted is true, current or complete.

C. When To Use the Form 15A

Form 15A is composed of seven types of submissions to the Commission pursuant to Section 15A of the Act and Rules 15aa-1 and 15aa-2 thereunder. In completing the Form 15A, a registrant shall select the type of filing and provide all information required by the rules and instructions thereunder. In submitting this Form, its exhibits, and its schedules, the person by whom it is executed represents that all information contained within is true, current and complete. The types of submissions are:

- (1) Rule 15aa-1 submissions are applications for registration as a national securities association or an affiliated securities association. If Form 15A is being filed as an application for registration as a national securities association, all applicable items are required to be answered in full, except for items in Section IX. If Form 15A is being filed as an application for registration as an affiliated securities association, all applicable items are required to be answered in full. Note: The granting of registration is not to be deemed permanent approval of the association's rules and practices.
- (2) Rule 15aa-2(a) submissions shall be filed promptly after the discovery of any inaccuracy in the registration statement or in any amendment or supplement thereto. All amended items are required to be answered in full. All amended exhibits or

schedules are required to be provided completely. Any item that is not being amended may be left blank. If no item in a section is being amended, the association may check the box next to the applicable section heading labeled “Check if information has not changed since previous filing.”

- (3) Rule 15aa-2(b) submissions shall be filed promptly after any change which renders no longer accurate any information contained or incorporated in the registration statement or in any amendment or supplement thereto, except that no current supplements need be filed with respect to changes in the information called for in Exhibit B. All supplemented items are required to be answered in full. All supplemented exhibits or schedules are required to be provided completely. Any item that is not being amended may be left blank. If no item in a section is being supplemented, the association may check the box next to the applicable section heading labeled “Check if information has not changed since previous filing.” Supplements setting forth changes in the information called for in Exhibit C need not be filed until 10 days after the calendar month in which the changes occur. If the submission is being filed solely to supplement changes in the information called for in Exhibit C, association should check the applicable box and provide the month and year in which the changes occurred. The association need not provide a current supplement to Exhibit C if it checks the box indicating it has complied with the requirements of Rule 15aa-2(b)(3).

- (4) Rule 15aa-2(c) submissions are annual consolidated supplements to a registration statement as a national securities association or an affiliated securities association and shall be filed promptly after March 1 of each year. If the association is filing an

annual consolidated supplement to a registration statement as a national securities association, all applicable items are required to be answered in full, except for items in Section IX. If the association is filing an annual consolidated supplement to a registration statement as an affiliated securities association, all applicable items are required to be answered in full. The association need not answer Item 6 if it checks the box indicating it has complied with the requirements of Rules 15aa-2(c)(1)(i)(A)-(B) and provides the applicable information.

- (5) Rule 15aa-2(c)(2) submissions shall be filed promptly after the close of each fiscal year of the association. The association is required to provide a complete Exhibit B.
- (6) Rule 15aa-2(c)(1)(ii) submissions shall be filed promptly by March 1, 2025, and every three years thereafter. The association is required either to provide a complete Exhibit A or check the boxes indicating it has complied with the requirements of Rules 15aa-2(c)(1)(ii)(A)-(B) and provide the applicable information.
- (7) Rule 15aa-2(d)(2) submissions require the association to electronically file any notices, reports, circulars, loose-leaf insertions, riders, new additions, lists or other records of changes when, as, and if such records are made available to members of the association.

D. Documents Comprising the Completed Form

The completed form filed with the Commission shall consist of Form 15A, responses to all applicable items, and any exhibits and schedules required in connection with the filing. Any item may be answered by reference to the page, article, section or paragraph of any document filed as an exhibit herewith which contains the information required. Unless the context otherwise requires, the terms “rule of the association,” as used in Form 15A shall include any

provision of the association's constitution, charter, articles of incorporation or association and by-laws, and any rule of the association or any of its committees and any settled practice association or of any of its committees having the effect of a rule.

E. Contact Information and Filing of Completed Form

Each time an association submits a filing to the Commission on Form 15A, the association must provide the contact information required by Section X of the form. The contact employee must be authorized to receive all contact information, communications and mailings and must be responsible for disseminating that information within the association's organization.

Consult the EDGAR Filer Manual for EDGAR filing instructions, including the instructions for becoming an EDGAR Filer.

Appendix 7

Note: The text of Form X-17A-19 does not, and this amendment will not, appear in the Code of Federal Regulations.

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GENERAL INSTRUCTIONS

FORM X-17A-19

1. * * * * *

2. Original: File with the Commission electronically on EDGAR in accordance with the EDGAR Filer Manual, as defined in Rule 11 of Regulation S-T (§ 232.11) and in accordance with the requirements of Regulation S-T.

Copy No. 1 - Mail to: Securities Investor Protection Corporation
1667 K St. N.W., Suite 1000
Washington, DC 20006-1620

Copy No. 2: Retain for your files.

3. The original filed with the Securities and Exchange Commission and the copy filed with the Securities Investor Protection Corporation shall be signed by a duly authorized official of the national securities exchange or registered securities association (self-regulatory organization).

* * * * *

6. Copies of this Form may be obtained on the Commission's website.

* * * * *

Appendix 8

Note: The text of Form 19b-4 does not, and this amendment will not, appear in the Code of Federal Regulations.

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Page 1 of	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No. SR -- -- Amendment No.
Filing by Select SRO Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934		
Initial	Amendment	Withdrawal
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Section 19(b)(2) Section 19(b)(3)(A) Section 19(b)(3)(B)		
Pilot	Extension of Time Period for Commission Action	Date Expires
Rule		
		19b-4(f)(1) 19b-4(f)(4)
		19b-4(f)(2) 19b-4(f)(5)
		19b-4(f)(3) 19b-4(f)(6)
Notice of proposed change pursuant to the Payment, Clearing and Settlement Act of 2010 Section 806(e)(1)		Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2)
Section 806(e)(2)		
Exhibit 2 Sent As Paper Document Exhibit 3 Sent As Paper Document		
Description Provide a brief description of the action (limit 250 characters).		
Contact Information Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action. First Name Title E-mail Telephone		

Signature	
Pursuant to the requirements of the Securities Exchange Act of 1934,	
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.	
Date	
By	
	(Name)
	(Title)
NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.	
	Digitally Sign and Lock Form

GENERAL INSTRUCTIONS FOR FORM 19b-4

* * * * *

F. Signature and Filing of the Completed Form

All proposed rule changes, amendments, extensions, and withdrawals of proposed rule changes shall be filed through the EDFS. All security-based swap submissions, advance notices, and amendments, extensions, and withdrawals of security-based swap submissions and advance notices shall be filed to a dedicated email address established by the Commission, SBSwapsSubmissions@sec.gov for security-based swap submissions and AdvanceNoticeFilings@sec.gov for advance notices. In order to file Form 19b-4 through EDFS, self-regulatory organizations must request access to the SEC's External Application Server by completing a request for an external account user ID and password. Initial requests will be received by contacting the Trading and Markets Administrator located on our website (<http://www.sec.gov>). An email will be sent to the requestor that will provide a link to a secure website where basic profile information will be requested.

A duly authorized officer of the self-regulatory organization shall electronically sign the completed Form 19b-4 as indicated on Page 1 of the Form. A registered clearing agency for which the Commission is not the appropriate regulatory agency also shall file with its appropriate

regulatory agency three copies of the form, one of which shall be manually signed, including exhibits. A clearing agency that also is a designated clearing agency shall file with the Board of Governors of the Federal Reserve System (“Federal Reserve”) three copies of any form containing an advance notice, one of which shall be manually signed, including exhibits; provided, however, that this requirement may be satisfied instead by providing the copies to the Federal Reserve in an electronic format as permitted by the Federal Reserve. The Municipal Securities Rulemaking Board also shall file copies of the form, including exhibits, with the Federal Reserve, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

* * * * *

Appendix 9

Note: The text of Form CA-1 does not, and this amendment will not, appear in the Code of Federal Regulations.

United States Securities and Exchange Commission Washington, DC 20549

Form CA-1: Application for registration or for exemption from registration as a clearing agency and for amendment to registration pursuant to the Securities Exchange Act of 1934 (“the Act”)

INTENTIONAL MISSTATEMENTS OR OMISSIONS OF FACTS MAY CONSTITUTE CRIMINAL VIOLATIONS
(See 18 U.S.C.1001 AND 15 U.S.C. 78ff(a))

Page 1 of _____

File No.: CA1-[acronym]-YYYY-####

Form Filing Submission Types

{Name of registrant} is making this filing pursuant to: (select one)

- Rule 17ab2-1(a) - Application (select one)
 - Request for registration as a clearing agency
 - Does registrant request the Commission to consider granting registration in accordance with paragraph (c)(1) of Rule 17ab2-1 under the Act? Yes/No
 - Request for exemption from registration as a clearing agency
 - Rule 17ab2-1(d) and (e) Amendment to Application – Amendment #####
 - Consent to Extension of Time
 - Date Extension Expires: mm/dd/yyyy
 - Withdrawal of Application
- Rule 17ab2-1(e) Amendment to registration or exemption from registration as a clearing agency
- Sec. 17A(b)(1) – Conditions, reports, notices or other submissions to the Commission required as directed in any Order approving applications for exemption from registration as a clearing agency

Section I – Registrant Information

1) Name and Address Information

- Check box if this filing makes a name change of the Registrant

a) Name of Registrant:

i) Previous name of registrant:

b) IRS Employee Identification Number: ##-#####

Check box if this filing amends the name under which clearing agency activities are conducted.

c) Name under which clearing agency activities are conducted, if different:

i) Previous name under which clearing agency activities are conducted:

d) Address of principal place of business (Do not use a P.O. Box):

Street: _____
City _____, State _____ Zip Code _____
Business Telephone: () _____ - _____

e) Mailing Address: Same as above

Street: _____
City _____, State _____ Zip Code _____

2) Information about the person in charge of registrant's clearing agency activities:

Name: (First, Middle, Last) _____

Title: _____

Street: _____ City _____, State _____ Zip Code _____

Email: _____ Telephone: () _____ - _____

3) Legal Status of Registrant (select one):

- Corporation
- National Association
- Partnership
- Limited Liability Company
- Other (Specify): _____

Date of Incorporation or Organization: mm/dd/yyyy

Jurisdiction of Incorporation or Organization: {State/Territory}

Section II: Contact Employee Information

Provide the following information of the person at {name of registrant} prepared to respond to questions for this submission:

First Name:

Last Name:

Title:

Email:

Telephone:

Item No.	Section III: General Information and Schedule A: Respond to the questions below. Attach responses to Section III as Schedule A with the information required for each “yes” response, and for each other Item requiring a descriptive response, labeled as the appropriate Item. For any Item that is inapplicable, state as such.																																									
Item 4: Other Arrangements	<p>Does registrant have any arrangement with any other person under which, with respect to registrant’s clearing agency activities, such other person processes, keeps, transmits or maintains any securities, funds, records or accounts of registrant or registrant’s participants relating to clearing agency activities?</p> <p>If yes, furnish, as to each such arrangement, the full name and principal business address of the other person and a brief summary of each such arrangement.</p>	Yes/ No																																								
Item 5: Insurance Information	<p>a) With respect to clearing agency activities, please provide the following information regarding the type of insurance carried or provided:</p> <table border="1" data-bbox="418 1102 1409 1665"> <thead> <tr> <th>Type of Insurance</th> <th>Yes</th> <th>No</th> <th>Amount of Coverage</th> <th>Amount of Deductible</th> </tr> </thead> <tbody> <tr> <td>1. Blanket Bond</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>\$</td> <td>\$</td> </tr> <tr> <td>2. Fidelity</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>\$</td> <td>\$</td> </tr> <tr> <td>3. Errors and Omissions</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>\$</td> <td>\$</td> </tr> <tr> <td>4. Mail Policy</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>\$</td> <td>\$</td> </tr> <tr> <td>5. Air Courier</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>\$</td> <td>\$</td> </tr> <tr> <td>6. Lost Instrument</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>\$</td> <td>\$</td> </tr> <tr> <td>7. Other (Specify):</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>\$</td> <td>\$</td> </tr> </tbody> </table>	Type of Insurance	Yes	No	Amount of Coverage	Amount of Deductible	1. Blanket Bond	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$	2. Fidelity	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$	3. Errors and Omissions	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$	4. Mail Policy	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$	5. Air Courier	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$	6. Lost Instrument	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$	7. Other (Specify):	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$	
Type of Insurance	Yes	No	Amount of Coverage	Amount of Deductible																																						
1. Blanket Bond	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$																																						
2. Fidelity	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$																																						
3. Errors and Omissions	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$																																						
4. Mail Policy	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$																																						
5. Air Courier	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$																																						
6. Lost Instrument	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$																																						
7. Other (Specify):	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$																																						
	<p>b) If any of registrant’s clearing activities are not covered by insurance, has provision been made for self-insurance?</p> <p>If yes, indicate the provisions made for self-insurance (e.g., accounting reserve or funded reserve) and the amount thereof.</p>	Yes/ No																																								

	<p>c) As a result of registrant’s clearing agency activities, is registrant exposed to loss if a participant fails to perform its obligations to the clearing agency, any other participant or any other person?</p> <p>If yes, describe the operational, organizational or other rules, procedures or practices (citing rules if applicable) which result in registrant’s exposure to loss.</p>	Yes/ No
	<p>d) Does the registrant maintain a clearing or participants’ fund, mark to the market open obligations involving the purchase or sale of securities or otherwise require participants to protect registrant against losses to which it may be exposed as a result of a participant’s failure to perform its obligations to the clearing agency, any other participant or any other person?</p> <p>If yes, describe the operational, organizational or other rules, procedures or practices (citing rules if applicable) which are designed to protect registrant against any such losses.</p>	Yes/ No
Item 6: Audit Information	<p>a) Is registrant audited by an independent accountant?</p> <p>b) If registrant is audited by an independent accountant, does the audit include a review of internal controls related to clearing agency activities?</p> <p>c) Fiscal year-end of registrant: <u>mm/yyyy</u></p>	Yes/ No Yes/ No
Item 7: Policies and Procedures	Describe the registrant’s internal policies and procedures for reconciling differences (including long and short stock record differences and dividend differences) in its clearing agency activities?	
Item 8: Other	<p>a) How many employees does registrant have engaged in clearing agency activities? #####</p> <p>b) How many years has registrant performed clearing agency activities? #####</p>	
Item 9: Other Regulatory	<p>a) Are registrant’s clearing agency activities subject to regulation by any Federal agency other than the Commission or by any state or political subdivision?</p> <p>If yes, specify the name of the agency, state or political subdivision:</p>	Yes/ No
	<p>b) Have the registrant’s clearing agency activities been the subject of periodic examinations by any Federal agency other than the Commission or by any state or political subdivision?</p> <p>If yes, specify the name of the agency, state or political subdivision:</p>	Yes/ No

Exhibit No.	<p>Section IV: Business Organization</p> <p>All applicable items are required to be answered in full. Attach responses to Section IV with the information required as a descriptive response, labeled as the appropriate Exhibit. For any Exhibit that is inapplicable, state as such.</p>
Exhibit A:	<p>List any person who either directly or indirectly, through agreement or otherwise, may control or direct the management or policies of registrant. For each person listed, provide the full name and address and attach a copy of each written agreement or, if the agreements are unwritten, describe the agreement or arrangement through which such person exercises or may exercise such control or direction.</p>
Exhibit B:	<p>List the registrant’s corporate officers, trust officers, managers or other persons occupying a similar status or performing similar functions who supervise, or are directly responsible for the conduct of, registrant’s clearing agency activities, indicating for each:</p> <ul style="list-style-type: none"> (a) Name; (b) Title; (c) Area of responsibility; and (d) A brief account of the business experience during the last five (5) years.
Exhibit C:	<p>Attach narrative and graphic descriptions of registrant’s organizational structure. If clearing agency activities are conducted primarily by a division, subdivision, or other segregable entity within the registrant corporation or organization, identify the relationship of such entity to the registrant’s overall organizational structure and limit the descriptions to the division, subdivision or other segregable entity which performs clearing agency activities.</p>
Exhibit D:	<p>Attach a list of persons who directly or indirectly, through one or more intermediaries, are controlled by, or are under common control with, the clearing agency and indicate the nature of the control relationship.</p>
Exhibit E:	<p>Attach a copy of the currently effective constitution, articles of incorporation or association, by-laws, rules, procedures and instruments corresponding thereto, of the registrant and a complete list of all dues, fees and other charges imposed by registrant for its clearing agency activities.</p>

Exhibit F:	Attach a brief description of any material pending legal proceeding, other than ordinary and routine litigation incidental to the business, to which the registrant or any of its subsidiaries is a party or to which any of its or their property is the subject. Include the name of the court or agency in which the proceeding is pending, the date instituted, and the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceeding known to be contemplated by governmental agencies.
Exhibit G:	Attach copies of all contracts with any national securities exchange, national securities association or clearing agency or securities market for which the registrant acts as a clearing agency or performs clearing agency functions.

	Section V: Financial Information
Exhibit No.	All applicable items are required to be answered in full. Attach responses to Section V with the information required as a descriptive response, labeled as the appropriate Exhibit. For any Exhibit that is inapplicable, state as such.
Exhibit H:	Attach a balance sheet and statement of income and expenses, and all notes or schedules thereto of registrant, as of registrant's most recent fiscal year for which such information is available, certified by an independent accountant. (If certified financial information is not available, uncertified financial information should be submitted).
Exhibit I:	Attach the addresses of all offices in which clearing agency activities are performed by registrant, or for registrant by any person listed in response to item 4, and identify the nature of the clearing activities performed in each office listed.

	Section VI: Operational Capacity
Exhibit No.	All applicable items are required to be answered in full. Attach responses to Section VI with the information required as a descriptive response, labeled as the appropriate Exhibit. For any Exhibit that is inapplicable, state as such.
Exhibit J:	Attach narrative descriptions of each service or function performed by the registrant.

Exhibit K:	Attach a description of the measures or procedures employed by registrant to provide for the security of any system which performs the functions of a clearing agency. Include a general description of any operational safeguards designed to prevent unauthorized access to the system (including unauthorized input or retrieval of information for which the primary record source is not hard copy). Identify any instances within the past year in which the described security measures or safeguards failed to prevent unauthorized access to the system and describe any measures taken to prevent a recurrence of any such incident. Describe also any measures used to verify the accuracy of information received or disseminated by the system.
Exhibit L:	Attach a description of the measures or procedures employed by registrant to provide for the safeguarding of securities and funds in its custody or control. Identify any instances within the past year in which the described security measures or safeguards failed to prevent any unauthorized access to securities or funds in possession of registrant and any measures taken to prevent a recurrence of any such incident.
Exhibit M:	If clearing agency functions are performed by automated facilities or systems, attach a description of all backup systems or subsystems which are designed to prevent interruptions in the performance of any function as a result of technical or other malfunction. Include backups for input or output links to the system and precautions with respect to malfunctions in any areas external to the system.

	Section VII: Access to Services
Exhibit No.	All applicable items are required to be answered in full. Attach responses to Section VII with the information required as a descriptive response, labeled as the appropriate Exhibit. For any Exhibit that is inapplicable, state as such.
Exhibit N:	Attach a list of the persons who currently participate, or who have applied for participation, in registrant's clearing agency activities (if registrant performs more than one activity, a columnar presentation may be utilized).
Exhibit O:	Attach as a description of any specifications, qualifications, or other criteria which limit, are interpreted to limit, or have the effect of limiting access to, or use of, any clearing agency service furnished by the registrant and state the reasons for imposing such specifications, qualifications, or other criteria.
Exhibit P:	Attach copies of any form of contracts governing the terms on which persons may subscribe to clearing agency services provided by the registrant.

Exhibit Q:	Attach a schedule of any prices, rates or fees fixed by registrant for services rendered by its participants.
Exhibit R:	Attach a schedule of any prohibitions or limitations imposed by the clearing agency on access by any person to services offered by any participant.

Section VIII: Application for Exemption

Exhibit S:

If this is an application for an exemption from registration as a clearing agency, attach a statement demonstrating why the granting of an exemption from registration as a clearing agency would be consistent with the public interest, the protection of investors and the purposes of Section 17A of the Act, including the prompt and accurate clearance and settlement of securities transactions and the safeguarding of securities and funds.

Section IX: Sec. 17A(b)(1) Documents

Exhibit T:

For any conditions, reports, notices or other submissions to the Commission required as directed in any Order approving applications for exemption from registration as a clearing agency attach such document(s) as Exhibit T.

Section X: Request for Confidential Treatment

The registrant is requesting confidential treatment be accorded with respect to certain of the information disclosed, and is furnishing a statement requesting confidential treatment, detailing the specific responses, schedules and exhibits for which confidential treatment is sought, and specifying both the exemptive provision under **the Freedom of Information Act (5 U.S.C. 552(b)) on which the request is based and the considerations which make the exemptive provision applicable to the information for which confidential treatment is requested.**

Section XI: Execution

{Name of Registrant} who is submitting this Form, its schedules, its exhibits and its attachments and the person by whom it is executed represent hereby that all information contained herein is true, current and complete. Submission of any amendment after registration has become effective represents that items 1-3 and any schedules, exhibits and attachments related to items 1-3 remain true, current and complete as previously submitted.

{Name of Registrant} agrees and consents that the notice of any proceedings under Sections 17A or 19 of the Act involving {name of registrant} may be given by sending such notice by registered or certified mail, or by whatever other means are allowed by law, to the person named, and at the address given, in response to item 2.

Date {auto fill}

{Name of Registrant}

By: _____ [Digital Signature] _____

Title _____

FORM CA-1 General Instructions

A. General Instructions for Preparing and Filing Form CA-1

Form CA-1 is to be used by clearing agencies, as defined in Section 3(a)(23) of the Securities Exchange Act of 1934 (“the Act”), which perform the functions of a clearing agency with respect to any security other than an exempted security, as defined in Section 3(a)(12) of the Act, to apply for registration or for exemption from registration or to amend registration with the Securities and Exchange Commission (the “Commission”). As used hereinafter, the term “Form CA-1” includes the form and any required schedules, exhibits or attachments thereto. A response is required for every exhibit. For any exhibit that is inapplicable, a statement to that effect shall be furnished in lieu of such exhibit.

Form CA-1 shall be filed in an electronic format through the Commission’s Electronic Data Gathering, Analysis, and Retrieval System (EDGAR) in accordance with EDGAR rules set forth in Regulation S-T (17 CFR Part 232).

With the exception of certain attachments, Form CA-1 must be provided as an Interactive Data File in accordance with Rule 405 of Regulation S-T. This requirement does not extend to submissions that constitute copies of existing documents other than the financial statements (e.g., the copy of the clearing agency’s currently effective constitution, articles of incorporation or association, by-laws, rules, procedures and instruments corresponding thereto, that is required to be provided as Exhibit E; the copy of a form of participant agreement that is required to be provided as Exhibit P; any reports, assessments, or formal opinions provided by internal or external auditors, attorneys, or similar assessors, or other similar documents that were prepared for a purpose other than submission of the Form CA-1). The requirement to provide Form CA-1 as an Interactive Data File applies to each of the 3 submissions described in General Instruction H below.

In addition, with respect to a clearing agency for which the Commission is not the appropriate regulatory agency, as defined in Section 3(a)(34)(B) of the Act, Section 17(c)(1) of the Act requires such clearing agency to file with the appropriate regulatory agency for such clearing agency a signed copy of any application, document or report filed with the Commission. Each clearing agency should retain an exact copy of Form CA-1 for the clearing agency’s records.

Unless the context clearly indicates otherwise, the terms used in Form CA-1 have the meanings given in the Act.

Unless the context otherwise requires, “registrant” means the entity on whose behalf Form CA-1 is filed, whether filed as a registration, as an application for exemption from registration or as an amendment to a previously filed Form CA-1.

B. Need for Careful Preparation of the Completed Form, Including Schedules and Exhibits

A Form CA-1 which is not prepared and executed in compliance with applicable requirements may be returned as not acceptable for filing. Any filing so returned shall for all purposes be deemed not to have been filed with the Commission. See also Rule 0-3 under the Act (17 CFR 240.0-3). However, acceptance of Form CA-1 shall not constitute a finding that it has been filed as required or that the information submitted is true, current or complete.

Individuals' names, except for executing signatures, shall be given in full wherever required (last name, first name, and middle name). The full middle name is required. Initials are not acceptable unless the individual legally has only an initial.

C. When to Use the Form CA-1

Form CA-1 is comprised of 3 types of submissions to the Commission pursuant to Section 17A(b)(1) of the Act and Rule 17ab2-1 thereunder. In completing the Form CA-1, a registrant shall select the type of filing and provide all information required by the rules and instructions thereunder. For any exhibit that is inapplicable, a statement to that effect shall be furnished in lieu of such exhibit. In submitting this Form, its schedules, its exhibits and its attachments, the registrant and the person by whom it is executed represents that all information contained within is true, current and complete. The types of submissions are:

- (1) Rule 17ab2-1(a) submissions are applications for registration as a clearing agency or for exemption from registration as a clearing agency. If Form CA-1 is being filed as a registration form or an application for exemption from registration, all applicable items are required to be answered in full. If any item is not applicable respond with "none" or "N/A" (not applicable) as appropriate. If the Form is filed as a registration, indicate whether the applicant requests the Commission to consider granting registration in accordance with paragraph (c)(1) of Rule 17ab2-1. If Form CA-1 is being filed as an application for exemption from registration, it must be accompanied by a statement, marked as Exhibit S, demonstrating why the granting of an exemption from registration as a clearing agency would be consistent with the public interest, the protection of investors and the purposes of Section 17A of the Act.

- (2) Rule 17ab2-1(e) submissions shall be filed promptly following the date on which information reported on items 1-3 on Form CA-1 becomes inaccurate, incomplete or misleading. Submission of any amendment after registration has become effective represents that items 1-3 and any schedules, exhibits and attachments related to items 1-3 remain true, current and complete as previously submitted.
- (3) Sec. 17A(b)(1) submissions shall be filed as directed by any Order approving an application for exemption from registration as a clearing agency. Such submissions may include any report, notice or other submission as ordered by the Commission as a condition of granting exemption from registration.

D. Documents Comprising the Completed Form

The completed form filed with the Commission shall consist of Form CA-1, responses to all applicable items, and any schedules and exhibits required in connection with the filing. Each filing shall be marked on Form CA-1 with the initials of the registrant, the four-digit year, and the number of the filing for the year (e.g., CA1-initials-YYYY-XXX).

E. Contact Information; Signature; and Filing of Completed Form

Each time a registrant submits a filing to the Commission on Form CA-1, the registrant must provide the contact information required by Section II of the form. The contact employee must be authorized to receive all contact information, communications and mailings and must be responsible for disseminating that information within the registrant's organization.

Consult the EDGAR Filer Manual for EDGAR filing instructions, including the instructions for becoming an EDGAR Filer.

If Form CA-1 is filed by a corporation, it shall be signed in the name of the corporation by a principal officer duly authorized; if it is filed other than by a corporation it shall be signed by a duly authorized principal of the organization filing the Form. As used in this Form, principal officer means the president, vice president, treasurer, secretary, comptroller or any other person performing a similar function.

The EDGAR receipt confirmation that demonstrates who filed the Form CA-1 shall be preserved pursuant to the requirements of Section 17 of the Act and any rules and regulations thereunder. See, e.g., Rule 17a-1 under the Act (17 CFR 240.17a-1).

Request for confidential treatment.

In responding to, and furnishing the schedules required by, the items on Form CA-1, the registrant may request that confidential treatment be accorded with respect to the information disclosed. The registrant must furnish a statement requesting confidential treatment, detailing the specific responses, schedules and exhibits for which confidential treatment is sought, and specifying both the exemptive provision under the Freedom of Information Act (5 U.S.C. 552(b)) on which the request is based and the considerations which make the exemptive provision applicable to the information for which confidential treatment is requested.

F. Notice

Disclosure to the Commission of the information requested in Form CA-1 (except for the disclosure by an individual registrant of his Social Security number as an IRS Employee Identification Number, which is voluntary) is a prerequisite to the processing of applications for registration or for exemption from registration as a clearing agency.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a current valid control number. Under Sections 17, 17A(b) and 23(a) of the Act and the rules and regulations thereunder, the Securities and Exchange Commission is authorized to solicit the information required to be supplied by this Form from applicants for registration or for exemption from registration as a clearing agency. See 15 U.S.C. 78q, 78q-1(b) and 78w(a).

The information will be used for the principal purpose of determining whether the Commission should grant registration or an exemption from registration or institute proceedings to deny registration. Social Security numbers, if furnished, will be used only to assist the Commission in identifying applicants and, therefore, in promptly processing applications.

It is estimated that a clearing agency will have an average burden of approximately 338 hours completing a new application on the Form CA-1, and 58 hours completing an amendment to an application on the Form CA-1. Any member of the public may direct to the Commission any comments concerning the accuracy of the burden estimate on the facing page of Form CA-1 and any suggestions for reducing this burden.

It is mandatory that an applicant seeking to operate as a clearing agency or as an exempt clearing agency file Form CA-1 with the Commission. It is also mandatory that registrants file amendments to Form CA-1 under Rule 17ab2-1(e).

Information supplied on this Form will be included routinely in the public files of the Commission.