

Rules 13n-1 to 13n-11 and Form SDR

Supporting Statement

A. Justification

1. Necessity of Information Collection

Sections 763(i) and 766(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) require that transactions in securities-based swaps (“SBSs”) be reported to a registered securities-based swap data repository (“SDR”) or the Commission. The Commission is proposing Rules 13n-1 to 13n-11 (“Rules”) as well as Form SDR to create a structure to register SDRs in accordance with this statutory mandate. Under the Rules, an SDR would be required to register by filing a Form SDR. SDRs would also be required to abide by certain minimum standards set out in the Rules, including a requirement to update Form SDR, abide by certain duties and core principles, maintain data in accordance with the Rules, keep their systems in accordance with the Rules, keep records, provide reports to the Commission, maintain privacy, make certain disclosures, and designate a Chief Compliance Officer (“CCO”). There are a number of collections of information contained in these Rules. The information collected in these provisions are necessary to carry out the mandates of the statute and ensure an orderly and transparent market for SBSs.

The Commission is proposing the Rules pursuant to Sections 13(n) and 23(a) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 USC 78m(n) and 78w(a).

2. Purpose of, and Consequences of Not Requiring, the Information Collection

The Rules are part of the Commission’s overall program of administering the SDR requirements of the Exchange Act. The Commission would use the information to (1) help identify SDRs, as well as understand their operations and organizational structure; (2) create tools to help oversee the SBS market; (3) conduct its inspection and examination of SDRs; (4) ensure that SBS market participants understand the risks and protections available to them; and (5) ensure compliance by SDRs of the provisions of the Exchange Act and the rules and regulations thereunder as well as assist the Commission in ensuring such compliance. The Commission would be unable to accomplish these goals without the Rules.

3. Role of Improved Information Technology and Obstacles to Reducing Burden

The Rules are drafted to utilize as much information technology as possible in collecting the information. SDRs would be required under the Rules to file Form SDR electronically with the Commission. Data tagging information in Form SDR would be required and the compliance and financial reports submitted to the Commission by the

CCO to help ensure that users can access data from these collections easily and in a format that is easy to use. SDRs would also be statutorily required to provide direct electronic access to the Commission so that ad hoc requests would be minimized. Over time, the Commission expects that the burden will be reduced due to future technology enhancements. The Commission is not aware of any technical or legal obstacles to reducing the burden through the use of improved information technology.

4. Efforts to Identify Duplication

Section 712(a)(2) of the Dodd-Frank Act provides that, before commencing any rulemaking regarding, among other things, SBSs or SDRs, the Commission must consult and coordinate with the Commodity Futures Trading Commission (“CFTC”) and other prudential regulators for the purposes of assuring regulatory consistency and comparability, to the extent possible. Any person that is required to be registered as an SDR under Exchange Act Section 13(n) must register with the Commission, regardless of whether that person is also registered under the Commodities Exchange Act as a swap data repository. Pub. L. No. 111-203, § 763(i) (adding Exchange Act Section 13(n)(8)). The Commission preliminarily believes that an entity that registers with the Commission as an SDR is likely to register also with the CFTC as a swap data repository. As a result, the Commission staff and the CFTC staff have consulted and coordinated with one another regarding their respective Commissions’ proposed rules regarding SDRs and swap data repositories as mandated by Sections 763 and 728 of the Dodd-Frank Act, respectively. The Commission staff has also consulted and coordinated with other prudential regulators.

5. Effects on Small Entities

The Rules would not have a significant economic impact on a substantial number of small entities.

6. Consequences of Less Frequent Collection

Not applicable.

7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)

Not applicable. The Rule is not inconsistent with 5 CFR 1320.5(d)(2).

8. Consultations Outside the Agency

The Commission has issued a proposing release soliciting comment on the new “collection of information” requirements and associated paperwork burdens. A copy of the proposing release is attached. Further, the Commission has consulted with industry participants for many of the collections of information that would be required by the Rules and has incorporated what it has learned as a result of these consultations into its

burden estimates. The Commission will consider all comments received prior to publishing the final rule as required by 1320.11(f). The public can review comments at <http://www.sec.gov/comments/s7-35-10/s73510.shtml> .

9. Payment of Gift to Respondents

Not applicable.

10. Assurance of Confidentiality

No assurance of confidentiality is provided.

11. Sensitive Questions

There are no questions of a sensitive nature asked.

12. Estimate of Respondent Reporting Burden

The total reporting burden for all of the Rules and Form SDR for all respondents is 462,569 hours initially, with a total annual burden thereafter of 280,145.7 hours. This burden is broken down by collection of information below.

a. Registration Requirements and Form SDR

Proposed Rules 13n-1(b) and 13n-3(a), relating to successor SDRs, would require SDRs to apply for registration using Form SDR and file such form electronically in tagged data format with the Commission in accordance with the instructions contained therein. Further, proposed Rule 13n-1(f) would require SDRs to designate an agent for service of process on Form SDR and proposed Rule 13n-11(a) would require SDRs to identify its CCO on Form SDR. For purposes of the PRA, the Commission estimates that it would take an SDR approximately 400 hours to complete the initial Form SDR with the information required and in compliance with these proposals. The Commission currently estimates that 10 entities will be subject to this burden. Accordingly, the Commission estimates that the one-time initial registration burden for all SDRs would be approximately 4000 burden hours. This collection is a reporting type of collection.

Under proposed Rule 13n-1(g) a non-resident SDR must certify on Form SDR and provide an opinion of counsel that the SDR can, as a matter of law, provide the Commission with access to the books and records of such SDR and can, as a matter of law, submit to onsite inspection and examination by the Commission. This creates additional burdens for non-resident SDRs. We estimate that this additional burden will add 3 hours per respondent. The Commission believes that there will be 3 respondents to this collection, for a total additional burden for non-resident SDRs to comply with proposed Rule 13n-1(g) of 9 hours. This collection is a reporting type of collection.

SDRs would also be required to amend Form SDR pursuant to proposed Rule 13n-1(e) annually as well as when information in certain enumerated items is or becomes inaccurate. Amendments are also required in certain situations involving successor SDRs outlined above pursuant to proposed Rule 13n-3(b). The Commission estimates that the ongoing annualized burden for complying with these registration amendment requirements would be approximately 12 burden hours for each SDR per amendment and approximately 120 burden hours for all 10 SDRs per amendment. The Commission estimates that respondents will be required to file on average 3 amendments per year. Therefore, the Commission estimates that each respondent will have an average annual burden of 36 hours for a total estimated average annual burden of 360 hours. This collection is a reporting type of collection.

b. SDR Duties, Data Collection and Maintenance, Automated Systems, and Direct Electronic Access

Under proposed Rules 13n-4(b)(2) and (4) and 13n-5, SDRs would be required to accept and maintain data received from third parties including transaction data and to calculate and maintain position information. SDRs would be required, pursuant to proposed Rule 13n-4(b)(5), to provide direct electronic access to the Commission or its designees and, pursuant to proposed Rule 13n-4(b)(9), make available data obtained by the SDR to other parties, including certain government bodies. SDRs would also have an obligation under proposed Rules 13n-4(b)(3) and 13n-5(b)(1)(iii) to establish and maintain written policies and procedures reasonably designed to confirm and to satisfy itself by reasonable means that the transaction data that has been submitted to the SDR is accurate. Also, proposed Rule 13n-5(b)(4) would require that SDRs maintain the transaction data for not less than five years after the applicable SBS expires and historical positions for not less than five years. Under the proposal, this obligation would continue even if an SDR withdraws from registration or ceases doing business. SDRs would be required to make and keep current a plan to ensure compliance with this requirement. The Commission estimates that the average one-time start-up burden per SDR of establishing systems compliant with all of these requirements, including the recordkeeping requirements of proposed Rule 13n-5(b)(4), (7), and (8), would be 42,000 hours. Based on the expected number of respondents (10), the Commission estimates a total start-up burden of 420,000 hours. Based on discussions with potential respondents, the Commission further estimates that the average ongoing annual burden of these systems to be 25,200 hours per respondent or a total of 252,000 hours for a total ongoing annual burden. This collection is a recordkeeping type of collection.

Under proposed Rule 13n-4(b)(10), before sharing information with any entity described in new Exchange Act Section 13(n)(5)(G), an SDR must obtain written confidentiality and indemnification agreements. The Commission estimates, for PRA purposes only, that SDRs will need to enter into these agreements on an average of at most 1 time per year. The Commission further estimates that each such agreement, subsequent to the initial one, will require an average of 3 hours to draft. The Commission estimates a total of 10 respondents for this requirement. Thus, the Commission estimates

an average annual burden of 30 hours. This collection is a third party disclosure type of collection.

Each SDR would also be required to establish, maintain, and enforce written policies and procedures, specifically (1) under proposed Rule 13n-5(b)(1), reasonably designed for the reporting of transaction data to the SDR and satisfy itself of the accuracy of such information; (2) under proposed Rule 13n-5(b)(2), reasonably designed to calculate positions for all persons with open SBSs for which the SDR maintains records; (3) under proposed Rule 13n-5(b)(3), reasonably designed to ensure data and calculations are accurate; (4) under proposed Rule 13n-5(b)(5), reasonably designed to prevent any provision in an SBS from being invalidated; and (5) under proposed Rule 13n-6(b)(1), reasonably designed to ensure that the SDR's systems provide adequate levels of capacity, resiliency, and security. While these policies and procedures will vary in exact burden, the Commission estimates that such policies and procedures would require an average of 210 hours per respondent per policy and procedure to prepare and implement. The Commission estimates a total of 10 respondents for this requirement. In sum, the Commission estimates the initial burden for all respondents for all 5 policies and procedures to be 10,500 hours. Once these policies and procedures are established, the Commission estimates that it will take on average 60 hours annually to maintain each of these policies and procedures per respondent, with a total estimated average annual burden of 3,000 hours. This collection is a recordkeeping type of collection.

For each material systems outage, SDRs would be required under proposed Rule 13n-6(b)(3) to promptly notify the Commission and submit to the Commission, after the outage, a written description and analysis of the outage and any remedial measures implemented or contemplated. Also, the definition of "material system outage" refers to a number of documents that would trigger such an event, such as a communication of an outage situation to other external entities and a report or referral of an event to the SDR's board of directors, a body performing a function similar to the board of directors, or senior management. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that the burden imposed by these requirements would be 15.4 hours on average per respondent per year, for a total estimated burden of 154 hours per year. This collection is a reporting type of collection.

Proposed Rule 13n-6(b)(4) would require an SDR to notify the Commission in writing at least thirty days before implementation of a planned material systems change. The Commission estimates that there would be an average of 60 such events per respondent per year. The Commission estimates a total of 10 respondents for this requirement. We estimate that each of these notices would require an average of 2 hours for a total burden for all respondents of 1200 hours annually. This collection is a reporting type of collection.

c. Recordkeeping

SDRs would be required, under proposed Rule 13n-7(a)(1), to make and keep current a record of persons at each office of the SDR that can assist with explaining the

SDR's records as well as, under proposed Rule 13n-7(a)(2), to make and keep current a record listing officers, managers, or persons performing similar functions with responsibility for the policies and procedures of the SDR to ensure compliance with the Exchange Act and the rules and regulations thereunder. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that these records would create an initial burden, at a maximum, of 1 hour per respondent, for a total initial burden of 10 hours. The Commission estimates that the ongoing annual burden would be 0.17 hours (10 minutes) per respondent to keep these records current and to store these documents based on our estimates for similar requirements for broker-dealers. This results in a total ongoing annual burden of 1.7 hours. This collection is a recordkeeping type of collection.

Proposed Rule 13n-7(b) would require each SDR to keep and preserve at least one copy of all documents as shall be made or received by it in the course of its business as such, other than the data collected and maintained pursuant to proposed Rule 13n-5. These records would be required to be kept for a period of not less than five years, the first two years in a place immediately available to Commission staff for inspection and examination. Upon the request of any representative of the Commission, an SDR would be required to furnish promptly documents kept and preserved by it pursuant to proposed Rule 13n-7(a) or (b) to such a representative. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that this storage requirement would create an initial burden of 345 hours for a total initial burden of 3450 hours. The Commission further estimates that the ongoing annual burden would be 279 hours per respondent for a total ongoing annual burden of 2790 hours. This collection is a recordkeeping type of collection.

d. Reports and Reviews

Proposed Rule 13n-6(b)(2) would require SDRs to submit to the Commission an annual objective review with respect to those systems that support or are integrally related to the performance of the SDR's activities. If the objective review is performed by an internal department, an objective, external firm would be required to assess the internal department's objectivity, competency, and work performance. The Commission believes that the annual burden per respondent of conducting an internal audit is approximately 625 hours and that there is an additional 200 hours to oversee and establish the independent review of these audits. The Commission estimates a total of 10 respondents for this requirement. As a result, the Commission estimates the total average annual burden to be 8250 hours for all respondents in total for the collection. This collection is a reporting type of collection.

Under proposed Rule 13n-8, SDRs would be required to report promptly to the Commission, in a form and manner acceptable to the Commission, such information as the Commission determines necessary or appropriate for the Commission to perform the duties of the Commission. For PRA purposes only, the Commission estimates that it will request these reports at a maximum of once per year, per respondent. For PRA purposes only, the Commission estimates that these reports would be limited to information

already compiled under the proposed SDR registration rules and thus would require only 1 hour per response to compile and transmit. The Commission estimates a total of 10 respondents for this requirement. Thus, the Commission estimates, for PRA purposes only, that the total annual burden for these reports to be 10 hours. This collection is a reporting type of collection.

e. Disclosure

Pursuant to proposed Rule 13n-10, SDRs would be required to provide certain disclosures to market participants. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that the average one-time start-up burden per SDR of preparing this disclosure document is 97.5 hours resulting in a total initial burden of 975 hours. The Commission expects that this requirement will result in an annual burden, after the initial creation of the disclosure document, of 1 hour per respondent, with a total annual burden of 10 hours. This collection is a third party disclosure type of collection.

f. Chief Compliance Officer

Under proposed Rule 13n-11(c)(6) and (7), an SDR's CCO would be responsible for, among other things, establishing procedures for the remediation of noncompliance issues identified by the CCO, and establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that on average these two requirements will require 420 hours to create and 120 hours to administer per year per respondent, for a total burden of 4200 hours initially and 1200 hours on average, annually. This collection is a recordkeeping type of collection.

A CCO would also be required under proposed Rule 13n-11(d) and (h) to prepare and submit annual compliance reports to the Commission and the SDR's board of directors. The Commission estimates that these reports will require on average 5 hours per respondent per year. The Commission estimates a total of 10 respondents for this requirement. Thus, the Commission estimates a total annual burden of 50 hours. This collection is a reporting type of collection.

Proposed Rule 13n-11(f) and (g) would require that annual financial reports be prepared and filed with the Commission. The Commission estimates, based on its experience with entities of similar size to the respondents to this collection, that these reports will generally require on average 500 hours per respondent. The Commission estimates a total of 10 respondents for this requirement. Thus, the Commission estimates a total annual burden of 5000 hours. This collection is a reporting type of collection.

The compliance and financial reports submitted to the Commission would be required to be "tagged" pursuant to the requirements of proposed Rule 13n-11. The compliance reports must be filed in a tagged data format in accordance with the

instructions contained in the EDGAR Filer Manual and the financial reports must be provided in XBRL as required in Rules 405(a)(1), (a)(3), (b), (c), (d), and (e) of Regulation S-T. These requirements would create an additional burden on respondents beyond the preparation of these reports. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that these requirements would add an additional burden of an average of 54 hours per respondent per year, creating an estimated total annual burden of 540 hours to tag the data for both the compliance and financial reports that would be required under proposed Rule 13n-11. This collection is a reporting type of collection.

g. Other Provisions Relevant to the Collection of Information

Proposed Rule 13n-4(c)(1)(v) would require SDRs to establish, maintain, and enforce certain policies and procedures to review any prohibition or limitation of any person with respect to access to services offered or data maintained by the SDR and to grant such person access to such services or data if such person has been discriminated against unfairly. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that, on average, this requirement will require 210 hours to create and 60 hours to administer per year per respondent, for a total burden of 2100 hours initially and 600 hours on average, annually. This collection is a recordkeeping type of collection.

Proposed Rule 13n-4(c)(1) also would require SDRs to establish, monitor on an ongoing basis, and enforce clearly stated objective criteria that would permit fair, open, and not unreasonably discriminatory access to services offered and data maintained by the SDR. The Commission estimates that this requirement will require 157.5 hours to create. The Commission estimates a total of 10 respondents for this requirement. This would result in an estimate of an initial burden for this requirement for all respondents of 1575 hours. The Commission estimates that the average annual ongoing burden would be 45 hours each, for a total estimated average annual ongoing burden of 450 hours. This collection is a recordkeeping type of collection.

Proposed Rule 13n-4(c)(2)(iv) would require SDRs to establish, maintain, and enforce written policies and procedures reasonably designed to ensure that the security-based swap data repository's senior management and each member of the board or committee that has the authority to act on behalf of the board possess requisite skills and expertise to fulfill their responsibilities in the management and governance of the security-based swap data repository, to have a clear understanding of their responsibilities, and to exercise sound judgment about the security-based swap data repository's affairs. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that, on average, this requirement will require 210 hours to create and 60 hours to administer per year per respondent, for a total burden of 2100 hours initially and 600 hours on average, annually. This collection is a recordkeeping type of collection.

Proposed Rule 13n-4(c)(3) outlines the proposed conflicts of interest controls that would be required of SDRs. SDRs would be required to establish and enforce policies and procedures reasonably designed to minimize conflicts of interest, including establishing, maintaining, and enforcing written procedures to identify and mitigate potential and existing conflicts of interest in the SDR's decision-making process on an on-going basis and regarding the SDR's non-commercial and commercial use of the SBS transaction information that it receives. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that on average these two requirements will require 420 hours to create and 120 hours to administer per year per respondent, for a total burden of 4200 hours initially and 1200 hours on average annually. This collection is a recordkeeping type of collection.

Proposed Rule 13n-5(b)(6) would require that SDRs establish procedures and provide facilities reasonably designed to effectively resolve disputes over the accuracy of the transaction data and positions that are recorded in the SDR. The Commission estimates that this requirement will require 315 hours to create. The Commission estimates a total of 10 respondents for this requirement. In total, the Commission estimates an initial burden for all respondents of 3150 hours. The Commission estimates the ongoing average annual burden of this requirement to be 90 hours per respondent for a total of 900 hours for the estimated total annual burden for all respondents. This collection is a recordkeeping type of collection.

Proposed Rule 13n-9 relates to the privacy requirements that would be required of SDRs. Proposed Rule 13n-9(b)(1) would require SDRs to establish, maintain, and enforce written policies and procedures reasonably designed to protect the privacy of any and all SBS transaction information that the SDR receives from any SBS dealer, counterparty, or any registered entity. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that on average these two requirements will require 420 hours to create and 120 hours to administer per year per respondent, for a total burden of 4200 hours initially and 1200 hours on average, annually. This collection is a recordkeeping type of collection.

Proposed Rule 13n-9(b)(2) would require SDRs to establish and maintain safeguards, policies, and procedures reasonably designed to prevent the misappropriation or misuse of any confidential data received by the SDR, material, nonpublic information, or intellectual property. At a minimum, this program must limit access to such information, include standards that control persons associated with the SDR in trading for their personal benefit or the benefit of others, and adequate oversight. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that on average this requirement will require 210 hours to create and 60 hours to administer per year per respondent, for a total burden of 2100 hours initially and 600 hours on average, annually. This collection is a recordkeeping type of collection.

13. Estimate of Cost to Respondents

The total cost for all of the Rules and Form SDR for all respondents is \$103,180,700 initially, with a total annual cost thereafter of \$66,127,720. These costs are broken down by collection of information below.

a. Registration Requirements and Form SDR

Under proposed Rule 13n-1(g) a non-resident SDR must certify on Form SDR and provide an opinion of counsel that the SDR can, as a matter of law, provide the Commission with access to the books and records of such SDR and can, as a matter of law, submit to onsite inspection and examination by the Commission. This creates additional costs for non-resident SDRs. We estimate that this additional cost will add \$900 in outside legal costs per respondent. The Commission believes that there will be three respondents to this collection, for a total additional cost for non-resident SDRs to comply with proposed Rule 13n-1(g) of \$2700. This collection is a reporting type of collection.

b. SDR Duties, Data Collection and Maintenance, Automated Systems, and Direct Electronic Access

Under proposed Rules 13n-4(b)(2) and (4) and 13n-5, SDRs would be required to accept and maintain data received from third parties including transaction data and to calculate and maintain position information. SDRs would be required, pursuant to proposed Rule 13n-4(b)(5), to provide direct electronic access to the Commission or its designees and, pursuant to proposed Rule 13n-4(b)(9), make available data obtained by the SDR to other parties, including certain government bodies. SDRs would also have an obligation under proposed Rules 13n-4(b)(3) and 13n-5(b)(1)(iii) to establish and maintain written policies and procedures to confirm and to satisfy itself by reasonable means that the transaction data that has been submitted to the SDR is accurate. Also, proposed Rule 13n-5(b)(4) would require that SDRs maintain the transaction data for not less than five years after the applicable SBS expires and historical positions for not less than five years. Under the proposal, this obligation would continue even if an SDR withdraws from registration or ceases doing business. SDRs would be required to make and keep current a plan to ensure compliance with this requirement. The Commission estimates that the average one-time start-up cost per SDR of establishing systems compliant with all of these requirements, including the recordkeeping requirements of proposed Rule 13n-5(b)(4), (7), and (8), would be \$10 million in information technology costs. Based on the expected number of respondents (10), the Commission estimates a total start-up cost of \$100 million in information technology costs. Based on discussions with potential respondents, the Commission further estimates that the average ongoing annual costs of these systems to be \$6 million per respondent or a total of \$60 million for a total ongoing annual costs. This collection is a recordkeeping type of collection.

Under proposed Rule 13n-4(b)(10), before sharing information with any entity described in new Exchange Act Section 13(n)(5)(G), an SDR must obtain written confidentiality and indemnification agreements. The Commission estimates that these agreements will require four hours per respondent in outside legal costs to create for an

initial outside cost of \$1600 per respondent. The Commission estimates a total of 10 respondents to this requirement. The Commission estimates, for PRA purposes only, that SDRs will need to enter into these agreements on an average of at most 1 time per year. Therefore, the Commission estimates the initial cost for this requirement would be \$16,000. The Commission estimates no ongoing costs. This collection is a third party disclosure type of collection.

Each SDR would also be required to establish, maintain, and enforce written policies and procedures, specifically (1) under proposed Rule 13n-5(b)(1), reasonably designed for the reporting of transaction data to the SDR and satisfy itself of the accuracy of such information; (2) under proposed Rule 13n-5(b)(2), reasonably designed to calculate positions for all persons with open SBSs for which the SDR maintains records; (3) under proposed Rule 13n-5(b)(3), reasonably designed to ensure data and calculations are accurate; (4) under proposed Rule 13n-5(b)(5), reasonably designed to prevent any provision in an SBS from being invalidated; and (5) under proposed Rule 13n-6(b)(1), reasonably designed to ensure that the SDR's systems provide adequate levels of capacity, resiliency, and security. While these policies and procedures will vary in exact cost, the Commission estimates that such policies and procedures would require an average of \$100,000 in outside legal costs to establish. The Commission estimates a total of 10 respondents for this requirement. In sum, the Commission estimates the initial cost for all respondents to be \$1,000,000 for outside legal costs. The Commission estimates no ongoing costs. This collection is a recordkeeping type of collection.

c. Recordkeeping

Proposed Rule 13n-7(b) would require each SDR to keep and preserve at least one copy of all documents as shall be made or received by it in the course of its business as such, other than the data collected and maintained pursuant to proposed Rule 13n-5. These records would be required to be kept for a period of not less than five years, the first two years in a place immediately available to Commission staff for inspection and examination. Upon the request of any representative of the Commission, an SDR would be required to furnish promptly documents kept and preserved by it pursuant to proposed Rule 13n-7(a) or (b) to such a representative. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that this storage requirement would create an initial cost of \$1800 in information technology costs per respondent, for a total initial cost of \$18,000. The Commission estimates no ongoing costs. This collection is a recordkeeping type of collection.

d. Reports and Reviews

Proposed Rule 13n-6(b)(2) would require SDRs to submit to the Commission an annual objective review with respect to those systems that support or are integrally related to the performance of the SDR's activities. If the objective review is performed by an internal department, an objective, external firm would be required to assess the internal department's objectivity, competency, and work performance. The Commission estimates that the annual cost to hire an objective, external firm to be approximately

\$90,000 per respondent annually. The Commission estimates a total of 10 respondents for this requirement. For this reason, the Commission estimates that the average annual cost of compliance with proposed Rule 13n-6(b)(2) for all respondents is approximately \$900,000. This collection is a reporting type of collection.

e. Disclosure

Pursuant to proposed Rule 13n-10, SDRs would be required to provide certain disclosures to market participants. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that the average one-time start-up cost per SDR of preparing this disclosure document is \$4,400 of external legal costs and \$5,000 of external compliance consulting costs, resulting in a total initial cost for all respondents of \$94,000. The Commission estimates no ongoing costs. This collection is a third party disclosure type of collection.

f. Chief Compliance Officer

Under proposed Rule 13n-11(c)(6) and (7), an SDR's CCO would be responsible for, among other things, establishing procedures for the remediation of noncompliance issues identified by the CCO, and establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that a total of \$40,000 in outside legal costs will be incurred to create these policies and procedures per respondent, for a total outside cost of \$400,000. The Commission estimates no ongoing costs. This collection is a recordkeeping type of collection.

Proposed Rule 13n-11(f) and (g) would require that annual financial reports be prepared and filed with the Commission. The Commission estimates, based on its experience with entities of similar size to the respondents to this collection, that these reports will generally cost \$500,000 per respondent for independent public accounting services. The Commission estimates a total of 10 respondents for this requirement. Thus, the Commission estimates a total annual cost \$5,000,000. This collection is a reporting type of collection.

The compliance and financial reports submitted to the Commission would be required to be "tagged" pursuant to the requirements of proposed Rule 13n-11. The compliance reports must be filed in a tagged data format in accordance with the instructions contained in the EDGAR Filer Manual and the financial reports must be provided in XBRL as required in Rules 405(a)(1), (a)(3), (b), (c), (d), and (e) of Regulation S-T. These requirements would create an additional cost to respondents beyond the preparation of these reports. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that these requirements would add an additional cost for these reports of an average of \$22,772 in outside software and other costs per respondent per year, creating an estimated total annual cost

of \$227,720 to tag the data for both the compliance and financial reports that would be required under proposed Rule 13n-11. This collection is a reporting type of collection.

g. Other Provisions Relevant to the Collection of Information

Proposed Rule 13n-4(c)(1)(v) would require SDRs to establish, maintain, and enforce certain policies and procedures reasonably designed to review any prohibition or limitation of any person with respect to access to services offered or data maintained by the SDR and to grant such person access to such services or data if such person has been discriminated against unfairly. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that a total of \$20,000 in outside legal costs will be incurred to create these policies and procedures per respondent for a total outside cost of \$200,000. The Commission estimates no ongoing costs. This collection is a recordkeeping type of collection.

Proposed Rule 13n-4(c)(1) also would require SDRs to establish, monitor on an ongoing basis, and enforce clearly stated objective criteria that would permit fair, open, and not unreasonably discriminatory access to services offered and data maintained by the SDR. The Commission estimates that this requirement will have an outside legal cost of \$15,000 associated with the creation of these criteria. The Commission estimates a total of 10 respondents for this requirement. This would result in an estimate of an initial cost for this requirement for all respondents of \$150,000. The Commission estimates no ongoing cost. This collection is a recordkeeping type of collection.

Proposed Rule 13n-4(c)(2)(iv) would require SDRs to establish, maintain, and enforce written policies and procedures reasonably designed to ensure that the security-based swap data repository's senior management and each member of the board or committee that has the authority to act on behalf of the board possess requisite skills and expertise to fulfill their responsibilities in the management and governance of the security-based swap data repository, to have a clear understanding of their responsibilities, and to exercise sound judgment about the security-based swap data repository's affairs. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that a total of \$20,000 in outside legal costs will be incurred to create these policies and procedures per respondent for a total outside cost burden of \$200,000. The Commission estimates no ongoing costs. This collection is a recordkeeping type of collection.

Proposed Rule 13n-4(c)(3) outlines the proposed conflicts of interest controls that would be required of SDRs. SDRs would be required to establish and enforce written policies and procedures reasonably designed to minimize conflicts of interest, including establishing, maintaining, and enforcing written procedures reasonably designed to identify and mitigate potential and existing conflicts of interest in the SDR's decision-making process on an on-going basis and regarding the SDR's non-commercial and commercial use of the SBS transaction information that it receives. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that a total of \$40,000 in outside legal costs will be incurred to create these controls per

respondent for a total outside cost of \$400,000. The Commission estimates no ongoing costs. This collection is a recordkeeping type of collection.

Proposed Rule 13n-5(b)(6) would require that SDRs establish procedures and provide facilities reasonably designed to effectively resolve disputes over the accuracy of the transaction data and positions that are recorded in the SDR. There would likely be a need for a respondent to consult with outside legal counsel when establishing these procedures and facilities which the Commission estimates to cost \$30,000 per respondent. The Commission estimates a total of 10 respondents for this requirement. In total, the Commission estimates an initial cost for all respondents of \$300,000 in outside costs. The Commission estimates no ongoing cost. This collection is a recordkeeping type of collection.

Proposed Rule 13n-9 relates to the privacy requirements that would be required of SDRs. Proposed Rule 13n-9(b)(1) would require SDRs to establish, maintain, and enforce written policies and procedures reasonably designed to protect the privacy of any and all SBS transaction information that the SDR receives from any SBS dealer, counterparty, or any registered entity. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that a total of \$40,000 in outside legal costs will be incurred to create these policies and procedures per respondent for a total outside cost of \$400,000. The Commission estimates no ongoing costs. This collection is a recordkeeping type of collection.

Proposed Rule 13n-9(b)(2) would require SDRs to establish and maintain safeguards, policies, and procedures reasonably designed to prevent the misappropriation or misuse of any confidential data received by the SDR, material, nonpublic information, or intellectual property. At a minimum, this program must limit access to such information, include standards that control persons associated with the SDR in trading for their personal benefit or the benefit of others, and adequate oversight. The Commission estimates a total of 10 respondents for this requirement. The Commission estimates that a total of \$20,000 in outside legal costs will be incurred to create these safeguards, policies, and procedures per respondent for a total outside cost of \$200,000. The Commission estimates no ongoing costs. This collection is a recordkeeping type of collection.

14. Estimate of Cost to the Federal Government

Not applicable.

15. Explanation of Changes in Burden

Not applicable.

16. Information Collections Planned for Statistical Purpose

Section 13(m)(2) of the Exchange Act requires the Commission to “issue a written report on a semiannual and annual basis to make available to the public information relating to the trading and clearing in the major SBS categories and the market participants and developments in new products.” This section further requires that, in preparing this report, the Commission shall, among other things, use information collected from SDRs (including information subject to this information collection). The provision recently was added to the Exchange Act by the Dodd-Frank Act. The Commission is still considering approaches to meet this statutory requirement and will take further action, as appropriate.

17. Explanation as to Why Expiration Date Will Not be Displayed

Not applicable.

18. Exceptions to Certification

Not applicable.

B. Collection of Information Employing Statistical Methods.

The Rules do not employ statistical methods.