

interruption of exchange trading to afford time for the issuer of the new security to list and register it, or for the exchange to apply for unlisted trading privileges.

Under paragraph (d) of rule 12a-5, after an exchange has taken action to admit any security to trading pursuant to the provisions of the rule, the exchange is required to file with the Commission a notification on form 26. Form 26 provides the Commission with certain information regarding a security admitted to trading on an exchange pursuant to rule 12a-5, including: (1) The name of the exchange, (2) the name of the issuer, (3) a description of the security, (4) the date(s) on which the security was or will be admitted to when-issued and/or regular trading, and (5) a brief description of the transaction pursuant to which the security was or will be issued.

The Commission generally oversees the national securities exchanges. This mission requires that, under section 12(a) of the Act specifically, the Commission receive notification of any securities that are permitted to trade on an exchange pursuant to the temporary exemption under rule 12a-5. Without rule 12a-5 and form 26, the Commission would be unable fully to implement these statutory responsibilities.

There are currently eight national securities exchanges subject to rule 12a-5. While approximately 40 form 26 notifications are filed annually, the reporting burdens are not typically spread evenly among the exchanges.¹ For purposes of this analysis of burden, however, the staff has assumed that each exchange files an equal number (five) of form 26 notifications. Each notification requires approximately 20 minutes to complete. Each respondent's compliance burden, then, in a given year would be approximately 100 minutes (20 minutes/report \times 5 reports = 100 minutes), which translates to just over 13 hours in the aggregate for all respondents (8 respondents \times 100 minutes/respondent = 800 minutes, or 13 1/3 hours).

Based on the most recent available information, the Commission staff estimates that the cost to respondents of completing a notification on form 26 is, on average, \$14.35 per response. The staff estimates that the total annual related reporting cost per respondent is \$71.75 (5 responses/respondent \times \$14.35 cost/response), for a total annual related cost to all respondents of \$574

(\$71.75 cost/respondent \times 8 respondents).

Compliance with rule 12a-5 is required to obtain the benefit of the temporary exemption from registration offered by the rule. Rule 12a-5 does not have a record retention requirement *per se*. However, responses made pursuant to rule 12a-5 are subject to the recordkeeping requirements of rules 17a-3 and 17a-4 of the Act. Information received in response to rule 12a-5 shall not be kept confidential; the information collected is public information.

• Rule 15c1-7—Discretionary Accounts.

Rule 15c1-7 provides that any act of a broker-dealer designed to effect securities transactions with or for a customer account over which the broker-dealer (directly or through an agent or employee) has discretion will be considered a fraudulent, manipulative, or deceptive practice under the federal securities laws, unless a record is made of the transaction immediately by the broker-dealer. The record must include (a) the name of the customer, (b) the name, amount, and price of the security, and (c) the date and time when such transaction took place.

The information required by the rule is necessary for the execution of the Commission's mandate under the Exchange Act to prevent fraudulent, manipulative, and deceptive acts and practices by broker-dealers. This is used by the Commission and the various self-regulatory organizations in compliance examinations to determine whether such trades have occurred.

The Commission estimates that 500 respondents collect information annually under rule 15c1-7 and that approximately 33,333 hours would be required annually for these collections.

Rule 15c1-7 does not have a record retention requirement *per se*. However, responses made pursuant to rule 15c1-7 are subject to the recordkeeping requirements of rules 17a-3 and 17a-4. Compliance with rule 15c1-7 is mandatory. Because the information is gathered by the Commission during compliance examinations, it is accorded confidential treatment pursuant to regulation 200.80(b)(7) under the Freedom of Information Act, 17 CFR 200.80(b)(7).

• Rule 15Aj-1—Amendments and Supplements to Registration Statements of Securities Associations.

Rule 15Aj-1 implements the requirements of sections 15A, 17, and 19 of the Act by requiring every association registered as, or applying for registration as, a national securities association or as an affiliated securities

association to keep its registration statement up-to-date by making periodic filings with the Commission on form X-15Aj-1 and form X-15Aj-2.

Rule 15Aj-1 requires a securities association to promptly notify the Commission after the discovery of any inaccuracy in its registration statement or in any amendment or supplement thereto by filing an amendment to its registration statement on form X-15Aj-1 correcting such inaccuracy. The rule also requires an association to promptly notify the Commission of any change which renders no longer accurate any information contained or incorporated in its registration statement or in any amendment or supplement thereto by filing a current supplement on form X-15Aj-1. Rule 15Aj-1 further requires an association to file each year with the Commission an annual consolidated supplement on form X-15Aj-2.

The information required by rule 15Aj-1 and forms X-15Aj-1 and X-15Aj-2 is intended to enable the Commission to carry out its statutorily mandated oversight functions and to assure that registered securities associations are in compliance with the Act. This information is also made available to members of the public. Without the requirements imposed by the rule, the Commission would be unable to fulfill its regulatory responsibilities.

There is presently only one registered securities association, which registered in 1939, subject to the rule. The burdens associated with rule 15Aj-1 requirements have been borne by only one securities association since rule 15Aj-1 was adopted. Furthermore, the burdens associated with rule 15Aj-1 vary depending on whether amendments and current supplements are filed on form X-15Aj-1 in addition to an annual consolidated supplement filed on form X-15Aj-2. The Commission staff estimates the burden in hours necessary to comply with the rule by filing an amendment or a current supplement on form X-15Aj-1 to be approximately one-half hour, with a related cost of \$12, per response. The Commission staff estimates the burden in hours necessary to comply with the rule by filing an annual consolidated supplement on form X-15Aj-2 to be approximately three hours, with a related cost of \$96. Therefore, the Commission staff estimates that the total annual related reporting cost associated with the rule to be upwards of \$96, assuming a minimum filing of an annual consolidated statement on form X-15Aj-2, with additional filings on form X-15Aj-1 correspondingly increasing such reporting cost.

¹ In fact, some exchanges do not file any notifications on form 26 with the Commission in a given year.