SECURITIES AND EXCHANGE COMMISSION

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

[Release Nos. 33-11342; 34-101925; IC-35420; 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: Final rule.

SUMMARY: The Securities and Exchange Commission ("Commission" or "SEC") is amending its rules 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 amendments 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 amendments 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 requiring that a clearing agency post supplemental material to its website. In addition, the Commission is amending 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 amendments also 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 allowing electronic

signatures in certain broker-dealer filings, and amending the Financial and Operational Combined Uniform Single Report ("FOCUS Report") to harmonize with other rules, make technical corrections, and provide clarifications.

DATES: *Effective date:* March 24, 2025.

Compliance dates: The compliance dates for the rule amendments are discussed in section VIII of this release.

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, Senior 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 Rule 17a-5, Rule 17a-12, Rule 18a-7, 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, and Valentina Minak Deng, Special Counsel; for notices provided pursuant to Rule 3a71-3(d)(1)(vi) and Rule 15fi-3(c) – Carol McGee, Associate Director; John Guidroz, Assistant Director, and Israel Goodman, Senior Counsel; and for reports submitted pursuant to Rule 15fk-1(c)(2)(ii)(A), Kelly Shoop, Branch Chief, and Patrick Bloomstine, Attorney-Adviser, 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 amending its rules 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. This release 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") required 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 SBSD 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, that, among other things, would modernize signature requirements in Exchange Act Rules 17a-5, 17a-12, and 18a-7.[2] The Commission is adopting amendments to or relating to the following rules:

Commission Reference		**CFR Citation (17 CFR)**
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

[1] For purposes of this release, the term "form" means any Commission-created document labeled as a "Form" that is required to be submitted or filed electronically, and the term "filing" means any form, notice, report, or material required to be submitted or filed electronically or required to be posted on an internet website in lieu of being submitted or filed.

[2] The Commission's release also includes 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 2.1, dated Oct. 2023), available at https://www.archives.gov/files/federal-register/write/handbook/ddh.pdf. For rules being amended in this release that contain an uppercase letter in their CFR citations (other than temporary rules like 17 CFR 240.17h-2T), the Commission is amending 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 being redesignated as 17 CFR 240.15fi-3, 17 CFR 240.15Fk-1 is being redesignated as 17 CFR 240.15fk-1, 17 CFR 240.15Aa-1 is being redesignated as 17 CFR 240.15aa-1, and 17 CFR 240.15Aj-1 is being redesignated as 17 CFR 240.15aa-2.

[3] See 15 U.S.C. 77a through 77mm.

	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 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
	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 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
	Form 15A	§ 249.801 (as amended)
	Form 19b-4	§ 249.819

Finally, the Commission is rescinding:

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

[4] See 15 U.S.C. 78a through 78qq.

In developing this release with regard to SBS Entities, the Commission has consulted and coordinated with the 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. Requirements to Electronically File Covered SRO Forms
  A. Form 1
    1. Relevant Statutory Framework
    2. Previous Requirements for Filing Form 1
    3. Requirement to Electronically File Form 1
  B. Form 1-N
    1. Relevant Statutory Framework
    2. Previous Requirements for Filing Form 1-N
    3. Requirement to Electronically File Form 1-N
  C. Form 15A
    1. Relevant Statutory Framework
    2. Previous Requirements for Filing Forms X-15AA-1, X-15AJ-1, and X-15AJ-2
    3. Requirements to Electronically File on Form 15A Information Previously Filed on Forms X-15AA-1, X-15AJ-1, and X-15AJ-2
  D. Form CA-1
    1. Relevant Statutory Framework
    2. Pre-existing Requirements for Filing Form CA-1
    3. Comment Regarding Proposed Changes to Rule 17ab2-1 and Form CA-1
    4. Requirement to Electronically File Form CA-1
    5. Amendments to Rule 17ab2-1
    6. Amendments to Form CA-1 and the Form CA-1 Instructions
  E. Form 19b-4(e)
    1. Relevant Statutory Framework
    2. Background of Rule 19b-4(e)
    3. Previous Requirements for Filing Form 19b-4(e)
    4. Rescission of Form 19b-4(e)
  F. Rule 19b-4(j) and Form 19b-4
    1. Relevant Statutory Framework
    2. Rule Change

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[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."

G. Conforming Technical Amendment to Rule 202.3(b) under the Exchange Act
III. Requirements for Clearing Agencies to Electronically File Covered Supplemental Materials
A. Preexisting Rule 17a-22
B. Amended Rule 17a-22
1. Two-Day Timeframe for Compliance
2. Scope of Supplemental Materials
3. Meaning of "Generally Available"
4. Requirement to "Prominently Post"
IV. 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)
1. Proposed Rule
2. Amended Rule
C. Notice (and Any Amendment, including Notice of Dispute Termination) Provided Pursuant to Rule 15fi-3(c)
1. Proposed Rule
2. Amended Rule
D. Compliance Reports Submitted to the Commission pursuant to Rule 15fk-1(c)(2)(ii)(A)
1. Proposed Rule
2. Final Rule
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
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
1. Number of Signatures on FOCUS Report
2. Electronic Signatures in Rule 17a-5, 17a-12, and 18a-7 Filings
VII. Amendments to Regulation S-T (Including Structured Data Requirements) and Rule 24b-2
A. Amendments to Regulation S-T (Including Structured Data Requirements)
B. Amendments to Rule 24b-2
VIII. Compliance Dates
IX. Paperwork Reduction Act
A. Summary of Collection of Information
1. Form ID
2. Rules 6a-1, 6a-2, 6a-3, and Form 1
3. Rule 6a-4 and Form 1-N
4. Rules 15aa-1 and 15aa-2; Form 15A
5. Rule 17ab2-1 and Form CA-1
6. Rule 19b-4(e) and Form 19b-4(e)
7. Rule 19b-4(j) and Form 19b-4
8. Rule 17a-22
9. Rules 17a-5, 18a-7, and 17a-12
10. Rule 17h-2T
11. Rule 17a-19 and Form X-17A-19
12. Rule 3a71-3(d)(1)(vi)

13. Rule 15fi-3(c)
14. Rule 15fk-1(c)(2)(ii)(A)

B. Use of Information
1. Form ID
2. Rules 6a-1, 6a-2, 6a-3, and Form 1
3. Rule 6a-4 and Form 1-N
4. Rules 15aa-1 and 15aa-2; Form 15A
5. Rule 17ab2-1 and Form CA-1
6. Rule 19b-4(e) and Form 19b-4(e)
7. Rule 19b-4(j) and Form 19b-4
8. Rule 17a-22
9. Rules 17a-5, 18a-7, and 17a-12
10. Rule 17h-2T
11. Rule 17a-19 and Form X-17A-19
12. Rule 3a71-3(d)(1)(vi)
13. Rule 15fi-3(c)
14. Rule 15fk-1(c)(2)(ii)(A)

C. Respondents
1. Form ID
2. Rules 6a-1, 6a-2, 6a-3, and Form 1
3. Rule 6a-4, Form 1-N
4. Rules 15aa-1 and 15aa-2; Form 15A
5. Rule 17ab2-1, Form CA-1
6. Rule 19b-4(e), Form 19b-4(e)
7. Rule 19b-4(j), Form 19b-4
8. Rule 17a-22
9. Rules 17a-5, 18a-7, and 17a-12
10. Rule 17h-2T
11. Rule 17a-19 and Form X-17A-19
12. Rule 3a71-3(d)(1)(vi)
13. Rule 15fi-3(c)
14. Rule 15fk-1(c)(2)(ii)(A)

D. Total Initial and Annual Reporting and Recordkeeping Burdens
1. Form ID
2. Rules 6a-1, 6a-2, 6a-3 and Form 1
3. Rule 6a-4, Form 1-N
4. Rules 15aa-1 and 15aa-2; Form 15A
5. Rule 17ab2-1, Form CA-1
6. Rule 19b-4(e), Form 19b-4(e)
7. Rule 19b-4(j), Form 19b-4
8. Rule 17a-22
9. Rules 17a-5, 18a-7, and 17a-12
10. Rule 17h-2T
11. Rule 17a-19 and Form X-17A-19
12. Rule 3a71-3(d)(1)(vi)
13. Rule 15fi-3(c)
14. Rule 15fk-1(c)(2)(ii)(A)

E. Collection of Information is Mandatory

F. Confidentiality of Responses to Collection of Information

G. Retention Period for Recordkeeping Requirements

X. Economic Analysis

A. Broad Economic Considerations

B. Baseline
1. Affected Entities
2. Paper and Limited Electronic Submission
3. Structured Data
C. Economic Effects
1. Benefits
2. Costs
D. Efficiency, Competition, and Capital Formation
E. Reasonable Alternatives
1. Exempt Certain Entities or Disclosures from Structured Data Requirements
2. Require Structured Data on Form 1-N, Form 15A, and ANE Exception Notices to Same Extent as Structured Documents
3. Replace Inline XBRL Requirements with Custom XML Requirements or Vice Versa
4. Require Structured Data Languages other than Inline XBRL and Custom XML
5. Permit, Not Require, Structured Data for Affected Documents
6. Exempt Smaller Entities from Electronic Submission or Posting Requirements
7. Require SROs to submit Form 19b-4(e) via EDGAR
8. Require the Use of Dedicated Mailbox
XI. Final Regulatory Flexibility Act Analysis
A. Regulatory Flexibility Act Certification
B. Regulatory Flexibility Act Analysis
1. Need for, and Objectives of, the Final Amendments
2. Significant Issues Raised by Public Comments
3. Small Entities Subject to Final Amendments
4. Projected Reporting, Recordkeeping, and Other Compliance Requirements
5. Significant Alternatives
XII. Other Matters
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,

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[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 of Trading and Markets (Jan. 26, 2020, updated Jan. 5, 2021)), available at https://www.sec.gov/news/public-statement/update-commissions-targeted-regulatory-relief-assist-market-participants.

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 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 proposed to amend certain rules and forms to require that a number of the filings be submitted to the Commission electronically on EDGAR using structured data where appropriate.[8] The Commission received comment letters in response to the Proposing Release[9] and, as set forth in more detail below, is adopting the proposed amendments with certain modifications in response to comments.

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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.

8 See Electronic Submission of Certain Materials Under the Securities Exchange Act of 1934; Amendments Regarding the FOCUS Report; Exchange Act Release No. 97182 (Mar. 22, 2023), 88 FR 23920 (Apr. 18, 2023) ("Proposing Release").

9 The comments on the Proposing Release (File No. S7-08-23) are available at https://www.sec.gov/comments/s7-08-23/s70823.htm.

B. Covered SRO Forms

The Commission is requiring, as proposed, that the following forms be filed electronically on EDGAR:

Form	Filer Type	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, including the form and instructions to the form, and 17 CFR 240.6a-1, 17 CFR 240.6a-2, and 17 CFR 240.6a-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 to section 6(g) of the Exchange Act	Exchange	Amend 17 CFR 249.10, including the form and instructions to the form, and 17 CFR 240.6a-4 under 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),[10] and corresponding Exchange Act Rule 15Aj-1 (renumbered 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.

Prior to these amendments, the Commission's regulatory framework required 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

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

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 indexes[11] ("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 prospective SROs, "Filers"), were also required to submit paper-based amendments to their respective forms. The Commission's amendments 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 Rule 6a-1, Rule 6a-2, and Rule 6a-3 under the Exchange Act, a prospective exchange must file on 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 Rule 6a-4 under the Exchange Act, a prospective exchange may register as a Security Futures Product Exchange by filing 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-

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[11] Futures on individual stocks or on narrow-based stock indexes are hereinafter referred to as "security futures products."

15AJ-1 and annual supplements to its registration statement with the Commission on Form X-15AJ-2. Moreover, as required by 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 were required to be submitted to the Commission in a paper-based format. As a result, the prospective and existing SROs, exempt exchanges, and exempt clearing agencies have incurred 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 rescinding the following form, as proposed, and instead requiring that the information currently contained in the form be publicly posted on the relevant SRO's internet website:

Form	**Filer Type**	**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) ("Rule 19b-4(e)").

Previously, Rule 19b-4(e) under the Exchange Act required 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 incurred 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.[12] 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").[13] While the rule continues to support the Commission's oversight of clearing agencies, the rule is being modernized to better reflect the ways in which the registered clearing agencies now generally distribute the supplemental materials required under the rule, as discussed further below.

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.[14] During this period, the Commission has encouraged the dissemination of information electronically via the internet, as well as through the use of automated systems and other services provided by clearing agencies.[15] 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, their participants, and the general public. Most recently, under the Updated Staff Statement described above,[16] registered clearing

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12 See 17 CFR 240.17a-22. Such materials are hereinafter referred to as "supplementary materials."

13 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).

14 See, e.g., The Impact of Recent Technological Advances on the Securities Market (Sept. 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.

15 Id. See also, e.g., Commission Interpretation: Confirmation and Affirmation of Securities Trades; Matching, Exchange Act Release No. 39829 (Apr. 6, 1998), 63 FR 17943 (Apr. 18, 1998), available at https://www.sec.gov/rule-release/34-39829; 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.

16 See supra note 7.

agencies have established alternate arrangements to satisfy the requirements of Rule 17a-22 that do not require the submission of paper filings.

The Commission is now amending Rule 17a-22 to eliminate the paper filing requirement altogether and require a registered clearing agency to post any supplementary materials to its internet website, as discussed further below.[17] The amended rule increases efficiency in the distribution of supplementary materials required under the rule and promotes 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.

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

Form	Filer Type	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.

Certain forms and other filings that the Commission is requiring to be filed on EDGAR by broker-dealers, OTC derivatives dealers, SBSDs, 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.[18] Electronic conversion and/or publication of these filings by Commission staff, to make them available to the public and/or Commission staff, can be labor intensive and time consuming. Requiring submission of these filings on the Commission's established EDGAR filing system will facilitate more efficient transmission,

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17 See generally infra section III.

18 See generally infra section IV.

analysis, dissemination, storage, and retrieval of information, and will benefit the Commission, the submitting entities, investors, and other market participants.

The Commission is requiring the existing EDGAR system to be used for certain filings because Form X-17A-5 Part III and Form 17-H are already permitted to be filed on EDGAR. In turn, this will minimize the burden of transitioning to mandatory filing on EDGAR.

E. Other Forms, Reports, or Notices

Form, Report or Notice	Filer/Submitter Type	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)	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 (Inline eXtensible Business Reporting Language ("Inline XBRL")).

The Commission is adopting amendments requiring the EDGAR system to be used 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); (3) notices made to the Commission pursuant to Rule 15fi-3(c); and (4) reports made pursuant to Rule 15fk-1(c)(2)(ii)(A) under the Exchange Act. Previously, the notices made pursuant to Rule 17a-19 under the Exchange Act and on accompanying Form X-17A-19 were submitted via paper.[19] The notices made pursuant to Rule 3a71-3(d)(1)(vi) were previously filed via email.[20] The notices made to the Commission pursuant to Rule 15fi-3(c) were previously submitted either via email or EDGAR, at the SBS Entity's option, and the reports required under Rule 15fk-1(c)(2)(ii)(A) were previously submitted via email, mail, or EDGAR, at the SBS Entity's option.[21]

F. Structured Data Requirements

The Commission is requiring, as proposed, 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 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 "Structured Documents").[22]

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19 See infra section V.A.

20 See infra section V.B.

21 See infra section V.C. and V.D. 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 does not cause them to be deemed filed for purposes of the Exchange Act. See, e.g., 15 U.S. Code 78r. 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 does not cause the report to be deemed filed for purposes of the Exchange Act.

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

Specifically, the Commission is requiring, as proposed, 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 XBRL structured data language. The Commission is also requiring, as proposed, 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 proposed, these structured documents will be filed or submitted, as appropriate to each document, on EDGAR.[23]

In addition, the Commission is requiring, as proposed, 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 will create and publish on its website for SROs to use.[24] The Commission is also requiring, as proposed, SROs to post a rendered Portable Document Format ("PDF") version of the custom XML document using a PDF renderer that the Commission will also create and publish on its website for SROs to use.[25]

As discussed in further detail below, the structured data requirements will facilitate access to the disclosures by users (e.g., investors, market participants, analysts, and 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.[26]

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23 The details of the structured data requirements, including the specific portions of affected documents that will be structured in Inline XBRL versus custom XML, are discussed in section VII.A below.

24 This requirement will 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.

25 See id.

26 See infra sections VII.A and X.C.

The Commission is requiring, as proposed, some disclosures to be structured in Inline XBRL and other disclosures to be structured in custom XML. While Inline XBRL is well-suited for certain types of content—such as financial statements and extended narrative discussions—other types of content can be readily captured using custom 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 easing compliance burdens on affected entities.[27] Finally, certain of the structured documents—Form X-17A-5 Part III and Form 17-H—were previously partially subject to custom XML structured data requirements when voluntarily filed on EDGAR. For these forms, the Commission is requiring, as proposed, the same custom XML requirements to minimize the associated burdens on registrants that were previously using these languages for these forms.

One commenter stated that the Commission "should make clear that the [Proposing Release] would not modify the content and format of reports that substituted compliance firms are required to submit."[28] The Commission's orders granting substituted compliance ("substituted compliance orders")[29] condition substituted compliance for the requirements of

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27 See infra section X.E.3 (discussing and responding to one commenter's statement that XBRL should be used for all Structured Documents).

28 See Letter from Kyle Brandon, Managing Director and Head of Derivatives Policy, Securities Industry and Financial Markets Association (May 22, 2023) ("SIFMA 5/22/2023 Letter") at 3. See also SIFMA 5/22/2023 Letter at 7. Exchange Act Rule 3a71–6 (17 CFR 240.3a71-6) provides a framework whereby non-U.S. SBS Entities may satisfy certain requirements under Exchange Act section 15F by complying with comparable regulatory requirements of a foreign jurisdiction. Because substituted compliance does not constitute exemptive relief, but instead provides an alternative method by which non-U.S. SBS Entities may comply with applicable Exchange Act requirements, the non-U.S. SBS Entities remain subject to section 15F and the rules thereunder. See, e.g., Amended and Restated Order Granting Conditional Substituted Compliance in Connection With Certain Requirements Applicable to Non-U.S. Security-Based Swap Dealers and Major Security-based Swap Participants Subject to Regulation in the Federal Republic of Germany; Amended Orders Addressing Non-U.S. Security-Based Swap Entities Subject to Regulation in the French Republic or the United Kingdom; and Order Extending the Time To Meet Certain Conditions Relating to Capital and Margin, Exchange Act Release No. 93411 (Oct. 22, 2021), 86 FR 59797, 59798 (Oct. 28, 2021).

29 The Commission's current substituted compliance orders are available on the Commission's website at https://www.sec.gov/tm/Jurisdiction-Specific-Apps-Orders-and-MOU.

certain Exchange Act rules in part on a non-U.S. SBS Entity providing information to the Commission, including reports and other information required by foreign law. The substituted compliance orders do not, however, address how an SBS Entity relying on substituted compliance should provide such information to the Commission (e.g., via EDGAR or in structured data format).[30] Rather, the Commission's website provides information regarding submitting notices and amendments under Rule 15fi-3(c)[31] and the annual report required by Rule 15fk-1(c)[32] as well as filing with the Commission annual audited reports required under local law when applying substituted compliance with respect to paragraph (c) of Rule 18a-7.[33] Prior to the amendments adopted in this release, SBS Entities have been using this information on the Commission's website when providing filings and submissions required under the relevant Exchange Act rules and substituted compliance orders. Therefore, the amendments requiring submission or filing on EDGAR or in structured data format do not modify the terms of the substituted compliance orders and eligible SBS Entities may continue to rely on existing substituted compliance orders regarding the requirements of a relevant rule. However, the instructions on the Commission's website regarding the submission or filing of reports and other information that SBS Entities provide to the Commission pursuant to a substituted compliance order will be updated to specify how an SBS Entity must provide such information to the Commission in a manner consistent with the electronic filing and submission and structured data

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30 To the extent the substituted compliance orders include a requirement regarding the manner or format of reports or information to be provided to the Commission, the substituted compliance orders only require that the report or information should be provided to the Commission in (1) the manner specified on the Commission's website; or (2) in the manner and format required by Commission rule or order. Either way, the specific manner or format for such reports and information to be delivered to the Commission is outside of the substituted compliance orders.

31 See Staff Statement on Submitting Security-Based Swap Valuation Dispute Notices (available at https://www.sec.gov/tm/Security-Based-Swap-Valuation-Dispute-Notices).

32 See Frequently Asked Questions Regarding Chief Compliance Officer Annual Reports Submitted by Security-Based Swap Dealers and Major Security-Based Swap Participants (available at https://www.sec.gov/tm/faqs-cco-annual-reports-sbsd).

33 See Staff Statement on Submitting Notices, Statements, Applications, and Reports for Security-Based Swap Dealers and Major Security-Based Swap Participants Pursuant to the Financial Responsibility Rules (Exchange Act Rules 18a-1 through 18a-10) (available at https://www.sec.gov/tm/staff-statement-on-submissions).

amendments being made in this release. This release does not change the substituted compliance orders.[34]

Certain Structured Documents also include requirements to attach copies of existing documents, such as copies of bylaws, written agreements, user manuals, and listing applications. The Commission is requiring, as proposed, affected entities to file these copies of documents as unstructured PDF attachments to the otherwise structured forms. Requiring affected entities to retroactively structure such existing documents, which were prepared for purposes outside of fulfilling the Commission's disclosure requirements, would have imposed compliance burdens on affected entities that would not have been justified in light of the informational benefits that would have arisen from having such documents in structured form.[35]

Similarly, Forms 1-N and 15A (other than the cover pages—i.e., execution pages—of those Forms) are, as proposed, not 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 have accrued from machine-readability of the disclosures contained therein.[36] Notices filed pursuant to Rule 3a71-3(d)(1)(vi) ("ANE Exception Notices") also are not subject to structured data requirements, as the very limited number of data points in such notices would have lessened the

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34 A commenter asked the Commission to confirm that the amendments to the FOCUS Report in this rulemaking would not affect the Manner and Format Order. See SIFMA 5/22/2023 Letter at 8. The order that specifies the manner and format of filing the FOCUS Report for firms relying on a Commission substituted compliance order will also be amended. See Order Specifying the Manner and Format of Filing Unaudited Financial and Operational Information by Security-Based Swap Dealers and Major Security-Based Swap Participants That Are Not U.S. Persons and Are Relying on Substituted Compliance Determinations With Respect to Rule 18a-7, Exchange Act release no. 93335 (Oct. 14, 2021), 86 FR 59208 (Oct. 26, 2021) ("Manner and Format Order"). In particular, the Manner and Format Order will be amended to specify the following: (1) Firms will complete new lines 1F-1H (commissions on commodity transactions, all other commissions, total commissions) in the Statement of Income section of FOCUS Report Part II. (2) Because box 1754b is being renumbered box JJ34b, firms will complete box JJ34b instead of box 1754b. (3) Firms will complete box 2143b (intangible assets) instead of boxes 3163b (goodwill) and 0426b (other intangible assets) since this release replaces boxes 3163b and 0426b (which are subtypes of intangible assets) with box 2143b. (4) Firms will complete new boxes P793b (common equity tier 1 capital ratio – column A) and P793bb (common equity tier 1 capital ratio – column B), as applicable, due to the addition of this capital ratio to Basel III regulations.

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

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

utility of any functionality enabled by structured data (such as efficient retrieval of individual data points from structured documents).[37]

The Commission received several comments regarding the structured data requirements for the Structured Documents.[38] These included comments related to structured data requirements for specific filings or submissions, comments related to structured data requirements more generally, comments related to the particular structured data languages specified for the Structured Documents, and comments related to the costs, benefits, and burdens arising from the structured data requirements.[39] Each of these comments is discussed subsequently in the appropriate subsection or subsections of the release.[40]

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

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

II. Requirements to Electronically File Covered SRO Forms

The Commission is amending 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

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37 See infra sections V.B.2 and VII.A.

38 See SIFMA 5/22/2023 Letter; Letter from Campbell Pryde, President and Chief Executive Officer, XBRL US (May 22, 2023) ("XBRL Letter"); Letter from Howard Spindel, Senior Managing Director, Integrated Solutions (May 22, 2023) ("Integrated Solutions Letter").

39 See SIFMA 5/22/2023 Letter at 1–7, 9, 11, and 14; XBRL Letter; Integrated Solutions Letter at 1, 2, and 4.

40 For comments related specifically to structured data requirements for Form 1, Form CA-1, Rule 19b-4(e) information, Form X-17A-5 Part III, Form 17-H, Form X-17A-19, Rule 15fi-3(c) notices, and Rule 15fk-1 reports, see infra sections II.A.3 and II.D.5, II.E.4, IV.A, IV.B, V.A, V.C.2, and V.D.2, respectively. For comments related more generally to structured data requirements, see infra section VII.A. For comments related to the economic implications of the structured data requirements, see infra sections X.B.3, X.C.1.b, X.C.1.C., and X.E. A specific discussion of a comment related to substituted compliance and data is contained earlier in this section. See supra notes 28 to 34.

filing to electronic submission of the Covered SRO Forms ultimately will increase efficiencies and decrease costs for Filers with respect to their filing obligations.[41] In addition the electronic filing of the Covered SRO Forms will facilitate the Commission's oversight of SROs by streamlining the process of tracking and reviewing the filings made on the Covered SRO Forms.

The amendments require the Covered SRO Forms to be filed on EDGAR. The Commission is requiring the use of the existing EDGAR system for the Covered SRO Forms because 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 is labor intensive and time consuming. Requiring the submission of these filings on EDGAR will facilitate more efficient transmission, analysis, dissemination, storage, and retrieval of information, and will benefit the Commission, the submitting entities, investors, and other market participants. As a result of the 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 will need to apply for EDGAR access pursuant to the EDGAR Filer Manual[42] in order to file documents on EDGAR.[43]

For each of the Covered SRO Forms, the Commission is adding technical requirements to the form's general instructions to specify when a form is considered incomplete or deficient when filed. Specifically, each Filer is 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 general instructions for each form also set forth what composes a complete filing. For instance, the general instructions for Form 1 now state that a completed

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41 See infra section X.

42 See EDGAR Filer Manual, available at https://www.sec.gov/edgar/filermanual ("EDGAR Filer Manual").

43 As discussed in more detail in the Paperwork Reduction Act section of this release, filers of Covered SRO Forms have not previously made electronic filings on EDGAR. See infra section IX.C.1 (1. Form ID).

form filed with the Commission shall consist of Form 1, responses to all applicable items, and any exhibits required in connection with the filing.

For each of the Covered SRO Forms, the general instructions 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.[44] For Form 1 and Form CA-1, the general instructions 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.[45] For Form 1-N and Form 15A, only the cover page (i.e., execution page) of each form is required to be structured in a custom XML data language, while the remainder of each form remains unstructured. Finally, the information under Rule 19b-4(e)(2)(ii) is required to be provided on the listing SRO's website using a custom XML data language, thus making the information machine-readable.

Structured Data Requirements for Covered SRO Forms

Form	Inline XBRL Requirements	Custom XML Requirements	Unstructured PDF Requirements
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
Form 15A	None	Execution page only	Remainder of form

[44] See also infra section V.A (discussing structured data requirements for Form X-17A-19, which is also filed by SROs).

[45] 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 are required to be included as a PDF attachment, rather than being structured in Inline XBRL or custom XML. See infra sections II.A.3 and II.D.5.

For Form CA-1, Schedule A and Exhibits C, F, H, J, K, L, M, O, R, and S must be filed in Inline XBRL.[46] The execution page and Exhibits A (in part), B, D, E (in part), I, N, and Q must be filed in custom XML.[47] Exhibits A (in part), E (in part), G, P, and T must be filed as unstructured PDF documents.[48]

For Form 1, Exhibits D, E (in part), and I must be filed in Inline XBRL.[49] The execution page, Exhibits C (in part), H (in part), J, K, L, M, N, and the 17 CFR 240.6a-3(b) ("Rule 6a-3(b)") volume reports must be filed in custom XML.[50] Exhibits A, B, C (in part), E (in part), F,

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[46] 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.

[47] 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.

[48] 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, bylaws, 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.

[49] 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 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.

[50] 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

G, H (in part), and the 17 CFR 240.6a-3(a)(1) ("Rule 6a-3(a)(1)") supplemental materials must be filed as unstructured PDF documents.[51] For Forms 15A and 1-N, only the execution page must be filed using a structured data language (custom XML).[52]

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

Structured Data Requirements for Rule 19b-4(e)

Disclosure	**Inline XBRL Requirements**	**Custom XML Requirements**	**Unstructured PDF Requirements**
Rule 19b-4(e) Information	None	Entire Rule 19b-4(e) posting	The entire posting must also be available as a rendered PDF document

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 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).

51 Exhibit A requires copies of the constitution, articles of incorporation or association with all subsequent amendments, and of existing bylaws 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, bylaws, 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 bylaws 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 composing 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).

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

The requirement that the Covered SRO Forms be filed, and information pursuant to Rule 19b-4(e) be posted, using structured data languages allows the Commission and, if applicable, investors, market participants, and other interested parties, to efficiently review and analyze the information.[53] In addition, the requirement to file Covered SRO Forms on EDGAR in a structured data language enables EDGAR to perform technical validations (i.e., programmatic checks to ensure the documents are appropriately standardized, formatted, and complete) upon intake of the documents, which will improve 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 requirement to electronically file the Covered SRO Forms and electronically post the information required pursuant to Rule 19b-4(e) allows 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 will be captured automatically by EDGAR and is text-searchable or machine-readable. The information posted pursuant to Rule 19b-4(e) will be machine-readable as well. As a result, these features will facilitate the Commission's oversight of SROs.

The amendments include no substantive changes 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 amendment 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.

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

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 of investors."[54] Rules 6a-1, 6a-2, and 6a-3[55] under the Exchange Act and Form 1[56] 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. Previous 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 volume, file an application on Form 1 and correct any inaccuracy therein upon discovery.[57] Form 1 contains an execution page as well as 14 exhibits that must be filed by the exchange.[58] 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;

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54 See 15 U.S.C. 78f(a).

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

56 See 17 CFR 249.1.

57 See 17 CFR 240.6a-1.

58 For purposes of this section relating to Form 1, these entities are collectively referred to as "exchanges."

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.[59]

Rule 6a-2 requires a registered national securities exchange or an exempt exchange[60] 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.[61]

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 exchange[62] must file amendments to Exhibits D, I, K, M, and N with the Commission.[63] 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.[64] Further, 17 CFR 240.6a-2(d) ("Rule 6a-2(d)") provides alternative means for satisfying the requirements to file amendments to certain exhibits.[65] 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;[66] (ii) keep the information up to date and make it available to the Commission and the public upon request;[67] or (iii) make the required

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59 See 17 CFR 249.1.

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

61 See 17 CFR 240.6a-2(a).

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

63 See 17 CFR 240.6a-2(b).

64 See 17 CFR 240.6a-2(c).

65 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.

66 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).

67 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).

information available continuously on an internet website controlled by the exchange.[68] 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.[69]

Pursuant to Rule 6a-3, a national securities exchange or an exempt exchange also must file certain supplemental material and reports with the Commission.[70] 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.[71] 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.[72] 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 were previously submitted in paper form.[73]

Form 1 filings are made available to the public.[74] Form 1 filings made pursuant to pre-existing Rule 6a-1 are scanned and the resulting PDF documents are posted on the Commission's

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68 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).

69 See 17 CFR 249.1.

70 See 17 CFR 240.6a-3.

71 See 17 CFR 240.6a-3(a)(1).

72 See 17 CFR 240.6a-3(a)(2).

73 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.

74 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

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

3. Requirement to Electronically File Form 1

The Commission is amending 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.[75] As explained in section II above, among other benefits, these 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 is adopting conforming changes to Rule 3(b)(2) of its Informal and Other Procedures,[76] discussed below,[77] to clarify that defective applications on Form 1 will be returned to the applicant and, although permitted as an option under the current rule, defective applications no longer will be held by the Commission. A description of the Commission's amendments to Rules 6a-1, 6a-2, and 6a-3, Form 1, and the instructions to Form 1 to implement the electronic filing requirement is provided below.

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

The Commission is adding 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 is amending 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

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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."

75 The Commission is also making a technical modification, not included in the Proposing Release, to Rule 232.101 (17 CFR 232.101(a)(1)) to include Form 1 in the list of filings required to be filed electronically.

76 See 17 CFR 202.3(b)(2).

77 See infra section II.G.

accordance with 17 CFR 240.6a-1(e) ("Rule 6a-1(e)").[78] Moreover, the Commission is updating 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 is amending 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 Rule 6a-1(e).

b. Amendments to Form 1 and the Form 1 Instructions

In addition to the revisions to Rules 6a-1, 6a-2, and 6a-3, the Commission is revising and reformatting 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 changes to Form 1 to permit electronic submission to the Commission require minimal modifications to the form, as described below. The Commission also is revising the Form 1 instructions to facilitate the electronic filing and machine-readability of Form 1.[79] As discussed below, these revisions to Form 1 facilitate the filing and use of the information mandated by Form 1 and related Rules 6a-1, 6a-2, and 6a-3.[80]

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78 The Commission also is making a technical amendment to remove two extraneous commas from the text of Rule 6a-2(a). The Commission further is amending 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. This change should facilitate compliance with the Rule 6a-2 requirements by exchanges and exempt exchanges by clarifying and standardizing the means to file any certifications and other information submitted pursuant to paragraph (d) of Rule 6a-2.

79 In addition, the Commission is removing the definition of the word "applicant" from the Form 1 instructions and replacing 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 is making this technical, change to make consistent the terminology used in Form 1.

80 The Commission is also making some technical amendments to what was proposed for Form 1 and Rules 6a-2 and 6a-3. In particular, the Commission is: (1) in Rules 6a-2 and 6a-3, removing the redundant qualifier "of this chapter" from the cross-references to Rule 6a-1(e); (2) in Section I of Form 1, adding the parenthetical "if any" next to "Facsimile"; (3) in Section V of Form 1, capitalizing certain words in the headings of the table of exhibits; (4) in Section V of Form 1, replacing "by-laws" with "bylaws"; (5) in Section V of Form 1 and in the Form 1 General Instructions, replaced "comprising" with "composing"; (6) in the Form 1 General Instructions, updating the estimated hourly burden of completing an initial Form 1

Electronic Form 1 solicits information through prompts on the form. Electronic Form 1 also requires an exchange to attach exhibits via a new exhibit table that is 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 permits 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.[81] The amendments do 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 amendments 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 amendments 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 is requiring 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 posted on such a

application from the old estimate of 891 hours to the new estimate of 901 hours; (7) in the Form 1 General Instructions, clarifying that the estimated hourly burden of 26 hours to prepare a Form 1 amendment refers to Form 1 amendments filed pursuant to Rules 6a-2(a) and 6a-2(c); and (8) in the Form General Instructions, specifying that the estimated hourly burden to prepare a Form 1 amendment pursuant to Rule 6a-2(b) is 40 hours.

81 See 17 CFR 240.6a-2(d).

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 is adding prompts prior to section I that require the exchange to identify the basis for submitting the form. Specifically, electronic Form 1 requires 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;[82] (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.[83] Previously, there was no place on Form 1 for an exchange to indicate the type of filing that it is submitting. For example, previously Form 1 did 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, capturing information regarding the type of Form 1 filing facilitates the exchange's communication with the Commission and helps the Commission more efficiently review Form 1 submissions.

Electronic Form 1 also captures contact information for the exchange and certain individuals. Consistent with the previous version of Form 1, electronic Form 1 requires the

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82 Such consents to an extension of the time period within which the Commission must act 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 will streamline the process for making such a submission. See 15 U.S.C. 78s(a)(1)(B).

83 The Commission also is amending the instructions to Form 1 to add a new section titled "When to Use the Form," which explains when Form 1 filings are required.

exchange to identify contact information for the exchange, a contact employee, and counsel for the exchange. Unlike previous Form 1, electronic Form 1 additionally requires an email address for the contact employee, which could take the form of an email to a specific contact employee or a general email to a group of contact employees. The requirement to provide an email address for the exchange contact employee expedites communications between Commission staff and the relevant exchange.

Electronic Form 1 requires an exchange to electronically attach exhibits by using an exhibit table. The exhibit table contains 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.[84] The information required by the exhibits to electronic Form 1 remains the same as previous 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 is adding new sections III and IV, respectively, to Form 1. Sections III and IV do not add new requirements beyond those currently included in Rules 6a-3(a) and (b). 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 amendments require the filing of this 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 also clarifies that such website must be free and accessible (without any encumbrances or restrictions) by the general public. Likewise, section IV does not change the substance of what

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84 See supra notes 66-68.

must be filed; it merely requires 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 continues 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 existing language under which the exchange consents to service via registered or certified mail at the main or mailing address provided on Form 1 continues to be included in the electronic form.[85]

In addition, electronic Form 1 requires 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 previous requirement to sign and notarize the form is being eliminated because it is unnecessary, not compatible with, and not required for electronic filing on EDGAR.

Finally, electronic Form 1 requires 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 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

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[85] The Commission also is deleting the outdated provision allowing for service of any civil action pursuant to confirmed telegram.

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) must 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 bylaws 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, bylaws, 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, bylaws, 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), must be filed as unstructured PDF documents.

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 structuring requirements will 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 will benefit market participants through enhanced oversight of the exchanges. For example, Commission staff will be able to 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 is warranted. Similarly, Commission staff will be able to 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) will also benefit from direct use of the machine-readable disclosures on Form 1. For example, the structuring requirement for Exhibit I will allow analysts to more quickly and efficiently compare the audited financial statements of exchanges as they determine the exchange on which they list their securities. Without the 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 less efficient and precise process. In addition, the structured data requirement enables 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 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.[86] The probability that, and extent to which, these particular benefits arise from structured Form 1 disclosures could be heightened for Exhibits D and I, which likewise include structured financial statements under the rule amendments. In addition, the particular benefits of structuring data will vary based on the type of disclosures included in each particular Exhibit. Structured numerical disclosures, such as those included on Exhibit I, 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 included on Exhibit E, lend themselves to targeted keyword searching and more sophisticated sentiment analysis.

After consideration, the Commission, as proposed, is requiring Inline XBRL for certain exhibits to Form 1 and custom XML for others because 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, and 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 and maintain machine-readability.[87]

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

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86 See infra section X.C.1.b.

87 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.

disclosures, the use of custom XML data languages is preferable to Inline XBRL, because it yields smaller file sizes and therefore enables more streamlined processing of the information.[88]

Requiring custom XML rather than Inline XBRL for these disclosures is also preferable because it enables EDGAR to generate fillable web forms that 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.[89]

The Commission is requiring exchanges to file copies of existing documents, such as copies of bylaws, written agreements, and listing applications, as unstructured PDF attachments. An unstructured PDF requirement is 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, is likely to 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 structured data requirements are not warranted for these copies of existing documents.

One commenter suggested that all items in Form 1 should be submitted in XBRL, except for copies of existing documents which could be submitted in PDF and linked via tags in an XBRL document.[90] The commenter stated that there were different "flavors" of XBRL such as XML, XHTML (i.e., Inline XBRL), JSON, and CSV, each appropriate for slightly different reporting needs, and that requiring Inline XBRL for Form 1 would be advisable due to the

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

89 See infra sections IX.D.2 and X.C.2.b.

90 See XBRL Letter at 3-4. The commenter agreed that requiring exchanges to retroactively structure existing documents is likely to be overly burdensome. See id. at 4.

financial and narrative data that Form 1 elicits.[91] The Commission agrees with the commenter that Inline XBRL is suitable for financial and narrative data, and is therefore requiring Inline XBRL for those Form 1 exhibits with financial disclosures (i.e., Exhibits D and I) and extended narrative disclosures (i.e., Exhibit E except for the copy of the users' manual). However, the Commission disagrees with the commenter that an Inline XBRL requirement would be more suitable than a custom XML requirement for the other structured Form 1 disclosures.

In that regard, the commenter stated that requiring a custom XML schema designed to fit a single reporting situation—in contrast with XBRL, which is designed for many reporting situations and for which there is a large competitive marketplace of tools to support reporting preparation—must be managed with custom applications, and using such applications will likely be more expensive for filers than using existing XBRL applications.[92] However, the Commission disagrees that the preparation of custom XML Form 1 exhibits must be managed with custom applications, because exchanges will have means of complying with Form 1 custom XML requirements that do not entail the use of such applications. First, exchanges are sophisticated entities and likely have experience encoding disclosures using custom XML schemas without the use of custom applications. Exchanges are likely able to leverage that experience to create custom XML Form 1 exhibits without the need to incur additional expense. Second, exchanges will have the option to forgo creating structuring custom XML Form 1 exhibits altogether, and instead input their disclosures into a fillable web form that EDGAR will make available to Form 1 filers. Exchanges that use the fillable form option will similarly not need to create custom commercial applications to prepare the custom XML exhibits. In either case above, exchanges will be able to comply with the custom XML Form 1 requirements without needing to incur additional expense by creating any application specifically designed to prepare data using the custom XML schema for Form 1 exhibits.

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91 See id. at 4.

92 See id.

The commenter also stated that it would be more efficient for data users to extract data from Form 1 if all the data were structured in Inline XBRL, because software applications would be more easily able to extract data from documents if everything contained in the document were identically structured. The Commission agrees with the commenter that using different structured data languages for Form 1 will make it more difficult 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. Nonetheless, the streamlined data processing associated with the smaller sizes of the custom XML exhibits and execution page, as described earlier in this section, justifies the use of custom XML structuring for some Form 1 exhibits rather than Inline XBRL structuring for all Form 1 exhibits.

With respect to the copies of existing documents proposed to be submitted as PDF documents, the commenter stated that retroactively structuring such documents is likely to be overly burdensome, but that the information could be made more accessible by requiring reporting entities to prepare a single XBRL document with tagged and appropriately labeled links to the various PDF documents.[93] The Commission agrees with the commenter that retroactive structuring of such documents is not justified in light of the burdens on exchanges. The Commission does not agree that requiring exchanges to prepare an XBRL document with tagged and labeled links to the various PDF exhibits is appropriate, because the exhibit table requirement in electronic Form 1 will already provide sufficient accessibility and clarity as to the exhibits contained in Form 1 (including allowing for PDF exhibits) without requiring exchanges to prepare a separate XBRL document. Specifically, the Commission is requiring an exchange filing Form 1 to electronically attach PDF exhibits, identify the name of each PDF exhibit, the

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93 See id. at 2 and 4.

information required by each PDF exhibit, whether alternative means of satisfying the filing of an exhibit are available for that particular PDF exhibit, and whether such alternative means are being used to file that particular PDF exhibit. Because this set of requirements will facilitate Form 1 data users finding and accessing PDF exhibits, the Commission disagrees with the commenter that exchanges should be required to prepare a single XBRL document with tagged links to the various PDF documents with appropriate labels.

B. Form 1-N

1. Relevant Statutory Framework

Section 6 of the Exchange Act[94] 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")[95] to allow the trading of security futures products. Under the CFMA, markets that wish to trade security futures products are regulated jointly by the Commission 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 Commission to become a "Security Futures Product Exchange."[96]

2. Previous Requirements for Filing Form 1-N

Rule 6a-4 under the Exchange Act[97] sets forth the notice registration procedures for Security Futures Product Exchanges and permits futures exchanges to submit a notice registration on Form 1-N.[98] 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

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94 See 15 U.S.C. 78f.

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

96 See 15 U.S.C. 78f(g).

97 See 17 CFR 240.6a-4.

98 See 17 CFR 249.10.

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 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. Requirement to Electronically File Form 1-N

The Commission is amending 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 form.[99] As explained in the introduction to this section,[100] among other benefits, these amendments will increase efficiencies and decrease overall costs[101] 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 amendments to Rule 6a-4, Form 1-N, and the instructions to Form 1-N to implement this electronic filing requirement is provided below.

a. Amendments to Rule 6a-4

The Commission is adding 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.[102]

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99 The Commission is also making a technical modification, not included in the Proposing Release, to Rule 232.101 (17 CFR 232.101(a)(1)) to include Form 1-N in the list of filings required to be filed electronically.

100 See supra introductory text to section II.

101 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, savings from filing these forms electronically rather than in paper is expected to be greater than the costs. See infra X.C.1.a.

102 Regulation S-T governs the electronic submission of documents filed or otherwise submitted to the Commission and encompasses the general rules and regulations for electronic filing via the EDGAR system. See 17 CFR 232.10 through 232.501.

The Commission also is amending the text of Rule 6a-4 to accommodate electronic filing, as well as to make minor corrections and clarifications. Specifically, the Commission is modifying 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 than the "Execution Page," to reflect the shift to electronic filing. The Commission is amending 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 is making conforming changes to Rules 6a-4(b)(5)(i)(A) and (B), and 6a-4(b)(5)(ii) and (iii)(A) and (B) to clarify that certain certifications by the exchange and listing of websites containing information required by Rule 6a-4 are required to be made on electronic Form 1-N. The Commission further is updating 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, 2025. Finally, the Commission is making 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. Amendments to Form 1-N and the Form 1-N Instructions

In addition to the revisions to Rule 6a-4, the Commission is revising and reformatting 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 changes to Form 1-N to permit electronic filing to the Commission require minimal modifications to the form, as described below. The Commission also is revising the Form 1-N instructions to facilitate the electronic filing of Form 1-N on EDGAR. As explained in the introduction to this section,[103] these revisions address when a form is considered incomplete or deficient when filed and use of a custom XML data language for the cover page. These revisions

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[103] See supra introductory text to section II.

to Form 1-N and the Form 1-N instructions will facilitate the filing of the information mandated by Form 1-N and Rule 6a-4.

Electronic Form 1-N solicits information through prompts on the form that are expected to better organize the information collected. Electronic Form 1-N also requires an exchange to attach exhibits (or provide website URL(s) where applicable) via a new exhibit table that is part of electronic Form 1-N. The exhibit table contains 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 permits 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. 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.[104] The amended rule does 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, those exhibits need 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, those certifications and details need 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

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104 See 17 CFR 240.6a-2(b)(5).

applicable, the Commission is requiring 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 is adding prompts prior to section I that require the exchange to identify the basis for submitting Form 1-N. Specifically, electronic Form 1-N requires 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 is amending the instructions to Form 1-N to add a new section titled "When to Use the Form," which explains 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. Capturing information regarding the type of Form 1-N filing: (1) enhances the exchange's communication with the Commission; (2) helps the Commission more efficiently review Form 1-N submissions; and (3) facilitates the searching and sorting through of Form 1-N submissions by other potential users such as market participants and investors.

Electronic Form 1-N also captures contact information for the exchange and certain individuals. Consistent with previous Form 1-N, electronic Form 1-N requires the exchange to identify contact information for the exchange, a contact employee, and counsel for the exchange. Unlike previous Form 1-N, electronic Form 1-N additionally requires an email address for the

contact employee and an email address for the exchange's counsel. The requirement to provide an email address for the exchange contact employee and the exchange's counsel expedites 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 is adding new sections III and IV, respectively, to Form 1-N.[105] Sections III and IV 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 provides 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 do not add new requirements beyond those previously included in Rule 6a-4(c). 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 amended rule requires 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 also clarifies that such website must be free and accessible (without any encumbrances or restrictions) by the general public. Likewise, section IV does not change the substance of what must be reported; it merely requires the reporting of information required under Rule 6a-4(c) to be made on electronic Form 1-N instead of in paper format.

Furthermore, electronic Form 1-N continues 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 previous language under which the Security Futures Product Exchange

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[105] The Commission is not including a question mark inadvertently introduced into Section III of Form 1-N when proposed. The Commission is also making technical amendments to Rule 6a-4(a)(1)(ii) to change the words "market place" to "marketplace" and Rule 6a-4(c)(1)(ii) to change the word "Internet" to "internet."

consents to service via registered or certified mail at the main or mailing address provided on Form 1-N continues to be included in the electronically filed form.[106]

In addition, electronic Form 1-N requires 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 previous requirement to sign and notarize the form is being eliminated because it is unnecessary, not compatible with, and not required for electronic filing through EDGAR.[107]

Finally, electronic Form 1-N requires 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 are able to input their execution page disclosures into a fillable web form that EDGAR subsequently converts to custom XML. Structuring the execution page in custom XML improves 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 is not 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.[108]

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106 The Commission also is deleting the outdated provision allowing for service of any civil action pursuant to confirmed telegram.

107 The Commission is making a technical amendment to Section I of electronic Form 1-N to add the words "(if any)" after Item 4 "Facsimile." The Commission is making a technical amendment to Section V of electronic Form 1-N under the column for "information Required by the Exhibit" relating to Exhibit H, changing the words "primarily engage" to "primarily engaged." The Commission is making a technical amendment to Section V of electronic Form 1-N to replace the words "by-laws" with "bylaws." The Commission is making a technical amendment to Section V of electronic Form 1-N by capitalizing certain words in the headings of the table of exhibits. Lastly, the Commission is making a technical amendment to the Form 1-N General Instructions to replace "comprising" with "composing."

108 See infra section IX.C.3.

C. 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.[109] 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.[110] 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.[111] 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.[112] 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 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

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109 See 15 U.S.C. 78o-3.

110 See 15 U.S.C. 78o-3(b).

111 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.

112 See 17 CFR 249.801.

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.[113]

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.[114]

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

Prior to these amendments, an applicant for registration as a national securities association was required to file a registration statement and exhibits with the Commission on Form X-15AA-1 in triplicate.[115] Every association applying for registration or registered as a national securities association was 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 had to be made in triplicate, at least one copy of which had to be signed and attested in the same manner as was required in the case of the original registration statement.[116] Every association applying for registration or registered as a national securities association was required to file Form X-15AJ-2 with the Commission promptly after March 1 of each year. [117]

The information collected by these forms was substantially similar: Form X-15AA-1, the registration statement for registration as a national securities association, requests 29 items of

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113 See Exchange Act Rule 15Aj-1(a) and (b), 17 CFR 240.15Aj-1(a) and (b). These filings were 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).

114 See Exchange Act Rule 15Aj-1(c), 17 CFR 240.15Aj-1(c). These filings were 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, bylaws, rules, and related documents of the association, once every three years.

115 See 17 CFR 240.15Aa-1.

116 See 17 CFR 240.15Aj-1.

117 See 17 CFR 240.15Aj-1(c).

information and includes 3 exhibits;[118] 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;[119] 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 was not required by Form X-15AA-1.[120]

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

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

As discussed in detail below, the Commission is amending Rule 15Aa-1 and redesignating it as Rule 15aa-1,[121] redesignating Rule 15Aj-1[122] as Rule 15aa-2, redesignating Form X-15AA-1 as Form 15A, amending the instructions to new Form 15A, and repealing Forms X-15AJ-1 and X-15AJ-2 in connection with the Commission's requirement that applicants and national securities associations electronically file on a duly executed Form 15A the information currently filed on Forms X-15AA-1, X-15AJ-1, and X-15AJ-2.[123] As stated above in the introduction to this section II, among other benefits, revising the forms relating to registration as a national securities association will increase efficiencies and decrease costs incurred by applicants for registration as a national securities association and by national

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118 See 17 CFR 249.801.

119 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 with which the applicant or reporting association is affiliated. In addition, Form X-15AA-1 asked the applicant to state its reasons for believing that such affiliation will be granted. Form X-15AA-1 also required the applicant to estimate the annual dollar volume of transactions effected by members of the applicant association.

120 See 17 CFR 249.803. Form 15A requires the inclusion of the date of the filing. Capturing the date (in a structured manner) will 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)).

121 See 17 CFR 240.15Aa-1.

122 See 17 CFR 240.15Aj-1.

123 The Commission is also making a technical modification to 17 CFR 232.101(a)(1) to include Form 15A in the list of filings required to be filed electronically. The Commission is making technical amendments to hyphenate "up-to-date" in three locations within Rule 15aa-2(c)(1)(ii), capitalize "Items" in Rule 15aa-2(b)(3) and on Form 15A, and to replace "comprising" with "composing" in the Form 15A General Instructions.

securities associations.[124] In addition, the amendments will facilitate Commission review of the information to be provided on Form 15A.

To facilitate electronic filing of Form 15A, the Commission is amending Rule 15Aa-1 to require electronic filing. The amendments to Rule 15Aa-1 require that filings 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 amendments to Rule 15Aa-1 align the electronic filing requirements with changes being adopted under Rule 6a-1 (regarding Form 1 submissions) as well as the amendments to Rule 17ab2-1, which set forth the electronic filing requirements for Form CA-1 submissions.[125] As stated above, the Commission further is redesignating Rule 15Aj-1[126] as Rule 15aa-2.

b. Form 15A

The Commission is redesignating Form X-15AA-1 as Form 15A and is incorporating in 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 solicits information through prompts on the form that better organize the information that is currently collected through Forms X-15AA-1, X-15AJ-1, and X-15AJ-2, which should make it easier for respondents to comply with the filing requirements. Furthermore, exhibits are required to be electronically uploaded to EDGAR. Among other benefits as detailed in the Economic Analysis,[127] the amendments will increase efficiencies and decrease costs by consolidating substantially similar information currently filed on three paper forms into one electronic form.

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124 See supra section II.

125 See also amendments to Rule 6a-4.

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

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

Because the information currently filed on the three forms will be captured entirely on Form 15A, the Commission also is repealing Forms X-15AJ-1 and X-15AJ-2.[128]

New Form 15A contains eleven sections. Preceding section I of Form 15A, the new form contains prompts that require the association to note the basis for submitting the form. The prompts indicate whether the submission is an initial application filed pursuant to Rule 15aa-1 or an amendment or supplement – which currently are filed on Form X-15AJ-1 or X-15AJ-2, respectively – pursuant to new Rule 15aa-2. Section I is titled "Organization," and it solicits the following information about the association: (i) its name; (ii) its statutory address, principal executive 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 new Form 15A, the association could provide a certification that the information can be obtained in a publication.[129] The information solicited in section I is the same as that solicited in Items 1 through 6 on current Form X-15AA-1.

Section I also requires the association to attach Exhibits A through D. Exhibit A requires the association to attach copies of its corporate governance documents (e.g., constitution, bylaws), or in lieu of filing such documents, the association could provide a certification that the

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[128] 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). The Commission did not adopt any final rule based on that proposal.

[129] See 17 CFR 240.15aa-2(c)(1)(ii)(A), as amended.

information may be obtained in a publication[130] or that the information is kept up to date and available to the Commission and the public upon request.[131] Exhibit A of new Form 15A solicits the same information as Exhibit A of current Form X-15AA-1 but reflects additional ways that the association could satisfy its filing obligation. Exhibit B requires 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 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 new Form 15A solicits the same information as Exhibit B of current Form X-15AA-1. Exhibit C requires 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 is 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.[132] Exhibit C of new Form 15A solicits the same information as Exhibit C of current Form X-15AA-1, and adds 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 new Form 15A solicits 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,

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130 See id.

131 See 17 CFR 240.15aa-2(c)(1)(ii)(B), as amended.

132 See 17 CFR 240.15aa-2(b)(3), as amended.

lists or other records of changes when, as, and if such records are made available to members of the association, as required by new Rule 15aa-2(d)(2).

Sections II through IX of new Form 15A solicits information about specific association rules and other information that is currently solicited on Form X-15AA-1. Section II is titled "Membership" and requires the association to cite the specific rule(s) of the association addressing membership requirements, such as any rule restricting membership. Section II poses the same questions about the association's membership rules as Items 7 through 10 of current Form X-15AA-1. Section III is titled "Representation of Membership" and requires 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 is titled "Dues and Expenses" and requires 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 is titled "Business Conduct and Protection of Members." This section requires 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 solicits 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 poses the same questions about business conduct and the protection of members as Items 13 through 23 of current Form X-15AA-1.

Section VI is titled "Disciplining of Members" and requires the association to cite the specific rule(s) of the association that addresses member discipline. Section VI poses the same questions about member discipline as Items 24 and 25 of current Form X-15AA-1. Section VII is titled "Affiliated Associations" and requires the association to cite the specific rule(s) of the association that provide for the admission of registered affiliated securities associations. Section VII poses the same question as Item 26 of current Form X-15AA-1. Section VIII is titled "Miscellaneous" and requires 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 new Form 15A poses the same questions as Items 27 and 28 of current Form X-15AA-1. Section IX is titled "Additional Information for Registration as an Affiliated Securities Association" and applies only to applications submitted for registration as an affiliated securities association. Section IX requires 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 new Form 15A poses the same questions as Items 29 and 30 of current Form X-15AA-1.

Section X requires the association to provide the contact information for its contact employee, and section XI provides the signature block and attestation. Consistent with the amendments to Form 1, Form 1-N, and Form CA-1, the entity filing new Form 15A consents 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 also requires 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 is amending the instructions for new Form 15A to include general directions for preparing and filing the form, describe the seven types of submissions that may be made under new Rules 15aa-1 and 15aa-2, and set forth the items, exhibits, and schedules required to be filed for each type of submission.

Finally, Form 15A requires the execution page to be filed in a custom XML data language specific to Form 15A. As with the other Covered SRO Forms, filers are able to input their execution page disclosures into a fillable web form that EDGAR will subsequently convert to custom XML. Structuring the execution page in custom XML should 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 new Form 15A is not 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.[133] The Commission did not receive comment on these proposals and for the reasons discussed above is adopting them as proposed.

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.[134] Section 17A(b)(2) of the Exchange Act[135] 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

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133 See infra section IX.C.4.

134 See 15 U.S.C. 78q-1.

135 See 15 U.S.C. 78q-1(b)(2).

Exchange Act[136] 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.

2. Pre-existing Requirements for Filing Form CA-1

Previously, the Commission adopted Rule 17ab2-1[137] and Form CA-1,[138] pursuant to section 17A(b)(2) of the Exchange Act, in order to set forth the requirements for registration as a clearing agency or for an exemption from registration as a clearing agency under section 17A. 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.[139]

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

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136 See 15 U.S.C. 78s(a).

137 See 17 CFR 240.17ab2-1.

138 See 17 CFR 249b.200.

139 See 17 CFR 240.17ab2-1(a).

purposes of section 17A, including the prompt and accurate clearance and settlement of securities transactions and the safeguarding of securities and funds.

3. Comment Regarding Proposed Changes to Rule 17ab2-1 and Form CA-1

The Commission received one comment specifically addressing the proposed changes to Rule 17ab2-1 and Form CA-1[140] which was generally supportive of the proposal and described it as "an effort[] to reduce the burden on registrants by modernizing filing requirements and forms to make submission more streamlined and cost-effective."[141] The commenter focused on how the proposed Form CA-1 changes, inclusive of Rule 17ab2-1, would impact its requirements to make periodic amendments as a registered clearing agency. The commenter stated that it does not anticipate that the proposed structured data requirements will present obstacles or be burdensome for registered clearing agencies filing routine amendments to Form CA-1, but it did seek clarification on the requirement under Item 2 for submission of an email address. Specifically, the commenter sought to clarify whether a registrant may provide a dedicated (i.e., general) email account in lieu of an individual person's email account in order to comply with this requirement. The commenter stated several benefits to the use of a dedicated email account, including allowing for routing to multiple individuals, uninterrupted monitoring even during personnel transitions, and protection from spamming.

The amendments permit either an individual or dedicated email account to be used. The email address requirement for the person in charge of the registrant's clearing agency activities is to facilitate communication with the person who is able to furnish information about the clearing agency activities. As long as the person in charge of the registrant's clearing agency activities is able to receive and send information at that email address, such an email address meets the

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140 See Letter from Megan Malone Cohen, General Counsel and Corporate Secretary, Options Clearing Corporation (May 22, 2023) ("OCC 5/22/2023 Letter").

141 See id. at 1.

purposes of that requirement. The change does not impose any requirements on how an applicant, registrant, or exempt clearing agency chooses to structure its internal email account system to follow a naming convention, manage access, or contain forwarding rules for emails to one or more persons. If the person who is in charge of the registrant's clearing agency activities can receive and send information through all the contact information provided on the Form CA-1, including the email account, this requirement will be met.

Consistent with the general support by the commenter for the benefits of the proposed changes to Rule 17Ab2-1 and Form CA-1, and the acknowledgement by the commenter that it does not create obstacles, for the reasons discussed in this section, the Commission is adopting these changes as proposed, as further described below, because of their benefits.

4. Requirement to Electronically File Form CA-1

The Commission is revising 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 revisions therefore 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 revised rule and form revisions increase efficiencies and decrease costs related to the filing of Form CA-1 and amendments thereto by both registered and exempt clearing agencies, and the Commission's review of filed Forms CA-1 and amendments thereto.[142] In addition, while exempt clearing agencies are not subject to the SRO rule filing

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142 See supra section I.B.

process under section 19(b) of the Exchange Act,[143] certain exempt clearing agencies are currently subject to electronic filing requirements under Regulation SCI.[144] Consequently, requiring these entities to file electronically Form CA-1 and amendments thereto is consistent with existing requirements for these entities under Regulation SCI.

5. Amendments to Rule 17ab2-1

The Commission is revising Rule 17ab2-1 to require electronic filing of Form CA-1. Specifically, the Commission is revising 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 composed of a name, executed, adopted or authorized as a signature). Additionally, paragraph (g) specifies 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 also specifies that a filing would be deemed timely filed if it is required to be filed on a day that is not a business day and is filed on the next available business day. As stated above in the introduction to section II, among other benefits, revising the forms relating to registration as a clearing agency increases efficiencies and decreases costs incurred by applicants for registration as a clearing agency.

6. Amendments to Form CA-1 and the Form CA-1 Instructions

Electronic Form CA-1 solicits information through prompts on the form that should better structure the information collected. In addition, electronic Form CA-1 requires exhibits to be attached through a new exhibit table that is part of electronic Form CA-1. Further, all

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143 See 15 U.S.C. 78s(a) and (b).

144 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).

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. Prompts are being added prior to section I of the form that require the registrant to note the basis for submitting Form CA-1. Specifically, electronic Form CA-1 requires 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 agency[145] 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 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;[146] (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 is requiring a registrant to indicate the type of filing to 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 is modifying Form CA-1 to add a requirement for information about a contact employee. Amended Form CA-1 requires the name, title, email address, and

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145 If the registrant is applying for registration as a clearing agency, the changes to Form CA-1 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.

146 See 15 U.S.C. 78s(a)(1)(B).

telephone number of an employee prepared to respond to questions about the Form CA-1 submission.[147] The Commission is requiring information about a contact employee to facilitate communication between the registrant and the Commission. Similarly, the Commission is requiring the email address of the person in charge of the registrant's clearing agency activities to facilitate communication between the registrant and the Commission. As described above, the amendments permit the use of dedicated, general email accounts as long as the person in charge can send and receive information from the email provided to the Commission on the Form CA-1.[148]

In addition, revised Form CA-1 requires 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.[149] There are also sections that may be applicable to 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, adopted Form CA-1 preserves 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 adopting new paragraph (j) to Rule 24b-2 to require that a filer not omit the confidential portion from the material filed in

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147 The Commission is making the following technical changes: (1) capitalizing "Item" in the General Instructions to Form CA-1, Form CA-1, and in Rule 17ab2-1(e); (2) replacing "comprising" with "composing" and "comprised" with "composed" in the General Instructions to Form CA-1 and Form CA-1; (3) replacing "comprising" with "composed of" in Rule 17ab2-1(g)(2); and (4) in Section B of the General Instructions to Form CA-1, replacing the phrase "The full middle name is required" with "The full middle name, if one exists, is required" to be clear that a full name can be provided without a middle name when an individual does not have a middle name.

148 See supra note 140 and accompanying text.

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

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 omitting 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 paragraph (b) of Rule 17ab2-1 that has since expired—to perform the functions of a clearing agency unless registered or exempt.[150] 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 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, it is no longer necessary to include Item 7(b) on Form CA-1.

The Commission also is revising the instructions to Form CA-1 to facilitate the electronic filing of Form CA-1. The revised form instructions do 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.

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[150] Paragraph (b) of Rule 17ab2-1 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).

Further, the revised instructions do 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 date-of-filing provision being added to Rule 17ab2-1, which provides 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, it is not relevant to the electronic filing process. The Commission is requiring a registered or exempt clearing agency to electronically file a full exhibit to help facilitate the performance of the Commission's regulatory functions because the Commission is 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 Inline XBRL requirement for certain Form CA-1 exhibits further facilitates this comparison process, because Inline XBRL allows 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 is deleting the reference to pagination that is currently in Item III, paragraph 13.

In addition, Form CA-1 and the instructions to Form CA-1 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 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.[151]

Finally, Form CA-1 requires 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 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, bylaws, 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) also must 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, bylaws, rules, procedures, and instruments corresponding thereto), G (copies of contracts with exchanges, national securities associations, and securities markets), P (copies of contracts

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[151] The provision on page 3 of the Form CA-1 allowing for service of any civil action pursuant to confirmed telegram is deleted.

governing subscription terms), and T (submissions to the Commission required as directed in any approval order) are filed as unstructured PDF documents.

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 structuring requirements should 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 will benefit market participants through enhanced oversight of clearing agencies. Market participants (such as broker-dealers, analysts, and other clearing agencies) will 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 structured data requirements, these types of analyses would need to be performed 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 structured data requirement enables 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.[152] The probability that, and extent to which, these particular benefits arise from structured Form CA-1 disclosures could be heightened for Exhibit H, which likewise includes structured financial statements. In addition, the particular benefits of structuring data likely vary based on the type of disclosures included in each particular Exhibit. Structured numerical disclosures, such as those 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 included on Exhibit K, lend themselves to period-over-period redline comparisons, targeted keyword searching, and more sophisticated sentiment analysis.

After consideration, the Commission, as proposed, is requiring Inline XBRL for certain exhibits to Form CA-1 and custom XML for others, because 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.

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 use of custom XML is preferable to Inline XBRL, because it yields smaller file sizes and therefore enables more streamlined processing of

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[152] See infra section X.C.1.b.

the information.[153] Requiring custom XML rather than Inline XBRL for these disclosures is also preferable because it will enable EDGAR to generate fillable web forms that 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 Commission is requiring clearing agencies to file copies of existing documents, such as copies of bylaws, written agreements, and contracts governing subscription terms, as unstructured PDF attachments. The Commission is not requiring clearing agencies to retroactively structure these existing documents, which were prepared for purposes outside of fulfilling the Commission's disclosure requirements, because such a requirement will 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, structured data requirements are not warranted for these copies of existing documents.

One commenter agreed that the proposed structured data requirements for Form CA-1 would not present obstacles or be burdensome for clearing agencies.[154] Another commenter recommended that all items in Form CA-1 be submitted in Inline XBRL, except for copies of existing documents which could then be submitted in PDF format and linked via tags in an XBRL document.[155] The commenter stated that requiring a single data language would lead to efficiencies in both reporting and data extraction and identified Inline XBRL as the most suitable option for the information reported on Form CA-1, because much of it is financial and

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153 See also infra section X.E.4 (discussing other structured data languages that would result in smaller file sizes than Inline XBRL, and the reasons why the Commission has not required the use of such data languages under the rule amendments).

154 See OCC 5/22/2023 Letter at 2.

155 See XBRL Letter at 4-5. The commenter agreed that there would not be sufficient value in retroactively structuring existing documents.

narrative.[156] The Commission agrees with the commenter that Inline XBRL is suitable for financial and narrative data, and is therefore requiring Inline XBRL for those Form CA-1 exhibits with financial disclosures (i.e., Exhibit H) and extended narrative disclosures (i.e., Schedule A and Exhibits C, F, J, K, L, M, O, R, and S). However, the Commission disagrees with the commenter that an Inline XBRL requirement would be more suitable than a custom XML requirement for the other structured Form CA-1 disclosures.

In that regard, the commenter stated that, whereas there is a large competitive marketplace of tools to support XBRL preparation which can be leveraged for any reporting application, use of a custom XML schema for some Form CA-1 disclosures will require the creation of a new application specifically designed for a 2-step data extraction process that involves preparing and extracting data using a custom XML schema.[157] The Commission disagrees with the characterization by the commenter that a new application would need to be specifically designed to prepare data using that schema. Clearing agencies will have means of complying with Form CA-1 custom XML requirements that do not involve the creation of a new application. First, clearing agencies will be able to create custom XML CA-1 documents internally without the use of custom applications; because, similar to exchanges as discussed above, clearing agencies are sophisticated entities that likely have experience encoding disclosures using custom XML schemas without needing to create new custom applications. Second, clearing agencies (like exchanges) will have the option to forgo creating structured custom XML Form CA-1 exhibits altogether, and instead input their disclosures into a fillable web form that EDGAR will make available to Form CA-1 filers. Clearing agencies that use the fillable form option will similarly not need to procure or pay for custom commercial applications to prepare the custom XML data required by those Form CA-1 exhibits. In either of the above cases, clearing agencies will be able to comply with the custom XML Form CA-1 requirements

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156 See id.

157 See id.

without any need for creation of a new application specifically designed to prepare data using the custom XML schema for Form CA-1 exhibits.

The commenter also stated that it would be more efficient for data users to extract data from Form CA-1 if all the data were structured in Inline XBRL, because this would result in a one-step extraction process rather than a two-step extraction process. The Commission agrees with the commenter that using different structured data languages for Form CA-1 will add an additional step to the extraction of the structured data (making it a one-step extraction process rather than a two-step extraction process), because data users will need to run conversion processes to incorporate the Inline XBRL disclosures on Form CA-1 into the same datasets and applications as the custom XML disclosures filed on Form CA-1. Nonetheless, the streamlined data processing associated with the smaller sizes of the custom XML exhibits and execution page, as described earlier in this section, justify any such drawbacks.

With respect to the execution page, the commenter referenced the Commission's existing requirements for public companies to tag cover page information in periodic reports in Inline XBRL, and questioned why the Commission has chosen not to follow that precedent for Form CA-1.[158] Several other existing Commission disclosure forms, such as electronic Form X-17A-5 Part III, electronic Form 17-H, and the SBSE Forms, use custom XML execution pages.[159] The Commission is similarly requiring custom XML rather than Inline XBRL for the Form CA-1 execution page because while Inline XBRL is particularly suitable for financial statements or extended narrative disclosures, custom XML is comparably suitable for the checkboxes, brief text strings, and limited numeric disclosures included on the Form CA-1 execution page (much like the execution pages for electronic Form X-17A-5 Part III, electronic Form 17-H, and the SBSE Forms). Given the comparable technical suitability of custom XML and Inline XBRL for the disclosures in the Form CA-1 execution page, the smaller file sizes and more streamlined

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158 See XBRL Letter at 5; 17 CFR 232.406.

159 See EDGAR Filer Manual, Volume II at 8.2.20, 8.2.21, and 8.2.22.

processing of custom XML data compared to Inline XBRL data, the custom XML requirement for the Form CA-1 execution page is appropriate.[160]

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.[161] 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,[162] the SRO's trading rules, procedures, and listing standards for the product class that include the new derivative securities product, and the SRO has a surveillance program in place for such product class.[163]

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 product[164] 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 include the new derivative securities product, and the SRO has an adequate surveillance program

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160 See also supra section II.A.3 and infra section X.E.4 (discussing other structured data languages that would result in smaller file sizes than Inline XBRL, and the reasons why the Commission has not required the use of such data languages under the rule amendments).

161 See 15 U.S.C. 78s(b).

162 See 15 U.S.C. 78s(b).

163 See 17 CFR 240.19b-4(e)(1).

164 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).

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).[165]

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.[166]

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 derivative securities product not required to be submitted as a proposed rule change to the Commission for approval.[167] The Commission also stated that it would make Forms 19b-4(e) public.[168] 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,[169] and the information regarding

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165 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).

166 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 Depositary 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 (Sept. 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).

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

168 See id. at 70964 n.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.").

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

new derivative securities products required pursuant to Rule 19b-4(e) was required to be submitted using a paper Form 19b-4(e).

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

Under Rule 19b-4(e)(2)(ii) prior to these amendments, SROs were required to submit Form 19b-4(e)[170] to the Commission within five business days after commencement of trading a new derivative securities product.[171] In addition, pursuant to the instructions for completing Form 19b-4(e), SROs were required to submit an original and nine paper copies of a duly executed Form 19b-4(e) with the Commission.[172]

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

The Commission is amending Rule 19b-4 to rescind Form 19b-4(e) and instead require SROs to post on their internet websites the information previously included on Form 19b-4(e) as proposed. More specifically, an SRO will be required to post on its public internet website, within five business days after commencing the trading of a new derivative securities product, the information required in current Part I, Items 2 through 9 of Form 19b-4(e) for that product:[173] (a) type of issuer of new derivative 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 composing the underlying instrument trade; (g) settlement methodology of new derivative securities product; and (h) position limits of new derivative securities product (if

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170 See 17 CFR 249.820.

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

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

173 Part I, Item 1, "Name of Self-Regulatory Organization Listing New Derivative Securities Product," will not be necessary to include because the table of new derivative securities products will be on the website of the SRO that has listed and is trading the new derivative securities product, so the identity of the listing SRO will be self-evident. The Commission also is making technical amendments to remove an extraneous "s" at the end of "trade" and to replace "comprising" with "composing" in the text of Rule 19b-4(e)(2)(ii)(F).

applicable). This information must be provided using the most recent versions of an XML schema and the associated PDF renderer that will be published on the Commission's website.[174] This information generally 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 was previously required in Part II of Form 19b-4(e), an SRO is 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 requirement to provide an email address for the SRO contact employee should expedite communications between Commission staff and the relevant SRO. Any SRO that relies on Rule 19b-4(e) to list and trade a new derivative securities product continues 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 derivative 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.[175] Thus, the SRO trading a new derivative securities product needs 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 previous rule, and as contemplated in the adoption of the current rule, the Commission will review SRO compliance through its routine inspections of SROs.[176]

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174 See 17 CFR 240.19b-4(e)(2)(ii), as amended.

175 See 17 CFR 240.17a-1.

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

The electronic filing requirement should provide the same information for the Commission and the public as was previously provided by Form 19b-4(e) without necessitating the additional steps of submitting a paper form containing that information with the Commission. Among other benefits, electronic filing 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.[177] During this period, the Commission has encouraged the dissemination of information electronically via the internet and other automated systems and services.[178] In addition, the Commission now receives thousands of Forms 19b-4(e) per year from the SROs, rather than the 45 per year as stated in the Rule 19b-4(e) Adopting Release, each of which is submitted to the Commission and then must be made public individually by the Commission,[179] and therefore the submissions require, in the aggregate, additional time to process before the information contained in those Forms becomes available for Commission review and also publicly available.[180] Requiring SROs to post the information contained in the current Form 19b-4(e) on their websites accomplishes the goal outlined in the Rule 19b-4(e) Adopting Release, for the Commission to maintain accurate information regarding these new derivative securities products, while ensuring that information remains publicly available.[181] In addition, requiring SROs to post that information within 5 business days after commencement of trading a new derivative securities product, as the previous rule required, will continue to allow the

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177 See supra note 14.

178 Id. See also supra note 15.

179 See id. at 70964 n.139.

180 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).

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

Commission to determine that an SRO has properly relied on the rule and continue to do so in a timely fashion.[182] 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 renders that information more readily accessible to both the Commission and the public than submitting numerous Forms 19b-4(e) had done previously and has 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 information is subject to the relevant SRO's books and records obligations[183] and subject to the Commission's examination and inspection authority,[184] the accuracy of the records for Commission review is commensurate with the accuracy of the information on the Forms 19b-4(e) submitted to the Commission under the previous rule.

One commenter, who agreed with requiring Form 19b-4(e) to be prepared in machine-readable form, stated that Forms 19b-4(e) should instead be submitted to EDGAR (or, alternatively, that the Commission or another party should create a registry where links to these documents can be posted).[185] The commenter stated that this would facilitate use for market participants, who would be able to collect all needed data in one location rather than set up mechanisms to track new form postings on multiple websites.[186] The commenter stated that such an approach would be unlikely to increase the reporting burden for SROs.[187]

The Commission disagrees that the 19b-4(e) information should be submitted to EDGAR rather than posted to SRO websites. The Commission receives thousands of Forms 19b-4(e) per

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

183 See 17 CFR 240.17a-1.

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

185 See XBRL Letter at 6.

186 See id.

187 See id.

year from the SROs and expects that the products subject to Rule 19b-4(e) will continue to number in the thousands going forward. In addition, the information to be provided under Rule 19b-4(e) is limited to no more than eight basic information items, including ticker symbol, type of issuer, and whether the underlying instrument is a broad or narrow-based index. Given the quantity of these products and the limited set of information required to be provided under Rule 19b-4(e) for each new product, requiring EDGAR submission for each of these products would be an unduly burdensome process compared to SRO website posting, which will provide a readily accessible interface for market participants to access this data without necessitating submission to EDGAR. Similarly, a registry of links would add an unnecessary layer of complexity in making the information publicly available when many market participants are already familiar with accessing SROs' public websites, such as those the SROs would have in place under the amended rule. For these reasons, the amended rules do not include a requirement to centrally submit Rule 19b-4(e) information to EDGAR, nor do they require the creation of a registry of links to Rule 19b-4(e) postings.

The same commenter also stated that XBRL should be used in place of custom XML for the Rule 19b-4(e) information.[188] According to the commenter, an XBRL requirement for the Rule 19b-4(e) information would improve accessibility to the data because it can be extracted by the same tools used for other reported data prepared in XBRL, and where derivatives are reported in other filings by SEC reporting entities, the data (which includes facts that are already defined as concepts in other taxonomies) may be easily linked and interoperable.[189] The Commission disagrees with the commenter that XBRL is more suitable than custom XML for the Rule 19b-4(e) information. While XBRL is particularly suitable for financial statements and extended narrative disclosures, custom XML is comparably suitable for the discrete set of brief text strings that Rule 19b-4(e) requires, and results in smaller file sizes and therefore more

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188 See id.

189 See id.

efficient data processing than XBRL does. The rule amendments require custom XML rather than XBRL for the Rule 19b-4(e) information because the more efficient data processing enabled by custom XML justifies forgoing the XBRL interoperability benefit that the commenter describes.

Finally, the same commenter encouraged the use of the Legal Entity Identifier ("LEI") for the entity responsible for the derivative product and a Financial Instruments Global Identifier ("FIGI") for the derivative identifier.[190] The commenter stated that these two identifiers are both open, non-proprietary identifiers (for legal entities and securities, respectively), and would be extremely helpful for data users in evaluating business and investment risk.[191] The Commission does not disagree that the LEI and the FIGI would provide benefits for the open and precise identification of legal entities and securities disclosed pursuant to Rule 19b-4(e). However, the Commission is not modifying the content of Form 19b-4(e) to include an LEI or FIGI requirement under the amended rules because such changes are beyond the scope of the amendments which are intended to provide for eliminating paper submission of the information provided on Form 19b-4(e), rather than making changes to information required to be disclosed such as the replacement or supplementation of SRO names and ticker symbols for new derivatives securities products with LEI or FIGI requirements.

Thus, for the reasons discussed above, the Commission is rescinding Form 19b-4(e) and is adopting the amendments to Rule 19b-4(e) as proposed.

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190 See id.

191 See id. Another commenter specifically stated that the Commission should require LEI to be disclosed on the notices that Exchange Act Rule 15fi-3(c) requires, because structured data is more useful when it contains a consistent identifier, like the LEI, instead of varying names or identifiers. According to the commenter, the absence of an LEI requirement on the notices will lead to inconsistent submissions that lack comparability. See Letter from Stephan Wolf, CEO GLEIF (May 22, 2023) ("GLEIF Letter"). The Commission responds to this comment in a subsequent section of this release. See infra section V.C.2.

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.[192] Rule 19b-4, subject to certain exceptions, requires an SRO to submit each proposed rule change by electronically filing Form 19b-4.[193]

2. Rule Change

The Commission is adopting the rule change as proposed to remove the requirement under 17 CFR 240.19b-4(j) ("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. The Commission also is removing 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.[194] These amendments are appropriate because the manual signature requirement under Rule 19b-4 is

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192 See 15 U.S.C. 78s.

193 See 17 CFR 240.19b-4(b).

194 This amendment 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), remain in effect.

redundant and therefore unnecessary given that Form 19b-4, which is filed electronically, already requires an electronic signature.[195] The comments the Commission received on these amendments to Rule 19b-4, Form 19b-4, and the related instructions were generally supportive of these amendments.[196]

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

As discussed above, the Commission is making a technical amendment to conform its Informal and Other Procedures to the changes 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, as proposed. Specifically, the Commission is making conforming changes to Rules 202.3(b)(2) and (b)(3) of its Informal and Other Procedures[197] to clarify that defective applications on Form 1 and notices on Form 1-N, respectively, must be returned to the Filer,[198] and must not be held by the Commission.[199] 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, holding such applications or notices serves no purpose, as defective Form 1 and Form 1-N filings do not contain sufficient information for the Commission and its staff to review such applications and notices.[200] In such situations, it is appropriate to return the defective filings to the Filers so that the Filers may

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195 The Commission also is making a technical amendment to replace "comprising" with "composing" in the text of Rule 19b-4(j).

196 See, e.g., Letter from Michael Wichkoski (June 17, 2023) ("Wichkoski Letter"); OCC 5/22/2023 Letter; Letter from Lars Wohlfahrt (Apr. 17, 2023) ("Wohlfahrt Letter").

197 See 17 CFR 202.3(b)(2) and (3).

198 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.

199 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.

200 Id.

correct the defective filings. Additionally, Rules 202.3(b)(2) and (b)(3)[201] are being amended to update the name of the Division of Trading and Markets from the previously used Division of Market Regulation.

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

A. Preexisting Rule 17a-22

Prior to the amendments adopted in this release, preexisting Exchange Act Rule 17a-22 required 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.[202] A registered clearing agency for which the Commission is not the ARA at the same time had to file one copy of such material with its ARA.[203] 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 dedicated email inbox, rather than submitting paper copies.[204]

B. Amended Rule 17a-22

The Commission is amending Rule 17a-22, as proposed, to: (i) replace the requirement to file supplementary materials with the Commission or an ARA in paper form with a requirement to prominently 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

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201 See 17 CFR 202.3(b)(2) and (3).

202 See 17 CFR 240.17a-22.

203 See id.

204 See supra note 7.

requirement.[205] By replacing the paper filing requirement for registered clearing agencies with an electronic posting requirement via the clearing agency's internet website, the 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.

Rule 17a-22, as amended, requires 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.

The Commission received one comment letter specifically addressing the proposed amendments to Rule 17a-22.[206] In that comment letter, an equity derivatives clearing agency registered with the Commission, OCC, stated that it supports the proposed amendments to Rule 17a-22 because the rule, as amended, removes duplicative and administratively burdensome requirements. However, OCC suggests clarification on the scope of supplemental materials that are made "generally available."[207] As discussed in more detail in the relevant sections below, the Commission is not making further changes to Rule 17a-22, as proposed, but is providing certain clarification to address OCC's concern.

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205 In consultation with the Federal Reserve, the Commission is removing 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 amendments to Rule 17a-22 do not affect those provisions. See, e.g., 15 U.S.C. 78q-1(b)(5)(C).

206 See OCC 5/22/2023 Letter.

207 In its comment letter, OCC suggested that the Commission clarify certain language in order to avoid ambiguity on the scope of supplemental materials made "generally available." OCC 5/22/2023 Letter at 4. This comment is discussed in more detail below in Section III.C.3 below.

1. Two-Day Timeframe for Compliance

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.[208] As discussed above, 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.[209] Clearing agencies should already have established internal policies and procedures in place to meet these posting requirements for proposed rule changes, and these procedures could be reasonably replicated to meet the timeframes under the 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 time required to comply with the amended rule (when compared to the current rule) should be significantly reduced. By eliminating the paper filing requirement, clearing agencies should 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, 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 2 business days.

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208 See 17 CFR 240.19b-4(m).

209 See supra section I.C.

2. Scope of Supplemental Materials

Rule 17a-22, as amended, does not change the scope of supplemental materials to which the rule previously applied. Accordingly, the amended 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 is subject to Rule 17a-22. The amended 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 deleting the list of examples of such relationships from the rule text. However, the removal of these examples from the text of the rule is not an indication that these entities are no longer considered within the scope of the rule. Rather, the Commission is eliminating 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. Issuers, transfer agents, custodians, service providers, and other non-participant entities that use the clearing agency's services continue to be 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 amended 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 Rule 17a-22, as amended, are distinct from any posting requirements under section 19(b) and Rule 19b-4 thereunder. This added text is consistent with the Commission's stated purpose of Rule 17a-22 when it was adopted in 1980,[210] and this change is intended to avoid the imposition of duplicative posting requirements.

Specifically, in the original 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.[211] There, the Commission 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.[212] 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 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

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210 See generally Rule 17a-22 Adopting Release.

211 Id.

212 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 amending Rule 17a-22, it is appropriate to transition the requirement in Rule 17a-22 for clearing agencies solely to internet posting.

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" remains unchanged from the original rule and as proposed. 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. In the Commission's experience, most, if not all, of the filings required by Rule 17a-22 are already being posted on a registered clearing agency's website. Moreover, as stated in the Proposing Release, the Commission does not envision that those documents of a confidential or sensitive nature, or that would cause harm if publicly disclosed, fall within the scope of the rule.

OCC requested that the Commission clarify Rule 17a-22's text relating to the scope of certain supplemental materials made "generally available" to certain wide groups of entities with whom the clearing agency has a significant relationship, particularly as it relates to materials that may be considered confidential or sensitive. In particular, OCC stated that the amended rule could be interpreted to mean that any materials provided to a clearing agency's members or other entities (i.e., a wide or diverse group of entities) could be considered "generally available" and therefore necessarily not confidential or sensitive. [213] OCC stated that, while some of the information a clearing agency may provide to clearing members or other entities to whom it has a significant relationship is appropriate to post publicly on its website, other materials provided to entities with whom it has a significant relationship are not appropriate for public disclosure. Examples of such materials include, according to OCC, instructions and technical information

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213 OCC 5/22/2023 Letter at 5.

relating to connectivity, security practices, the operation of systems that only participating exchanges may access, or directories with direct contact information for employees within the clearing agency.[214] Consequently, OCC suggested that the Commission clarify that materials do not become "generally available" solely because such materials are provided to a wide or diverse group of entities.[215]

Some of the ambiguity, OCC explained, is created by Rule 17a-22 rule text that refers to "issuing, or making generally available" materials to relevant entities.[216] OCC states that neither the existing rule nor the proposed rule defines the text "issuing or making generally available" to exclude documents of a confidential or sensitive nature that a clearing agency may provide to its clearing members or other participants as a group, even if those documents could cause harm if publicly disclosed.[217] The commenter also proposes that the Commission consider revising the text to remove the reference to "issuing," which appears to OCC to be duplicative to the reference to "making."[218] OCC states that the inclusion of "service providers" in the Commission's discussion of entities with whom a clearing agency has a significant relationship for purposes of Rule 17a-22 provides further support for its "understanding."[219] Such service providers could include, among many others, cybersecurity and cloud services providers, "with whom the Commission would presumably expect the clearing agency to have sensitive and confidential communications."[220] For such communications to fall outside of Rule 17a-22, OCC asserts that there must therefore be a category of communications with even a wide group of

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214 Id.

215 Id.

216 Id.

217 Id. at 5-6.

218 Id.

219 OCC 5/22/2023 Letter at 6. As discussed in the proposing release, clearing agencies must make an assessment as to whether any type of entity, including service providers, is the type of entity with whom the clearing agency has a significant relationship and whether materials provided to that type of entity are made "generally available." See Proposing Release at 23945-23946.

220 Id.

service providers or other relevant entities that are not considered "generally available." The Commission, OCC suggests, should therefore clarify that not all documents provided to entities with whom a clearing agency has a significant relationship are, through such provisions, made "generally available," even when provided to those entities as a group. That is, the Commission should clarify that only those materials provided to entities with whom a clearing agency has a significant relationship that the clearing agency also makes generally available are subject to Rule 17a-22.[221]

As previously discussed above and stated in the Proposing Release, any document made "generally available" to a wide or diverse group of individuals or entities should be considered supplemental materials and as such posted to the clearing agency's website. However, documents of a confidential or sensitive nature, or those that would cause harm if publicly disclosed, fall outside the scope of both preexisting Rule 17a-22 and amended Rule 17a-22 because such documents would not be sent to a wide or diverse group of individuals.[222] Clearing agencies often send certain documents that relate to sensitive or confidential information, such as security systems, sensitive trade or financial data, and surveillance methods, to a large number of persons or entities with whom the clearing agency has a significant relationship, such as participants or service providers, or to a smaller group of diverse persons or entities, such as technology companies that interface with clearing agency. However, distributions of this kind are not "generally available" because they are not intended for public viewing. To avoid causing harm to the clearing agency, markets, or participants, clearing agencies have a vested interest in ensuring that such sensitive or confidential material is distributed to the least number of persons or entities that have a need to know the information contained in the sensitive or confidential materials. This approach thereby ensures a limited distribution of the documents. In other words, by their nature, documents which are sensitive or confidential would not be considered

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221 Id. at 6.

222 See Proposing Release at 23945-23946.

documents made "generally available" and therefore would not be supplementary material. Therefore, such documents also would be beyond the scope of the rule's requirements.

In determining whether supplemental materials should be considered "generally available" and thus, subject to the posting requirements of Rule 17a-22, clearing agencies generally should consider all the facts and circumstances related to making public supplementary materials to a specific group or groups of persons or entities. For example, a clearing agency generally could consider the number and type of persons or entities to whom the supplemental materials are distributed in determining whether materials are "generally available." A clearing agency generally could also consider the nature of the group to whom the distribution is made and the nature of the materials being distributed, particularly as it relates to harm that would result if publicly disclosed, and whether the limited distribution is consistent with its rules or policies for the treatment of confidential or sensitive information.

With regard to OCC's suggestion to revise the rule text to remove the reference in the rule text to "issuing" because it is ambiguous or duplicative with the reference to "making generally available," the Commission does not agree.[223] The Commission is retaining the terminology as proposed to ensure that supplementary materials are within scope of the rule regardless of the particular mechanism a clearing agency may choose or use to distribute them.[224]

4. Requirement to "Prominently Post"

Finally, in the amendment to Rule 17a-22 that requires the clearing agency to "prominently post" any supplemental material subject to the amended rule on the clearing

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223 OCC 5/22/2023 Letter at 5-6.

224 In the release proposing Rule 17a-22 in 1979, the Commission intended to establish for registered clearing agencies a filing requirement that generally paralleled the filing requirements imposed under Rules 6a-3, 15Aj-1, and 17a-21 (requiring national securities exchanges, registered securities associations, and the MSRB to make certain materials available to the Commission), thus requiring clearing agencies to file with the Commission material that they "distribute or make generally available" to their participants, pledgees or transfer agents. Exchange Act Release No. 15838 (May 18, 1979), 44 FR 30924, 30929 (May 29, 1979). The rule text, as proposed in 1979 and then adopted in 1980, refers to "issuing or making generally available." Id. at 30934; Exchange Act Release No. 17258, 45 FR 73914 (Nov. 7, 1980).

agency's website, the Commission is interpreting, as proposed, "prominently" to mean that the supplemental materials are 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. A clearing agency generally should make supplemental materials 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 such a link does not already exist, a registered clearing agency could consider creating a specific web page that identifies and catalogues (such as through a list of hyperlinks) the supplemental materials that it maintains pursuant to Rule 17a-22.

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

The Commission is requiring the following forms and reports to be filed in electronic format on EDGAR:

Form or Report	Filer Type	Amendments
Form X-17A-5 Part III: Annual reports and related annual filings.	Broker or Dealer	The form (17 CFR 249.617) and 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	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	The form (17 CFR 249.617) and 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

The Commission proposed to amend Rules 17a-5, 18a-7, and 17a-12 to 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 language.[225] Specifically, the Commission proposed to amend 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.[226] The proposed paragraphs also provide that the annual reports must be submitted in Inline XBRL (i.e., as an Interactive Data File in accordance with Rule 405 of Regulation S-T).[227] The EDGAR Filer Manual would be updated to reflect these amendments to Rules 17a-5, 18a-7, and 17a-12.[228] First-time EDGAR filers would need to obtain EDGAR access credentials.[229]

As discussed in section VII of this release, most commenters supported filing the annual reports and related filings electronically on EDGAR,[230] although one commenter encouraged the Commission to address EDGAR's technical deficiencies, stating that "[h]over-over definitions and links to relevant rules should [] be standard."[231] The Commission has stated that it has "engaged in a multi-year, multi-phase effort to modernize the EDGAR system, including both

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225 See Proposing Release at 23948-50. For further discussion of the structured data requirements, including Inline XBRL requirements, see infra section VII.A.

226 See Proposing Release at 23948.

227 See id.; see also 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).

228 See Proposing Release at 23949.

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

230 See, e.g., SIFMA 5/22/2023 Letter at 13; Wohlfahrt Letter.

231 See Letter from John Sage (Apr. 18, 2023) ("Sage Letter").

internal and public-facing components. Security and modernization enhancements were deployed in June 2020, focusing on technology upgrades internal to the system."[232] The two changes the commenter requested have been included in prior updates to the EDGAR system.[233] Given the benefits of electronic filing discussed in the Proposing Release, commenter support for electronic filing, and the fact that the issues identified by this commenter have already been addressed, the Commission is adopting as proposed the requirement to file broker-dealers' and SBS Entities' annual audits electronically on EDGAR.

The Commission also proposed to require firms filing annual reports or annual supplemental reports with the Commission under Rules 17a-5, 18a-7, and 17a-12 to apply machine-readable Inline XBRL data "tags" to the disclosures contained in those documents before filing them through EDGAR.[234] 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.[235] In complying with the 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.[236]

The proposed Inline XBRL requirement applies to all disclosures required by Form X-17A-5 Part III other than disclosures required on the facing page.[237] The facing page of Form X-

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232 See Annual Report on SEC Website Modernization Pursuant to Section 3(d) of the 21st Century Integrated Digital Experience Act (Dec. 2022), available at https://www.sec.gov/files/21st-century-idea-act-report-2022-12.pdf.

233 See, e.g., Annual Report on SEC Website Modernization Pursuant to Section 3(d) of the 21st Century Integrated Digital Experience Act (Dec. 2022), available at https://www.sec.gov/files/21st-century-idea-act-report2022-12.pdf.

234 See Proposing Release at 23949.

235 See id.

236 See id.

237 See id. at 23950.

17A-5 Part III is currently a fillable form that EDGAR converts into a custom XML data language and would remain so.[238]

After considering commenters' concerns discussed below, the Commission is adopting as proposed the requirement that annual reports or supplemental reports filed under Rules 17a-5, 18a-7, and 17a-12 utilize machine-readable Inline XBRL data tags with respect to the disclosures contained in such annual reports or annual supplemental reports.

As the Commission explained in the Proposing Release,[239] there will be substantial benefits to having firms file these reports in a machine-readable format.[240] Specifically, the structuring requirements will make the information included on the reports more readily accessible for retrieval, aggregation, and comparison across different broker-dealers, OTC derivatives dealers, SBSDs, and MSBSPs, and across different time periods, as compared to an unstructured PDF, HTML, or ASCII format requirement for the reports.[241] This will benefit investors and markets by enabling more timely and detailed supervision of filers, and by providing public users with a more efficient means of accessing and analyzing the publicly disclosed portion of the reports (such as the Statement of Financial Condition and the notes thereto). For example, Commission staff could leverage the machine-readability of the computational schedules to automatically flag any mathematical inconsistencies or calculation errors therein. In addition, the structured data requirement will 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 improving the quality of

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238 See id.

239 See id. at 23949-50.

240 See id.

241 See id.

the filed data by decreasing the incidence of non-substantive errors, such as the omission of required disclosures that should always be present).[242]

Further, the Commission estimated the compliance costs associated with machine-readable format to be relatively modest for many Form X-17A-5 Part III filers, including smaller broker-dealers and filers affiliated with public companies that already have experience structuring data.[243] One commenter asserted that the Commission's structured data cost estimates in the proposing release were too low, and conveyed one firm's estimates that it would cost $20,000 to $40,000 per year per registrant to retain an XBRL tagging service provider and $20,000 to $30,000 per year per entity to purchase the tagging software.[244] The commenter described multiple fundamental operational changes that, in its view, firms will need to undergo as a result of the structured data requirements, including hiring additional personnel that are proficient in XBRL and XML, developing processes for converting the relevant data into XBRL and XML and uploading that data to EDGAR, training new and existing personnel on these processes, and overhauling systems and operations to integrate the XBRL/XML production and processing.[245] Based on the Commission's experience with firms submitting structured disclosures in other contexts (e.g., operating company periodic reports and fund prospectus risk/return summaries), the Commission disagrees that the structured data requirements will require every firm to both license XBRL tagging software and contract the services of a third-party XBRL tagging service provider. Firms that have submitted structured disclosures to the Commission by fully outsourcing XBRL tagging requirements to a third-party service provider have likely not needed to also license XBRL tagging software as a result of the decision to

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242 For additional discussion of benefits arising from structured data requirements, including responses to public comments that specifically address the topic, see infra section X.C.1.b.

243 See Proposing Release at 23995.

244 See SIFMA 5/22/2023 Letter at 5.

245 See id. at 4.

outsource.[246] By the same token, the Commission disagrees that the structured data requirements under the rule amendments will obligate every filer or submitter to undergo each of the fundamental operational changes the commenter describes. Firms that outsource compliance with structured data requirements to a third-party service provider rather than comply with the structured data requirements in-house will not need to hire additional personnel that are proficient in XBRL and XML, develop processes for converting the relevant data into XBRL and XML and uploading that data to EDGAR, train new and existing personnel on these processes, or overhaul systems and operations to integrate the XBRL/XML production, because the third-party service provider would take such actions as necessary.

Firms that choose not to outsource compliance with Inline XBRL requirements will incur some, but not all, of the costs that the commenter describes. These firms will not be required to hire additional personnel that are proficient in XBRL, because firms can instead license Inline XBRL software tools that allow staff without XBRL proficiency to apply Inline XBRL tags to regulatory disclosures without any need to overhaul the firm's systems or operations. These firms will, however, likely need to implement processes for the use of such software tools (i.e., applying Inline XBRL tags and validating the tagged regulatory disclosures), and will need to train their staff on these processes.[247]

Also, while the Commission estimates that some clearing agencies and exchanges will incur costs within the $20,000 to $30,000 range to structure Form CA-1 and Form 1, the

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246 C.f., 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 Jun 2019; 33 (2): 45–61 (explaining that "to comply with the SEC's XBRL mandate, firms have been using in-house resources or outsourcing to third-party vendors to create their XBRL formatted financial statements" and that " . . . many firms, especially smaller firms that lack extensive resources, have outsourced the creation and filing process . . . ").

247 The Commission includes these process and training costs in its estimates of initial structured data implementation costs and burdens in the Economic Analysis and Paperwork Reduction Act Analysis sections of this release. See infra section X.C.2.b (describing and quantifying initial implementation costs arising from the structured data requirements); see also infra sections IX.D.2, IX.D.5, IX.D.9.a, and IX.D.15 (estimating higher structured data burdens for the first year of compliance compared to subsequent years).

Commission does not expect all broker-dealers (especially smaller broker-dealers) will incur the same level of costs to structure the annual audited report, in part because many broker-dealers are comparable to smaller reporting companies that file structured Commission filings and that incur significantly less than that range to comply with such structuring obligations. More specifically, the Commission estimates larger broker-dealers will incur approximately $6,000 to $18,000 to structure Form X-17A-5 Part III in the first year and $4,000 to $12,000 to structure Form X-17A-5 Part III in subsequent years, while smaller broker-dealers will incur approximately $500 to $1,300 to structure Form X-17A-5 Part III in the first year and $300 to $1,000 to structure Form X-17A-5 Part III in subsequent years.[248] While the Commission is mindful of imposing significant additional costs, especially on smaller broker-dealers, for which an added compliance cost comprises a higher proportion of overall compliance costs than an equivalent cost for larger broker-dealers, the Commission does not believe structured data compliance costs in the estimated range of $300 to $1,300 for a report filed once per year will impose significant hardships on smaller broker-dealers.

The Commission estimated at proposal that 1) all respondents affiliated with public reporting companies already subject to Inline XBRL requirements would incur reduced burdens and costs because such respondents would be able to leverage the licenses or service agreements as well as the Inline XBRL tagging experiences of those affiliates; 2) respondents choosing to outsource Inline XBRL tagging to a third-party service provider would not incur initial implementation costs or burdens; and 3) respondents complying with Rule 18a-7 under a substituted compliance order pursuant to Exchange Act Rule 3a71-6 would not incur any additional costs related to structured data.

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248 See infra section X.C.2.b (describing these estimated cost ranges in greater specificity). The Commission estimates some larger broker-dealers that are affiliated with public reporting companies will incur approximately $2,000 to $6,000 to structure Form X-17A-5 Part III. See id.

With respect to the first estimate, one commenter stated that this burden and cost reduction is dependent on the contractual arrangements that firms have with third-party providers, and on the internal staffing structure for each company.[249] In response to this comment, the Commission is now estimating that only half of the affiliated respondents will incur reduced burdens and costs.[250]

With respect to the second estimate, one commenter stated that structured data requirements will impose burdens associated with the process of diligencing, negotiating with, and onboarding third parties.[251] The Commission agrees, and because these burdens apply to respondents that outsource Inline XBRL tagging to third-party service providers, the Commission has increased the number of respondents it estimates will incur initial structured data implementation burdens.[252]

With respect to the third estimate, one commenter stated that the Commission should allow firms relying on substituted compliance to continue submitting home-country reports in their current form, explaining that the organization and requirements of these reports is often different from U.S. reports.[253] The Commission agrees that the first time a respondent relying on substituted compliance (or its third-party tagging service provider) applies Inline XBRL tags to its home country report, it will incur the additional burden of determining which disclosures within its home country report are responsive to U.S. disclosure requirements and must therefore be tagged.[254] To capture this additional step, the Commission is increasing the estimated initial Inline XBRL tagging burdens and costs compared to the estimates in the proposing release.

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249 See XBRL Letter at 11.

250 See infra sections IX.D.9 and section X.C.2.b.

251 See SIFMA 5/22/2023 Letter at 4.

252 See infra section IX.D.9.

253 See SIFMA 5/22/2023 Letter at 7. Although the comment referred specifically to home-country equivalents to CCO reports, home-country equivalents to Rule 18a-7 annual reports and related filings can also vary from U.S. reports in their organization and requirements.

254 See infra section IX.D.9.

The Commission more fully explains the bases for these estimated cost ranges—which are generally consistent with those in the Proposing Release because the cost considerations relevant to Form X-17A-5 Part III structuring have not materially changed since the publication of the Proposing Release.[255] The Commission is also phasing in the machine readability requirements of the rule amendments, as discussed in section VIII below, to further ameliorate compliance concerns with respect to smaller broker-dealers.

The Commission also proposed to add a new paragraph (e)(2)(iii) to Rule 17a-5, new paragraph (d)(1)(iii) to Rule 18a-7, and new paragraph (c)(3) to Rule 17a-12, which would require the notarized oath or affirmation to 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, 18a-6, or 17a-12, as applicable.[256] The Commission also proposed to redesignate current paragraph (c)(3) of Rule 17a-12 as paragraph (c)(4) due to the insertion of new paragraph (c)(3). The Commission did not receive comment on the proposal to keep the oath or affirmation for at least six years, the first two years in an easily accessible place. The Commission is adopting this requirement as proposed.

However, the Commission received comment asking to remove the requirement for the annual audit's oath or affirmation to be notarized.[257] The Commission has considered the comment and agrees that the notarization requirement can be eliminated because the

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255 See id. As explained further in the Economic Analysis section, the Commission is making several changes to its Form X-17A-5 Part III structured data cost and burden estimates compared to the proposal. First, whereas the proposed estimates assumed all larger broker-dealer affiliates of public reporting companies would incur reduced structured data costs and burdens, the revised estimates assume only some of these broker-dealers will incur reduced costs and burdens. Second, whereas the proposed estimates assumed that broker-dealers which fully outsource XBRL compliance to third-party service providers would not incur initial implementation costs in the first year of compliance, the revised estimates assume that outsourcing broker-dealers will incur some initial implementation costs (specifically, the cost of negotiating, diligencing, and onboarding the third-party tagging service provider) in the first year of compliance. Third, whereas the proposed estimates did not assume firms relying on substituted compliance would incur different costs to structure Form X-17A-5 Part III than other broker-dealers would, the revised estimates include an additional initial implementation cost for firms relying on substituted compliance to structure Form X-17A-5 Part III.

256 See paragraph (e)(2)(iii) of Rule 17a-5, as proposed to be amended; paragraph (d)(1)(iii) of Rule 18a-7, as proposed to be amended; paragraph (c) of Rule 17a-12, as proposed to be amended.

257 See SIFMA 5/22/2023 Letter at 9-10; see also Integrated Solutions Letter at 3.

Commission is adopting amendments to ensure that electronic signatures are genuine. More specifically, as discussed in section VI.D.2. of this release, the Commission is amending its signature requirements in Rules 17a-5, 17a-12, and 18a-7 so that electronic signatures are permitted, but only if they are authenticated. Given the Commission's desire to modernize its intake of these forms to an electronic format and the safeguards it is adopting to ensure that electronic signatures are genuine, the notarization requirement can be eliminated to be consistent with other filings the Commission receives electronically, such as Form 10-K, which is also not notarized.[258] For these reasons, the Commission is amending Part III of Form X-17A-5 (i.e., the annual audit's cover page) to remove the signature line for the notary public, and is adopting the six year record retention requirement, but is not adopting the word "notarized" originally included in the six year record retention requirement in paragraph (e)(2)(iii) of Rule 17a-5, paragraph (d)(1)(iii) of Rule 18a-7, and paragraph (c)(3) of Rule 17a-12, as proposed to be amended.[259] Finally, SBS Entities relying on a Commission substituted compliance order also will continue to not be required to provide a notarized oath or affirmation with their annual audit submission to the Commission.[260]

Another commenter requested that the Commission permit a firm's Financial and Operations Principal ("FinOp") to sign the oath or affirmation on its behalf.[261] Under Financial Industry Regulatory Authority ("FINRA") rules, persons engaged in the investment banking or securities business of a FINRA member must register with FINRA and pass exams administered

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258 See Commission Form 10-K, available at https://www.sec.gov/files/form10-k.pdf.

259 See Part III of Form X-17A-5, as amended; paragraph (e)(2)(iii) of Rule 17a-5, as amended; paragraph (d)(1)(iii) of Rule 18a-7, as amended; paragraph (c)(3) of Rule 17a-12, as amended. The compliance date for this amendment to Form X-17A-5 Part III will take effect before the EDGAR system can be updated to remove the checkbox to acknowledge that the oath or affirmation has been notarized. A firm's oath or affirmation is not required to be notarized after the compliance date for this amendment to Form X-17A-5 Part III, even though the EDGAR system may continue to ask firms to check a box if the oath or affirmation is notarized in the interim period until the EDGAR system receives the required update.

260 See SIFMA 5/22/2023 Letter at 10 (asking the Commission to confirm that firms relying on substituted compliance continue to not be required to submit a notarized oath or affirmation with their annual audit submission to the Commission).

261 See Integrated Solutions Letter at 3.

by FINRA to help ensure competence in specific areas of a broker-dealer's business.[262] One such category is Financial and Operations Principal.[263] Accordingly, while a FinOp plays an important role for a broker-dealer, under FINRA rules, the FinOp need not be an officer or owner of the broker-dealer. It is important the person signing the oath or affirmation be an officer or an owner to ensure that a person with responsibility for the affairs of the broker-dealer signs such oath or affirmation. However, nothing would prevent a FinOp who is also an officer or owner of the broker-dealer from signing the oath or affirmation in the person's capacity as an officer or owner.

In light of the requirement that the annual reports and related annual filings under Rules 17a-5 and 18a-7 be filed electronically on EDGAR, the Commission is amending 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 electronically on EDGAR.[264] Therefore, the Commission proposed to amend the confidentiality provisions to conform to the electronic process for filing on EDGAR. The Commission proposed to amend the first sentence of paragraph (e)(3) of Rule 17a-5 and paragraph (d)(2) of Rule 18a-7 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

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262 See FINRA Qualification Exams available at https://www.finra.org/registration-exams-ce/qualification-exams; See also FINRA Rule 1210 (stating that each person engaged in the investment banking or securities business of a member must be registered with FINRA as a representative or principal in each category of registration appropriate to the person's functions and responsibilities as set forth in FINRA Rule 1220, unless exempt from registration under FINRA Rule 1230).

263 See FINRA Rules 1220(a)(4) and 1210.01.

264 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 will not change.

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."[265] The Commission received no comment on the proposal to amend these provisions to conform to the electronic process for filing on EDGAR and is adopting them as proposed.[266]

The Commission also proposed to replace "deemed confidential to the extent permitted by law" with "deemed confidential for the purposes of section 24(b) of the Act" in Rules 17a-5 and 18a-7 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.[267] The Commission also proposed 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.[268] The Commission proposed analogous changes to the first sentence of paragraph (d)(2) of Rule 18a-7.[269] Rule 17a-12 does not contain an analogous provision relating to separately binding the public portion of the report from the portion for which confidential treatment will be requested, but the Commission proposed to amend pre-existing paragraph (c)(3) of Rule 17a-12 (which is being re-designated as paragraph (c)(4))[270] to add language to state that an EDGAR filer may request confidential treatment.[271] The Commission also proposed 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

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265 See paragraph (e)(3) of Rule 17a-5, as proposed to be amended; paragraph (d)(2) of Rule 18a-7, as proposed to be amended.

266 See paragraph (e)(3) of Rule 17a-5, as amended; paragraph (d)(2) of Rule 18a-7, as amended.

267 See paragraph (e)(3) of Rule 17a-5, as proposed to be amended; paragraph (d)(2) of Rule 18a-7, as proposed to be amended.

268 See paragraphs (a)(2) and (e)(3)(ii)(B) of Rule 17a-5, as proposed to be amended.

269 See paragraph (d)(2) of Rule 18a-7, as proposed to be amended.

270 See paragraph (c)(4) of Rule 17a-12, as proposed to be amended.

271 See 17 CFR 240.24b-2.

17h-2T) and to clarify the legal basis of the rule.[272] The Commission received no comment on these proposals and is adopting them as proposed..[273]

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.[274] The reports are filed using Form 17-H.[275]

The Commission proposed to amend 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, using the same process used by broker-dealers currently voluntarily using EDGAR to file Form 17-H.[276] The proposed amendments also provide that the financial statements required by Item 4 of Form 17-H would be required to be submitted in Inline XBRL. With respect to the Inline XBRL requirement, the process would mirror the process described above for broker-dealers filing annual reports in Inline XBRL.[277] Under the amendments being adopted, broker-dealers would be required to 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

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272 See paragraph (a)(2) of Rule 17a-12, as proposed to be amended.

273 See paragraphs (a)(2) and (e)(3)(ii)(B) of Rule 17a-5, as amended; paragraph (d)(2) of Rule 18a-7, as amended; paragraphs (a)(2) and (c)(4) of Rule 17a-12, as amended.

274 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 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), 85 FR 40356 (July 6, 2020).

275 See 17 CFR 249.328T. Form 17-H is available at https://www.sec.gov/about/forms/form17-h.pdf.

276 See Proposing Release at 23951.

277 See supra section IV.A.

charts, risk management procedures, and descriptions of pending legal proceedings that the broker-dealer maintains pursuant to paragraph (a)(1) of Rule 17h-1T).[278]

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 received one comment specific to Form 17-H. The commenter, an XBRL standards association, advocated that the Commission require more of Form 17-H be filed in XBRL format.[279] The Commission proposed to utilize XBRL for the financial statements in Item 4 of Form 17-H, for which XBRL is well-suited.[280] The Commission proposed to retain the existing custom XML requirement for the facing page and for Part II, even though it acknowledged certain drawbacks to this approach, given the compliance burden associated with changing the facing page and Part II from a custom XML schema to XBRL.[281] Ultimately, the Commission disagrees with the commenter that expanding the XBRL requirements to cover more of Form 17-H would be appropriate because, while the Commission acknowledges the commenter's contention that greater use of XBRL would promote ease and efficiency of processing the data contained within Form 17-H, such advantages would not justify the compliance burdens and implementation costs that would be incurred to expand the use of XBRL in Form 17-H.[282] For these reasons, the Commission is adopting the amendments to Rule 17h-2T and the structured data amendments to Form 17-H as proposed.

V. Other Forms, Reports, or Notices

The Commission is requiring the following forms, reports and notices (and instructions thereto) to be filed or submitted on EDGAR:

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278 See 17 CFR 240.17h-1T(a)(1).

279 See XBRL Letter at 7.

280 See Proposing Release at 23951.

281 See id.

282 See id.

Form, Report or Notice	Filer/Submitter Type	Amendments
Form X-17A-19: Information Required of National Securities Exchanges and Registered National Securities Associations pursuant to Sections 17 and 19 of the Securities Exchange Act of 1934 and Rule 17a-19 thereunder - Report of Change in Membership Status	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). Rule 101(a) of Regulation S-T (17 CFR 232.101(a)).
Notices (and withdrawals of notices) to the Commission pursuant to Rule 3a71-3(d)(1)(vi)	Certain registered SBSDs 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) and (c) (Rule 101(a) and (c) of Regulation S-T).

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

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.[283]

Prior to these amendments, the instructions to Form X-17A-19 provided 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. The Commission proposed 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.[284] Accordingly, Form X-17A-19 would be filed in a custom XML-based data language.[285] 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,[286] 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 custom XML-based data language, or submitting the information directly to EDGAR in the custom XML-based data language.[287] The Commission did not receive any comments specific to Form X-17A-19, other than the general structured data concerns discussed in sections VII.A. and X.C. below, and so to achieve the benefits of electronic submission and structuring described in section X.C.1, is adopting as proposed the requirement to file Form X-17A-19 electronically on EDGAR using structured data format.[288]

The Commission also proposed making conforming amendments to the "General Instructions" to Form X-17A-19. Instruction 2 was proposed to be amended to replace the

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283 17 CFR 240.17a-5(b).

284 See 17 CFR 240.17a-19, as proposed to be amended.

285 Requirements to submit forms on EDGAR in custom XML structured data languages are set forth in the EDGAR Filer Manual, Volume II, Chapter 9, and the specific XML requirements for Form X-17A-19 would be included in an updated version of the EDGAR Filer Manual, Volume II, Chapter 8.

286 See supra section IV.A.

287 See Proposing Release at 23953.

288 See 17 CFR 240.17a-19, as amended.

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 was also proposed to be amended to instruct filers to send copy number 1 of Form X-17A-19 to SIPC at SIPC's updated address. Instruction 3 was proposed to be amended to replace the words "shall be executed with a manual signature" with the words "shall be signed." Instruction 4 was proposed to be deleted (and 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) was proposed to 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." The Commission did not receive comment on these proposals and is adopting them as proposed.

In addition, the Commission proposed a technical amendment to lines 1, 4, and 5 of Form X-17A-19. These lines ask the filer to check off one of the listed exchanges or associations but the list is not up-to-date. Therefore, the Commission proposed to amend lines 1, 4, and 5 of Form X-17A-19 to include an "other" field for exchanges or associations that are not listed on the form, so that the listing of exchanges and associations would be complete. The Commission did not receive comment on this proposal and for the reason discussed above, is adopting it as proposed.

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

1. Proposed Rule

The Commission proposed to amend Rule 3a71-3(d)(1)(vi)[289] to change the method of filing ANE Exception Notices.[290] Prior to these amendments, Rule 3a71-3(d)(1)(vi) required a Registered Entity to file an 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,[291] and the Commission was required to publicly post the notice on the same section of its website.[292] A Relying Entity is able to review publicly posted ANE Exception Notices to determine whether its affiliated Registered Entity's ANE Exception Notice has been filed in accordance with Rule 3a71-3(d)(1)(vi).

The proposed amendments to Rule 3a71-3(d)(1)(vi) would require an ANE Exception Notice to be filed electronically on, and publicly disseminated through, the EDGAR system. The Commission did not propose changes to the content of an ANE Exception Notice, which consists of the name of the Registered Entity whose associated persons may conduct activity covered by the ANE 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

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289 17 CFR 240.3a71-3(d)(1)(vi).

290 See Proposing Release, 88 FR at 23954-56. Rule 3a71-3(d) provides a conditional exception ("ANE Exception") to Rule 3a71-3(b)(1)(iii)(C), 17 CFR 240.3a71-3(b)(1)(iii)(C), which itself provides that, for purposes of determining whether the dealing activity of a non-U.S. person that is not a conduit affiliate exceeds the applicable *de minimis* threshold (set forth in 17 CFR 240.3a71-2(a)(1)) below which a person is generally not within the SBSD definition, non-U.S. persons generally must count their security-based swap transactions connected with their dealing activity that are 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 located in a U.S. branch or office ("ANE Activity"). See 17 CFR 240.3a71-3(d). 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 affiliate (as defined in 17 CFR 240.3a71-3(a)(10)) of the Relying Entity that is either a registered SBSD or a registered broker that meets certain capital and other requirements (such a registered majority-owned affiliate, the "Registered Entity"). See 17 CFR 240.3a71-3(d)(1). In addition, before an associated person of the Registered Entity commences this ANE Activity, the Registered Entity must file with the Commission an ANE Exception Notice. See 17 CFR 240.3a71-3(d)(1)(vi).

291 See https://www.sec.gov/tm/ane-exception-notices.

292 See 17 CFR 240.3a71-3(d)(1)(vi).

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.[293]

The Commission also proposed to amend Rule 3a71-3(d)(1)(vi) to: (1) provide that withdrawals of ANE Exception Notices shall be made electronically via EDGAR, and (2) 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.[294] The latter requirement is intended to help ensure that ANE Exception Notices published on EDGAR remain accurate for market participants and other users of the information.[295]

Prior to these amendments, a Registered Entity could, but was not required to, withdraw an ANE Exception Notice by contacting the Commission to request that the notice be manually removed from the ANE Exception Notices web page.[296] Upon removal of the notice from the web page, 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.

Under the proposed rule, an ANE Exception Notice withdrawal request via EDGAR would result in EDGAR identifying the relevant ANE Exception Notice as no longer active (as

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293 See Proposing Release, 88 FR at 23954. As of Dec. 31, 2023, three Registered Entities had filed an ANE Exception Notice.

294 See Proposing Release, 88 FR at 23955. Regardless of whether a required withdrawal is promptly filed by the Registered Entity (or filed at all), each condition of Rule 3a71-3(d)(1) must be satisfied in order for the Relying Entity to rely on the ANE Exception, and the Relying Entity may not rely on the exception if the Registered Entity is no longer registered or otherwise no longer satisfies the conditions described in 17 CFR 240.3a71-3(d)(1).

295 See Proposing Release, 88 FR at 23955. The ANE Exception also is subject to a cap on the amount of certain inter-dealer security-based swaps positions. See 17 CFR 240.3a71-3(d)(1)(vii). 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. See 17 CFR 240.3a71-3(a)(13). All such positions connected with dealing activity of the Relying Entity and certain of its affiliates are counted toward the cap. See 17 CFR 240.3a71-3(d)(6). Currently, 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. See Exchange Act Release No. 87780 (Dec. 18, 2019), 85 FR 6270, 6280-84 (Feb. 4, 2020) ("Cross-Border Adopting Release").

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

opposed to removal of the notice from EDGAR).[297] The withdrawal would also be publicly disseminated through EDGAR.

In the Proposing Release,[298] the Commission explained that as a result of the amendments to Rule 3a71-3(d)(1)(vi), EDGAR users would have the ability to search for ANE Exception Notices 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 also 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.[299] The Commission further stated that the inclusion of ANE Exception Notices submitted on EDGAR and withdrawn in EDGAR's publicly available data would aid Relying Entities and their affiliates in determining their progress toward the ANE Exception's cap at a particular point in the past.[300] This functionality is not available under the email-based filing system, as the Commission retains only currently active notices on the "ANE Exception Notices" web page.

2. Amended Rule

After considering the public comments, the Commission has determined to adopt the amendments to Rule 3a71-3(d)(1)(vi) as proposed. Requiring ANE Exception Notices to be filed electronically and publicly disseminated via EDGAR will, among other things, facilitate more efficient and timely transmission and dissemination of information and will benefit the Commission, Registered Entities, Relying Entities, and other market participants. Electronic filing of ANE Exception Notices on EDGAR will enhance the ability of Relying Entities and

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297 See Proposing Release, 88 FR at 23955. Consistent with current Rule 3a71-3(d)(1)(vi), the EDGAR system also would not allow 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.

298 See Proposing Release, 88 FR at 23955-56.

299 See supra note 295.

300 Subject to Rule 3a71-3(d)(6)(ii), 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. See Proposing Release, 88 FR at 23955-56.

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 will be able to access and review ANE Exception Notices more efficiently. Instead of reviewing each notice individually, 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 and for withdrawals of ANE Exception Notices. Further, electronic submission and display of the ANE Exception Notices on EDGAR will provide market participants and the public with access to such notices and their withdrawals, including the names of filing Registered Entities and the date of each filing promptly after submission on EDGAR, without the need for manual Commission staff processing and the associated delays and demands on Commission resources.[301]

One commenter stated that EDGAR's search functionality is extremely limited, and, as a result, firms would not be able to access and use ANE Exception Notices on EDGAR in an efficient manner.[302] Accordingly, the commenter asserts, even if the Commission requires firms to submit ANE Exception Notices via EDGAR, the Commission must continue to publish such notices on the Commission's website.[303] The Commission disagrees. Although in the past EDGAR's search function may have been more limited, EDGAR's current functionalities will facilitate the objectives of the amendments to Rule 3a71-3(d)(1)(vi). In particular, EDGAR's "Full-Text Search" functionality, launched in 2021, includes options to access the full text of

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301 Following the compliance date of the amended rule, ANE Exception Notices will no longer be posted on the Commission's website, including notices filed prior to the compliance date. The Commission will transfer to EDGAR any ANE Exception Notice filed (and not withdrawn) prior to the compliance date. Such ANE Notices will retain their pre-compliance date filing date. Security-based swap positions that counted toward the cap in 17 CFR 240.3a71-3(d)(1)(vii) prior to the compliance date will continue to count toward the cap after the transfer of the ANE Exception Notices. Upon the compliance date, Registered Entities will become subject to the new withdrawal requirements under the amended rule with respect to their ANE Exception Notices already on file with the Commission.

302 SIFMA 5/22/2023 Letter at 12.

303 Id.

electronic filings since 2001 to the present by date, company name, person, Central Index Key ("CIK"), and filing type.[304]

As discussed in the Proposing Release, because of the nature and minimal amount of information included in ANE Exception Notices, users of ANE Exception Notices would be unlikely to benefit from structured data tools to analyze the data therein, as these tools typically would assist in analyzing large data sets more efficiently, and using an unstructured data format for ANE Exception Notices would make better use of the resources of the Commission and market participants. Accordingly, the amendments do not require the submission and withdrawal of ANE Exception Notices to be made in a structured data format.

A Registered Entity that has not previously made an electronic filing on EDGAR would need to obtain EDGAR access credentials pursuant to the EDGAR Filer Manual in order to file an ANE Exception Notice electronically via EDGAR.[305] Requiring submission of ANE Exception Notices electronically through EDGAR is appropriate because most Registered Entities already have access to and familiarity with EDGAR through registering or filing information with the Commission.[306] For those Registered Entities, the Commission does not expect there to be additional burdens associated with mandating EDGAR filing of ANE Exception Notices.

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304 See https://www.sec.gov/edgar/search/#. Resources for using this functionality, including a series of FAQs, are available on the Commission's website. See https://www.sec.gov/edgar/search-and-access and https://www.sec.gov/edgar/search/efts-faq.html. As an example, once updates to EDGAR are made to accommodate submission (and withdrawal) of ANE Exception Notices via EDGAR, a firm should be able to go to https://www.sec.gov/edgar/search/#, and, using the "Browse filing types" option, select the designated category to search for ANE Exception Notices.

305 A small number of Registered Entities may be first-time EDGAR filers; for example, 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.

306 A Registered Entity that is an SBSD must file its application for registration on EDGAR. See 17 CFR 240.15Fb2-1(c). Additionally, pursuant to amendments being adopted in this release, a Registered Entity that is a broker will be required to file on EDGAR certain annual reports, and many brokers already do so voluntarily under existing Commission rules. See infra sections VIII and XI.B.

As discussed in the Proposing Release, it would not be appropriate or necessary for a Registered Entity to have available a temporary or continuing hardship exemption[307] from the requirement to file ANE Exceptions Notices on EDGAR. For one, reliance on the ANE Exception, which requires the filing of an ANE Exception Notice, is voluntary, and the ANE Exception is only available for Relying Entities whose affiliated Registered Entity is operationally capable of complying with certain disclosure, communication, and recordkeeping conditions.[308] Further, the ANE Exception is premised in part on the public availability of the ANE Exception Notice to Relying Entities. For these reasons, as well as the simplicity of the expected filings and the sophistication of the filers, the Commission is amending Regulation S-T to exclude ANE Exception Notices and withdrawals from temporary hardship exemptions under Rule 232.201(a) and continuing hardship exemptions under Rule 232.202(a).

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

1. Proposed Rule

The Commission proposed to amend Rule 15fi-3(c) to require that the submission of valuation dispute notices and amendments to such notices to the Commission ("VDNs") be made in EDGAR in a custom XML-based structured data language.[309] Under Rule 15fi-3(c), each SBS Entity must promptly notify the Commission and any applicable prudential regulator[310] 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

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307 See, respectively, 17 CFR 232.201(a), addressing temporary hardship exemptions, and 17 CFR 232.202(a), addressing continuing hardship exemptions.

308 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 SBSDs.

309 See Proposing Release, 88 FR at 23957.

310 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.

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.[311] 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.[312]

Prior to these amendments, Rule 15fi-3(c) required SBS Entities to submit VDNs "in a form and manner acceptable to the Commission."[313] SBS Entities had two options for submitting VDNs: (1) an electronic submission in PDF format via EDGAR; or (2) submission in PDF format to a dedicated Commission email address.

Under the proposed amendments, Rule 15fi-3(c) would continue to provide flexibility to SBS Entities regarding the information to be included in a VDN, but the Commission would encourage – not require – SBS Entities to disclose specific categories of information in VDNs, as discussed more fully below. In addition, the custom XML-based data language for VDN submissions and a fillable EDGAR-based web form would include XML elements reflecting those encouraged disclosures.[314] SBS Entities would be permitted to leave one or more fields in the EDGAR-based fillable web form unpopulated and provide their own description of the dispute in a dedicated general field in the fillable form.[315] SBS Entities may opt not to use the

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311 See 17 CFR 240.15fi-3(c).

312 Id. 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. Id.

313 In proposing Rule 15fi-3(c), the Commission explained that this phrase 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 acceptable by the Commission. 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).

314 See Proposing Release, 88 FR at 23958.

315 See id.

fillable web form to satisfy the structured data submission requirement and, instead, may generate a VDN using the custom XML-based data language and upload the VDN to EDGAR.[316]

2. Amended Rule

Based on the reasons discussed in the Proposing Release, and after considering the public comments, the Commission is adopting the amendments to Rule 15fi-3(c) as proposed. Accordingly, amended Rule 15fi-3(c) requires SBS Entities to submit VDNs electronically in EDGAR using a custom XML-based data language specific to VDNs.[317] This requirement applies to initial VDNs and amendments to VDNs, including notices of termination of a dispute.[318] Under the amended rule, SBS Entities will no longer be able to submit VDNs to the Commission via email or in PDF format on EDGAR.[319]

As discussed in the Proposing Release, SBS Entities should already have obtained access to EDGAR in connection with their registration with the Commission in such capacity and should therefore be familiar with how to use the EDGAR system.[320] As such, the Commission

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316 See id.

317 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). Beginning on the compliance date for the amendments to Rule 15fi-3(c), the only method available for SBS Entities to provide the dispute reports required by the Commission's existing substituted compliance orders will be electronically in EDGAR using the custom XML-based data language specific to VDNs. The flexibility provided by a fillable web form and by the custom XML-based data language's elements – including an XML element to capture any information that does not fall within any of the other elements – will facilitate submission of dispute reports required by the Commission's orders with minimal modification.

318 Under amended Rule 15fi-3(c)(2), an SBS Entity will be required to submit VDN amendments electronically in EDGAR using the custom XML-based data language, as required by the rule, regardless of the method the SBS Entity used to submit the original VDN or previous amendments. For a VDN submitted after the compliance date that amends a VDN submitted via email prior to the compliance date, the SBS Entity may indicate in its submission that the VDN amends a VDN previously submitted via email.

319 Under amended Rule 15fi-3(c), SBS Entities with a U.S. prudential regulator must notify the prudential regulator "in a form and manner acceptable to the prudential regulator." Prior to the amendments, Rule 15fi-3(c) did not specify how SBS Entities must notify the prudential regulator. The additional specificity in the amended rule will provide guidance to SBS Entities along with the flexibility to notify any applicable U.S. prudential regulator in a form and manner acceptable to that regulator.

320 See Proposing Release, 88 FR at 23958.

does not expect there to be any additional burden associated with expressly mandating submission of VDNs on EDGAR.

One commenter stated that requiring submission of VDNs via a fillable web form on EDGAR would introduce inefficiencies and opportunities for human error; specifically, that firms would need an individual to copy and paste the text from the relevant data output into the Commission's web form, which would likely necessitate a second individual to watch the first individual input the data.[321] According to the commenter, this type of "over the shoulder" observation is needed to minimize (but will not entirely eliminate) the risk of error and would create inefficiency for no corresponding benefit. The commenter requests that the Commission allow firms "to continue submitting their [VDNs] (and subsequent amendments and terminations) in PDF, and, at the very least, allow firms to submit a structured data file as the [VDN] rather than filling in a web form."[322]

The Commission disagrees with the commenter's statement that the amendments to Rule 15fi-3(c) provide no corresponding benefit. Using EDGAR – as opposed to a dedicated email inbox – provides a more efficient and secure way to submit and process VDNs. As discussed in the Proposing Release, the submission of VDNs in a structured data language will enable the Commission to analyze the information therein more efficiently and effectively, as compared to the current methods of submission, for purposes such as identifying trends in disclosed valuation disputes or performing technical validations (i.e., programmatic checks) upon intake to ensure VDNs are appropriately standardized and formatted.[323] These benefits justify the amendments notwithstanding the potential need for an over-the-shoulder review, as described by the commenter.

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321 See SIFMA 5/22/2023 Letter at 11.

322 Id.

323 See Proposing Release, 88 FR at 23958.

The amended rule provides that each SBS Entity is required to submit VDNs "electronically through the Commission's EDGAR system, in accordance with the EDGAR Filer Manual . . .." While, beginning on the compliance date for the amendments to Rule 15fi-3(c), an SBS Entity will no longer be able to submit VDNs in PDF format for the reasons discussed above, in response to the comment, the Commission is confirming that, as provided for under the current EDGAR Filer Manual, [324] an SBS Entity will have the option to submit to the Commission via EDGAR a VDN that the SBS Entity has constructed in the custom XML-based data language instead of using the fillable web form.

One commenter stated that the Proposing Release was incomplete because it did not "identify the specific elements that will need to be included on the XML valuation dispute reports."[325] The same commenter stated that "if the Commission does adopt a fillable web form requirement or another requirement to submit reports using structured data language, it must provide firms with an opportunity to review and comment on the structure and content of the requirement." The commenter stated that "the [Proposing Release] is not entirely clear whether firms will be required to simply type in data or to submit a file when submitting [VDNs]" and "there may be data elements that need to be clarified or that should not be included at all."[326]

As discussed above, the proposed rule would not amend the content requirements for VDNs. Rather, the Proposing Release encouraged SBS Entities to include certain categories of information in their VDNs, and those categories were detailed in the Proposing Release. While the Proposing Release did not include an accompanying XML schema for that XML-based data language, as discussed above, under the amended rule, SBS Entities will have flexibility in submitting VDNs in structured data, with a choice of using the EDGAR-based fillable form

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324 See EDGAR Filer Manual, Volume II, Chapter 9, Filer-Constructed XML Submissions (providing instructions regarding constructing a submission using the Filer-Constructed XML Filing Specification documents (available at https://www.sec.gov/info/edgar/tech-specs) and providing step by step instructions for transmitting such submissions via EDGAR to the Commission).

325 See SIFMA 5/22/2023 Letter at 2.

326 See SIFMA 5/22/2023 Letter at 11.

(with additional flexibility as to what to disclose in the form) or uploading a VDN in the XML-based data language. Additionally, the Proposing Release did specify that the data language would include discrete XML elements for each of the encouraged disclosures,[327] as well as a separate XML element to capture any information provided by SBS Entities that does not fall within the encouraged disclosures.

As discussed in the Proposing Release, one of the primary objectives of Rule 15fi-3(c) is to inform the Commission and its staff that a valuation dispute has arisen, allowing the Commission and staff to consider whether additional follow-up is warranted. While Rule 15fi-3(c) is intended to provide SBS Entities with flexibility to submit the required information to the Commission in a manner that is most efficient for each SBS Entity,[328] the Commission is encouraging – but is not requiring – SBS Entities to include in a VDN basic information about the security-based swap valuation dispute, including: (1) identifying information about both counterparties (including each party's LEI); (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.[329] The Commission is also encouraging SBS Entities 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

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327 See Proposing Release, 88 FR at 23958. See also infra section VII.A (discussing taxonomies and the public feedback process).

328 See also Risk Mitigation Techniques for Uncleared Security-Based Swaps, Exchange Act Release No. 87782 (Dec. 18, 2019), 85 FR 6359, 6368 (Feb. 4, 2020) ("Risk Mitigation Adopting Release"); Security-Based Swap Valuation Dispute Notices, available at https://www.sec.gov/tm/Security-Based-Swap-Valuation-Dispute-Notices (where the staff states 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.'").

329 As discussed in the Proposing Release, this information is consistent with the notices that swap dealers and major swap participants are required to provide to the NFA, which receives notices from Swap Entities pursuant to CFTC Regulation 23.502(c) regarding swap valuation disputes. 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, 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. See Proposing Release, 88 FR at 23957.

about which counterparty is calling the dispute (i.e., the direction of the dispute). In amendments to previously submitted VDNs, including notices of termination of a dispute, SBS Entities are encouraged to provide information to assist the Commission in understanding the purpose of the amendment or the circumstances of termination of a dispute.[330] The inclusion of such information ("basic information") in VDNs will assist Commission 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 for VDNs will include discrete XML elements for each category of the basic information listed above, and the associated fillable web form on EDGAR will contain discrete fields mirroring those XML elements. However, to maintain the flexibility inherent to the Commission's approach to VDNs, the custom XML data language (and associated fillable web form) will also contain an XML element (and fillable field) to capture any information provided by SBS Entities that does not fall within the categories of basic information listed above. SBS Entities may use this XML element (and associated fillable field) to submit their VDN information, as appropriate, and may refrain from using any number (or all) of the other XML data elements and associated fillable fields if such information is not needed to report the dispute. In addition, as the Commission proposed, SBS Entities may opt not to use the fillable form altogether and instead generate a VDN using the custom XML-based language and upload it to EDGAR.

One commenter recommended that the Commission require SBS Entities to submit LEIs with VDNs, stating that "[s]tructured data is more useful when it contains a consistent identifier, like the LEI," and that "[r]eporting of non-standardized data . . . will lead to inconsistent submissions and in terms of comparability, ultimately more work on behalf of the

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330 One commenter stated that "it would be quite difficult and, in some cases, sensitive for firms to provide this information." The commenter therefore "[agreed] with the Commission that it should not require SBS entities to provide such information in the [VDNs]." See SIFMA 5/22/2023 Letter at 12.

Commission."[331] The Commission does not disagree that LEIs are beneficial in that they provide consistent and comparable identification of entities, and indeed, as discussed above in this section, the Commission encourages SBS Entities to include LEIs when submitting VDNs. However, the scope of the rule amendments is focused on the manner of transmitting VDNs (e.g., from email or unstructured submission to structured EDGAR submission), and not on adding new specific content requirements for VDNs. Therefore, the Commission is encouraging, but not mandating, the inclusion of LEIs in VDNs.

One commenter stated that the Commission must continue to allow SBS Entities to submit terminations or amendments[332] to VDNs via email due to limitations in EDGAR's functionalities. Specifically, this commenter states that firms do not have a mechanism to associate terminations or amendments with an original VDN on EDGAR if the dispute lasts longer than 30 days due to a lack of an archival function for VDNs. According to the commenter, for this reason, firms currently submit amendments and terminations via email using the accession number associated with the original report, and upending this process would "make it virtually impossible for firms to associate reports with subsequent amendments or terminations."[333]

While the Commission acknowledges that EDGAR does not currently have an archival function with respect to VDNs, SBS Entities currently do, in fact, have a means to associate amendments (including terminations) with an original VDN on EDGAR, and will continue to have the ability to do so upon implementation of the amended rule. Specifically, upon submitting a VDN on EDGAR, the submitter receives an email with data that includes the file number associated with the VDN. This emailed information regarding the submission is also

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331 See GLEIF Letter.

332 While the commenter references the submission of "terminations" and amendments, Rule 15fi-3 does not impose requirements specific to terminations of a valuation dispute. Rather, the termination of a dispute may require an SBS Entity to submit an amended VDN under Rule 15fi-3(c) if the criteria of the rule are met.

333 See SIFMA 5/22/2023 Letter at 12.

available to the submitter on EDGAR for 30 days. A VDN submitter can retain this information. If a submitter needs to submit a VDN amendment, the submitter would enter the file number associated with the VDN being amended. The EDGAR system will associate the file number on the amendment with the common file number on the original VDN. Therefore, the Commission does not agree with the commenter that the Commission must continue to allow VDN amendments to be submitted via email in order to be able to associate terminations or amendments with an original VDN.

Finally, as discussed in the Proposing Release, the Commission understands that VDNs may contain information that is sensitive to one or both of the counterparties. If a VDN submitted to the Commission includes confidential information, the SBS Entity can request confidential treatment of the information.[334] 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;[335] 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.

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

1. Proposed Rule

Rule 15fk-1(c) requires that the chief compliance officer ("CCO") of an SBS Entity prepare and sign an annual compliance report ("CCO report")[336] that must be submitted to the Commission within 30 days following the deadline for filing the SBS Entity's annual financial

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334 See 17 CFR 200.83.

335 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.

336 For purposes of this release, the term "CCO report," when used with respect to an SBS Entity relying on substituted compliance pursuant to a Commission order regarding the requirements of Exchange Act section 15F(k) and Rule 15fk-1, refers to, as applicable, reports that must be provided by the SBS Entity to the Commission as a condition to the SBS Entity relying on substituted compliance orders regarding the requirements of Exchange Act section 15F(k) and Rule 15fk-1.

report with the Commission pursuant to section 15F of the Exchange Act and the rules and regulations thereunder.[337] Rule 15fk-1(c) does not specify the manner in which the CCO report must be submitted, whether in paper or electronic format.[338] Accordingly, prior to these amendments, an SBS Entity could submit its CCO report as a paper or electronic submission. To facilitate electronic submission of CCO reports, the Commission updated the EDGAR system to receive the reports electronically. In 2023, approximately 50% of registrants submitted their CCO reports electronically through EDGAR in PDF format.

The Commission proposed to amend Rule 15fk-1(c)(2)(ii)(A) to require CCO reports to be submitted electronically through EDGAR in Inline XBRL (i.e., as an Interactive Data File in accordance with Rule 405 of Regulation S-T).[339] As proposed, the required 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, eliminate the need to establish manual processes that may introduce error, and make submissions available immediately to Commission staff.[340] As explained in the Proposing Release, requiring CCO reports to be submitted in Inline XBRL format would allow Staff to better utilize CCO reports to gauge the soundness of SBS Entity compliance programs, as well as to, among other things, enable EDGAR to perform technical validations upon intake of the reports, thus potentially improving the quality of the submitted data by decreasing the incidence of non-substantive errors.[341]

2. Final Rule

Based on the Commission's experience over the course of implementing Rule 15fk-1(c), and after considering the public comments, the Commission is adopting the amendments to Rule

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337 17 CFR 240.15fk-1(c).

338 See id.

339 See Proposing Release, 83 FR at 23959.

340 See id.

341 See id.

15fk-1(c) as proposed. Accordingly, final Rule 15fk-1(c) requires SBS Entities to submit CCO reports electronically in Inline XBRL through EDGAR.[342] Under the final rule, SBS Entities will no longer be able to submit CCO reports to the Commission via email, in PDF format on EDGAR, or in paper. This includes SBS Entities relying on Commission orders granting substituted compliance pursuant to Exchange Act Rule 3a71-6.[343]

Requirement to Submit CCO Reports through EDGAR

With respect to the requirement to submit CCO reports through EDGAR, one commenter supported the proposal, urging the Commission to require a single process for the reporting of all CCO reports.[344] According to the commenter, allowing reporting entities to report in different formats, using different standards, will lead to confusion and added expense to the marketplace.[345] Another commenter objected generally to requiring firms to submit any forms, including but not limited to CCO reports, on EDGAR until EDGAR's perceived technical deficiencies are addressed, including, as relevant here, assurances that EDGAR has adequate processes in place to ensure that CCO reports and other confidential reports are, and remain, confidential.[346]

It is appropriate to require SBS Entities to submit CCO reports on EDGAR. First, as the Commission stated in the Proposing Release, using EDGAR as opposed to permitting each registrant to decide on its own submission format—whether that be in paper, via email to the

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342 The amendment does 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).

343 Rule 3a71-6 under the Exchange Act permits the Commission to determine that registered non-U.S. major security-based swap participants may satisfy certain requirements under the Exchange Act section 15F and the rules and regulations thereunder by complying with comparable non-U.S. requirements. 17 CFR 240.3a71-6. SBS Entities that elect to fulfill the requirements of Rule 15fk-1 through substituted compliance must provide home country report(s) described in the relevant Order Granting Substituted Compliance, in English. See, e.g., Order Granting Conditional Substituted Compliance in Connection With Certain Requirements Applicable to Non-U.S. Security-Based Swap Dealers Subject to Regulation in the Swiss Confederation, Exchange Act Rel. No. 93284, 86 FR 57455, 57466. See also discussion supra at section I.F.

344 See XBRL Letter at 9.

345 See id.

346 See SIFMA 5/22/2023 Letter at 13.

Commission, or on EDGAR—provides a more streamlined and simplified submission process, eliminates the need to establish manual processes that may introduce error, and provides a way for the Commission staff to receive CCO reports immediately. Approximately half of SBS Entities already submit their CCO reports in PDF format via EDGAR, and the remainder should easily be able to utilize EDGAR because those entities should already have obtained access to EDGAR in connection with their registration with the Commission. Second, with respect to the concerns about confidentiality, as a general matter, the CCO reports are non-public, and the amendments we are adopting today do not change existing rules and processes with respect to confidential treatment of materials submitted to the Commission.[347]

Inline XBRL Structured Data Requirement

With respect to the proposed requirement to submit CCO reports in Inline XBRL structured data format, one commenter stated that "preparing this data in an unambiguously machine-readable format will improve accessibility to the data for retrieval, data aggregation, and analysis."[348] That same commenter stated that Inline XBRL can render both human- and machine-readable data from CCO reports.[349] That commenter added that unstructured data would require Commission staff to process each file individually and vet them for accuracy.

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347 See Rule 83, 17 CFR 200.83. The commenter also requested that the Commission revise its Rules, specifically, Exchange Act Rule 24b-2 to allow firms to request confidential treatment when submitting the CCO report in EDGAR, rather than submitting a separate request under Commission Rule 83, which provides a process for requesting that information not be disclosed in response to Freedom of Information Act requests. See id. at 10. However, Rule 24b-2 applies when the Commission needs to decide whether information will be disseminated to the public upon the filing of the information. 17 CFR 240.24b-2. CCO reports are not provided to the public upon submission. See 17 CFR 240.15fk-1(c)(ii). The Commission's website provides information for security-based swap dealers seeking to request confidential treatment for CCO reports, including the email address for submitting email requests for confidentiality under Rule 83. *See* Requesting Confidential Treatment for CCO Annual Reports, SEC.gov | Frequently Asked Questions Regarding Chief Compliance Officer Annual Reports Submitted by Security-Based Swap Dealers and Major Security-Based Swap Participants. See also infra section VII.A (discussing, among other things, security enhancements to EDGAR).

348 See XBRL Letter at 9.

349 See id.

Structured, machine-readable data, alternatively, can be processed in seconds using Inline XBRL software.[350]

Another commenter stated that the structured data requirement would place a burden on SBS Entities that are not affiliated with companies already familiar with structured data taxonomies. That same commenter added that the structured data requirement would require firms to hire additional personnel and expend substantial resources to comply.[351] This commenter stated that the result of XBRL tagging could be achieved through lower cost means, such as PDF documents which "can be searched and redlined with ease."[352] The commenter stated that XBRL requirements will require firms to overhaul their entire timelines for preparing and submitting reports because firms will need to provide service providers and vendors with time (often three-to-four business days) to conduct XBRL tagging, rendering, and processing.[353] That same commenter stated that the primary benefits of Inline XBRL tagging involve review of numerical submissions and that tagging is not necessary given the narrative format of CCO reports.[354]

Requiring CCO reports to be submitted in Inline XBRL structured data format facilitates 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.[355] One commenter disagreed that an Inline XBRL requirement provides benefits for the CCO report.[356] This commenter characterized the CCO report as an unstructured, narrative-

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350 See id at 10.

351 See SIFMA 5/22/2023 Letter at 4.

352 See id. at 6.

353 See id. at 5.

354 See id. at 6.

355 For further discussion of the structured data requirements, see infra section VII.A.

356 See SIFMA 5/22/2023 Letter at 7.

based report, and stated that an Inline XBRL requirement does not facilitate analysis or comparison because narrative reports do not contain standardized, easily comparable elements.[357]

The Commission disagrees with this point. While CCO reports were not previously "structured" in the machine-readable sense, there are clearly delineated regulatory subparagraphs (specifically, Rule 15fk-1(c)(2)(i)(A) through (E) under the Exchange Act) that designate the minimum content which CCO reports must contain.[358] The Inline XBRL requirement under the amended rules will involve the creation of a taxonomy including specific tags that map onto each of these subparagraphs. SBS Entities' use of these tags to identify each particular disclosure in the CCO report will enable staff to analyze all (or subsets of) SBS Entities' disclosures in response to any particular subparagraph of interest, including to determine whether SBS Entities have complied with each substantive component of the CCO report required under Rule 15fk-1(c)(2)(i). This will make it easier for staff to retrieve, sort, filter, compare, or aggregate the disclosures on CCO reports, which frequently contain lengthy narratives, to gauge the soundness of SBS Entity compliance programs (e.g., by enabling staff to broadly identify any areas for improvement that were widely cited by SBS Entities in their CCO reports in one reporting period, and then identify whether SBS Entities generally made changes to their policies and procedures to implement that improvement in the subsequent reporting period).[359] The application of specific tags to narratives in the CCO reports will also enable to staff to create customized reports that will facilitate a more comprehensive approach to risk identification and

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357 See id.

358 See 17 CFR 240.15fk-1(c)(2)(i)(A) through (E).

359 See 17 CFR 240.15fk-1(c)(2)(i)(B) and (C).

analysis. In this manner, staff will be better able to assess compliance with the Exchange Act and rules and regulations thereunder applicable to SBS Entities.[360]

As discussed elsewhere in this release, the Commission also disagrees that the structured data requirement would require firms to hire additional personnel and expend substantial resources to comply.[361] That said, if SBS Entities encounter unreasonable effort or expense complying with this aspect of the rule, the Commission encourages those entities to consult with Commission staff or request an extension of time under the existing standard and process set forth in Rule 15fk-1(c)(2)(iii).[362]

Substituted Compliance Considerations

One commenter stated that "SBS Entities that rely on substituted compliance pursuant to Exchange Act Rule 3a71-6 would face particularly undue timing pressures, as substituted compliance orders generally require these firms to submit their home country CCO Reports no later than 15 days from submission to the entity's management body."[363] That commenter added that if the Commission does require "firms to use specific tags in their CCO Report […] it should allow substituted compliance firms to continue submitting home-country reports in their current form."[364] Another commenter stated that the Commission should require a single process for all CCO reports, because "[a]llowing reporting entities to report in different formats, using different

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360 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).

361 For further discussion of costs related to Inline XBRL requirements, see infra section VII. and section X.C.2.

362 17 CFR 240.15fk-1(c)(2)(iii). Extensions of the deadline to submit CCO reports will be granted at the discretion of the Commission. Id.

363 See SIFMA 5/22/2023 Letter at 5.

364 See id. at 7.

standards, will lead to confusion and added expense in the marketplace."[365] That commenter continued that "[p]rocessing data in structured, machine-readable XBRL format takes seconds" compared to much-longer processing times for HTML, PDF, and image files.[366] As stated previously, requiring CCO reports to be submitted in Inline XBRL structured data format facilitates access to the information included on the CCO reports, enabling automated data retrieval and aggregation, which allows Commission staff to perform more efficient analysis and comparison of the disclosures across different SBS Entities and time periods.[367] These benefits apply equally whether an SBS Entity is complying directly with Rule 15fk-1 or relying on a substituted compliance order.[368] With respect to the comment raised about undue timing pressure, that same commenter acknowledged that any actual timing challenge was unknown and based on an assumption about the "number of tags typically associated with Inline XBRL reports" and expectation that the required changes would be quite broad.[369]

The Commission disagrees with the commenter. The substance of the commenter's objection is about the perceived burden and costs associated with the anticipated taxonomy, which we address below,[370] rather than an identified timing concern. Permitting SBS Entities relying on substituted compliance to avoid the structuring requirement, while requiring SBS Entities complying directly with Rule 15fk-1 to submit structured CCO reports, would decrease

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365 See XBRL Letter at 9.

366 See id. at 10.

367 For further discussion of the structured data requirements, see infra section VII.A.

368 For further discussion of structured data requirements for firms relying on substituted compliance, see supra section I.F.

369 See SIFMA 5/22/2023 Letter at 5.

370 See infra sections X.C.2.b, IX.D.9 and IX.D.15. As further explained in the Economic Analysis and Paperwork Reduction Act, the Commission revised its estimates in the initial compliance year to account for the additional burden of determining which narrative descriptions within its home country report correspond to descriptions addressed in Rule 15fi-1(c)(2) and must therefore be tagged. However, on an ongoing basis firms that rely on substituted compliance will incur the same costs to tag home country reports as firms that do not rely on substituted compliance, because in each case, the firm will incur the cost of applying Inline XBRL tags to the same information required by the Exchange Act. See infra note 685 (outlining that the total annual hour burden is 98 hours per respondent in the initial year, 5 hours of which is structuring, and 96 hours per respondent in subsequent years, 3 hours of which is structuring).

the staff's ability to inspect, examine, and supervise the compliance of those SBS Entities.[371] It would also hamper the staff's ability to perform more efficient retrieval, aggregation, and comparison across different SBS Entities and time periods.[372] Finally, permitting SBS Entities relying on substituted compliance to avoid the structuring requirement for home country reports would result in an uneven framework that imposes additional requirements on SBS Entities complying directly with Rule 15fk-1.

SBS Entities, including those relying on substituted compliance, will not be required to submit CCO reports in Inline XBRL format until January 1, 2026, which will give SBS Entities sufficient time to adapt to the new Inline XBRL requirements and enable the development of systems or tools that can generate Inline XBRL tagging of those reports, including home country reports submitted by SBS Entities relying on substituted compliance. SBS Entities will also have an opportunity to provide technical feedback on the proposed taxonomies once they are published (prior to January 1, 2026), including whether SBS Entities relying on substituted compliance anticipate specific technical difficulties as a result of those proposed taxonomies.[373] While technical feedback on the proposed taxonomies will be welcomed and considered, the fundamental requirement to provide CCO reports using structured data will not change during that process. Any input on confusion raised by the tagging process can be provided as technical feedback after the proposed taxonomies are published. Finally, to the extent SBS Entities relying on substituted compliance can demonstrate difficulty submitting structured home country reports within the 15-day time frame without incurring unreasonable effort or expense, the Commission will consider requests for an extension of time in order to satisfy the structuring requirement.

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371 See, e.g., Order Granting Conditional Substituted Compliance in Connection with Certain Requirements Applicable to Non-U.S. Security-Based Swap Dealers Subject to Regulation in the Swiss Confederation, 86 FR 57455, at 57456 (Oct. 15, 2021).

372 See Proposing Release at 23959. See also infra section X.C.2.b.

373 See infra sections VII.A (discussing the draft taxonomy publication process) and X.C.2.b (specifying estimated cost ranges for the structuring of CCO reports and home country reports, with expected costs ranging from approximately $1,200 to $6,200 in the first year of compliance).

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

This release adopts a number of amendments to the FOCUS Report to correct technical errors and provide clarifications, with the goal of improving the accuracy of the information the Commission collects on the FOCUS Report. In addition, the Commission is allowing electronic signatures in Rule 17a-5, 17a-12, and 18a-7 filings, including the FOCUS Report. The amendments are described in more detail below.

A. Corrective and Clarifying Amendments to the FOCUS Report

1. Computation of Minimum Regulatory Capital Requirements

Rule 15c3-1 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.[374] However, the Calculation of Minimum Net Capital Requirement subsection in the broker-dealer Computation of Minimum Regulatory Capital Requirements section of the FOCUS Report Part II does not include a reference to the 4% of segregated funds ratio even though this section of the form is intended to document a firm's Rule 15c3-1 calculation. To align the FOCUS Report's net capital computation with Rule 15c3-1, the Commission proposed 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 were 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.[375] The Commission received no comment on renumbering lines to clarify at what point in the net capital

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374 See 17 CFR 240.15c3-1(a)(1)(iii).

375 The Commission proposed the following changes to the Calculation of Minimum Net Capital Requirement subsection 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 references accordingly; and (4) move old Line 5D to new Line 7 and renumber subsequent lines and line references accordingly.

computation to compute the percentage of the risk margin amount (if applicable) and the 10% addition for broker-dealers engaged in reverse repurchase agreements, and for the reasons discussed above, is adopting these changes as proposed.

The Proposing Release requested comment on whether to amend Rule 15c3-1, as well as Rule 15c3-1d which also cross-references the CFTC's segregated funds requirement in identifying conditions for satisfactory subordination agreements, and solicited comment on whether the Commission should amend Rules 15c3– 1 and 15c3–1d to remove references to these requirements that are no longer in effect under the CFTC's rules. The Commission received comment stating that the Commission should remove references to the CFTC's segregated funds requirement from Rules 15c3-1 and 15c3-1d. The commenter stated that the 4% of segregated funds requirement "is an outdated, irrelevant requirement, as the CFTC has not imposed the 4% requirement for nearly two decades."[376] In light of the comments received, which merit further consideration, the Commission is not amending Rules 15c3-1 and 15c3-1d to remove references to the CFTC's segregated funds requirement at this time.

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

The Commission also proposed to amend FOCUS Report Part II's income statement. Prior to these amendments, the income statement only provided 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 commission revenue to ensure compliance with relevant rules and properly supervise firms, the Commission proposed to revise

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376 See Letter from Kyle Brandon, Managing Director and Head of Derivatives Policy, Securities Industry and Financial Markets Association (Nov. 21, 2023) ("SIFMA 11/21/2023 Letter") at 1-2.

the revenue section of the income statement to account for these other types of commission revenue.[377]

One commenter generally requested that the Commission update the FOCUS Report for consistency with generally accepted accounting principles ("GAAP") and coordinate more closely with the FINRA and other regulators when updating the FOCUS Report, pointing out as an example that FOCUS Report Part II's income statement is missing information found in FINRA's Form SSOI.[378] The changes to FOCUS Report Part II have been coordinated with FINRA and CFTC staff, and are intended to align this section of the form to be more consistent with FINRA's Form SSOI's key revenue and expense categories but is not an exact mirror of FINRA's Form SSOI, as Form SSOI will continue to be a source of detailed income statement information. Further, the Commission has endeavored to keep the FOCUS Report consistent with current accounting principles including GAAP.[379] The Commission received no other comment on this proposal and for the reasons discussed above, is adopting it as proposed with unique line-item numbers assigned to the new lines, and one correction to the formula in line 1H.[380]

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

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377 The Commission proposed to revise Line 1E and add new Lines 1F-1H in the Revenue subsection in the Income Statement section of FOCUS Report Part II.

378 See Integrated Solutions Letter at 1-2.

379 See, e.g., Recordkeeping and Reporting Requirements for Security-Based Swap Dealers, Major Security-Based Swap Participants, and Broker-Dealers, Exchange Act Release No. 87005 (Dec. 16, 2019), 84 FR 68550, 68676 (Dec. 16, 2019) (amending FOCUS Report Part II to incorporate the concept of LLC interests in the Ownership Equity subsection); Disclosure Update and Simplification, Exchange Act Release No. 83875 (Aug. 17, 2018), 83 FR 50148, 50227 (Oct. 4, 2018) (amending FOCUS Report Part II to incorporate the concept of comprehensive income).

380 The formula in line 1H is being corrected so that it now reads "(sum of Lines 1E, 1F, and 1G)" instead of "(sum of Lines 1E and 1H)".

CFTC regulations.[381] 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 minimum capital requirements to ensure the CFTC receives complete information about these firms.[382]

While FCMs are required to complete the Computation of CFTC Minimum Capital Requirements section of FOCUS Report Part II, the FOCUS Report fails to instruct CFTC-registered 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 proposed 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. The Commission received no comment on this change and for the reasons discussed above, is adopting it as proposed with unique line-item numbers assigned to the new lines.

4. Technical Corrections to FOCUS Report Parts IIA and II

The Commission is making two technical corrections to FOCUS Report Part IIA. First, lines 11 and 15 of the Computation of Net Capital Requirement are being updated to replace the incorrect cross-reference to line 19 with a corrected cross-reference to line 18 so that the form matches the requirements of Rule 15c3-1.[383] Second, in response to comment received during a

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

382 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.

383 See lines 11 and 15 of the Computation of Net Capital Requirement section of FOCUS Report Part IIA.

meeting with FINRA representatives,[384] the Commission is amending FOCUS Report Part IIA to require broker-dealers using the alternative method to compute net capital to report the percentage of debt to debt-equity total.[385] This amendment is appropriate because it correctly conforms the FOCUS Report Part IIA to paragraph (d) of Rule 15c3-1, which requires that all broker-dealers compute the percentage of debt to debt-equity total.

The Commission is making one technical correction to FOCUS Report Part II to add a new line item in the Computation for Determination of Customer Reserve Requirements and the Computation for Determination of PAB Requirements sections to align these sections of the FOCUS Report Part II with the amendments to Rule 15c3-3a that the Commission adopted in December 2023.[386] The same release amended Rule 15c3-3a to permit margin required and on deposit at a covered clearing agency for U.S. Treasury securities to be included as a debit item in the customer and PAB reserve formulas, subject to certain conditions.[387] The technical amendment to the FOCUS Report Part II reflects the update of the schedules to reflect adoption of the new debit item.[388]

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384 See Memorandum to file number S7-08-23 from Valentina Minak Deng regarding meeting with representatives of FINRA (Oct. 4, 2023), available at https://www.sec.gov/comments/s7-08-23/s70823-267599-644062.pdf.

385 See new line 26 of the Computation of Alternate Net Capital Requirement section of FOCUS Report Part IIA.

386 See 17 CFR 240.15c3-3a; Standards for Covered Clearing Agencies for U.S. Treasury Securities and Application of the Broker-Dealer Customer Protection Rule with Respect to U.S. Treasury Securities, Final Rule, Exchange Act Release No. 99149 (Dec. 13, 2023), 89 FR 2714 (Jan. 16, 2024) ("Treasury Clearing Adopting Release"). The technical amendment to Rule 15c3-3a inserted a new Line 17 in both the customer and PAB reserve formulas as a new debit item for margin required and on deposit with a clearing agency registered with the Commission under section 17A of the Exchange Act (15 U.S.C. 78q-1) resulting from the following types of transactions in U.S. Treasury securities in customer accounts that have been cleared, settled, and novated by the clearing agency: (1) purchases and sales of U.S. Treasury securities; and (2) U.S. Treasury securities repurchase and reverse repurchase agreements. See Treasury Clearing Adopting Release, 89 FR at 2826. See also Note H to Rule 15c3-3a. As a result of the new line items, the remaining line items in the computations of the customer and PAB reserve formulas are renumbered to reflect the addition of the new debit item.

387 See Treasury Clearing Adopting Release, 89 FR at 2826.

388 The Commission is adding Line 17 and renumbering the subsequent lines and cross-references to those lines in the Computation for Determination of Customer Reserve Requirements and Computation for Determination of PAB Requirements sections of FOCUS Report Part II.

B. Harmonizing FOCUS Report Part IIC with the Call Report

FOCUS Report Part IIC requires SBS Entities that are dually registered with a prudential regulator ("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"),[389] 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 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.[390]

However, as discussed in the Proposing Release, since FOCUS Report Part IIC was adopted, FFIEC Form 031 has been updated resulting in inconsistencies between FOCUS Report Part IIC and FFIEC Form 031. Therefore, the Commission proposed to amend the assets and liabilities subsections of the Balance Sheet section,[391] the Regulatory Capital section,[392] and the Income Statement section[393] of FOCUS Report Part IIC to harmonize FOCUS Report Part IIC with FFIEC Form 031. The Commission received comment supporting these proposed changes and encouraging further amendments to conform FOCUS Report Part IIC to additional changes made to FFIEC Form 031 since the date of the Proposing Release.[394] The Commission agrees that FOCUS Report Part IIC should align with FFIEC Form 031. Therefore, in addition to

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389 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.

390 See Form X-17A-5 Part IIC.

391 The Commission proposed 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.

392 The Commission proposed 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.

393 The Commission proposed 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 sublines.

394 See SIFMA 5/22/2023 Letter at 8.

adopting its proposed changes to FOCUS Report Part IIC, in response to the comments the Commission is also amending the assets subsection of the Balance Sheet section[395] and the Income Statement section[396] of FOCUS Report Part IIC to match the current version of FFIEC Form 031.

One commenter asked the Commission to require FOCUS Report Part IIC to be filed in XBRL format since FFIEC Form 031 is already required to be prepared in XBRL format.[397] While this would make FOCUS Report Part IIC more consistent with FFIEC Form 031, this change would make the format of FOCUS Report Part IIC inconsistent with the format of FOCUS Report Parts IIA and II. More specifically, there is already a long-standing system in place for receiving, distributing, and using FOCUS Report data, and converting FOCUS Report Part IIC to a separate format would be disruptive to both filers and regulators who are already familiar with the current process in the context of the FOCUS Report and use the current system to compare historical and current data. Finally, the Commission did not receive comment from any bank SBS Entities indicating that such a change would ameliorate or otherwise further reduce the burden associated with filing FOCUS Report Part IIC. Therefore, the Commission is not requiring FOCUS Reports Part II, IIA, and IIC to be filed in XBRL format.

C. OTC Derivatives Dealer FOCUS Report Filing Requirement

Most broker-dealers file the FOCUS Report electronically on the FINRA eFOCUS system. 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. SBS Entities that are not dually registered as broker-dealers are subject to a Commission order

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395 The Commission is revising Lines 2A and 2B of the Balance Sheet section of FOCUS Report Part IIC.

396 The Commission is revising Lines 6, 9.F., 9.G., 9.G.i., and 9.G.ii. of the Income Statement section of FOCUS Report Part IIC.

397 See XBRL Letter at 10.

that requires these firms to file the FOCUS Report electronically on the system developed by the Commission, the "SEC eFOCUS system."[398]

OTC derivatives dealers are a type of broker-dealer that engages in limited securities activities and is exempt from SRO membership.[399] OTC derivatives dealers are required to file FOCUS Report Part II, but unlike broker-dealers and non-broker-dealer SBS Entities, OTC derivatives dealers were required, prior to these amendments, to file FOCUS Report Part II in paper "at the Commission's principal office in Washington, DC."[400] Given the similarities between OTC derivatives dealers and the broker-dealers and non-broker-dealer SBS Entities filing FOCUS Report Part II, the Commission proposed 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. The Commission received comment supporting this amendment[401] and for the reasons discussed above, is adopting it as proposed.[402]

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).[403] The Commission proposed requiring 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.

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398 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).

399 See 17 CFR 240.3b-12.

400 See 17 CFR 240.17a-12(a).

401 See XBRL Letter at 10.

402 See paragraph (a)(2) of Rule 17a-12, as amended.

403 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.

One commenter responded with a request that the Commission require no signatures on the FOCUS Report since FOCUS Reports filed through FINRA's eFOCUS system do not contain signatures at all.[404] The fact that FINRA's eFOCUS system does not allow signatures in the uploaded filing does not make it unnecessary for firms to retain the signed FOCUS Report in their books and records as is required by the form.[405] Requiring an electronic signature on the related cover pages of the FOCUS Report is appropriate because it helps ensure that the broker-dealer's senior executives are reviewing the FOCUS Report. In addition, the amendment to require fewer signatures appropriately minimizes the burden associated with the benefit of this requirement.

Another commenter requested that the Commission require only one signature on the FOCUS Report since reviewing a firm's FOCUS Report may not fall within the responsibilities of that firm's principal operations officer, and it is unnecessary to obtain the signature of both the principal executive officer and principal financial officer.[406] After further consideration, the Commission agrees with the commenter that obtaining two such signatures is unnecessary because any individuals that substantially contribute to or cause violations of these rules may be subject to potential liability for aiding and abetting or causing violations by the firm even if they do not sign the audit document**s**.[407] In addition, the Commission agrees that a firm's principal operations officer's responsibilities may not include the FOCUS Report. Therefore, the Commission is modifying the proposed signature requirement so that the instructions to Parts II, IIC, and IIA of the FOCUS Report require the signature of only the firm's principal executive

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404 See Integrated Solutions Letter at 1-2.

405 See FOCUS Report Part II cover page; FOCUS Report Part IIA cover page; FOCUS Report Part IIC cover page. See also 17 CFR 240.0-1(a)(4) (stating that the Commission's rules and regulations include "reports and the accompanying instructions thereto").

406 See SIFMA 5/22/2023 Letter at 9.

407 See, e.g., 15 U.S.C. 78t(e); 15 U.S.C. 78u-3(a).

officer or principal financial officer (or their comparable officers), instead of requiring the signature of two principal officers.[408]

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

The Commission proposed to allow signatories on Rule 17a-5, 17a-12, and 18a-7 filings to choose between providing either manual or electronic signatures.[409] The Commission proposed that the signing process for an electronic signature needs 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."[410] 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 satisfies the aforementioned conditions that relate to the validity and enforceability of an electronic signature.[411]

Commenters unanimously supported electronic signatures,[412] and for the reasons discussed above, the Commission is adopting these amendments as proposed. However, one commenter asked the Commission to identify an example that satisfies its electronic signature requirements.[413] An example of an electronic signature using this signing process is Adobe

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408 See instructions to Form X-17A-5 Part II, Form X-17A-5 Part IIC, and Form X-17A-5 Part IIA, as amended.

409 See 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.

410 See amendment to instructions for FOCUS Report Parts II, IIA, and IIC.

411 See Electronic Signatures Release, 85 FR at 78225.

412 See, e.g., Integrated Solutions Letter at 3; SIFMA 5/22/2023 Letter at 9.

413 See SIFMA 5/22/2023 Letter at 9.

Acrobat's digitally signed certificate, when the document is locked after signing.[414] The same commenter asked the Commission to confirm that bank SBS Entities can use electronic signatures in the FOCUS Report, which the Commission indeed confirms.[415]

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

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

The Commission proposed 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.[416] These 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 required to be submitted electronically on EDGAR. 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, filers of these filings (except for notices and withdrawals of notices filed pursuant to Rule 3a71-3(d)(1)(vi)) could request temporary or continuing hardship exemptions if they experience unanticipated technical difficulties that prevent the timely submission of an electronic filing.[417] For example, a filer could request temporary and

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414 See Proposing Release at 23962 n. 314.

415 See instructions to FOCUS Report Part IIC, as amended.

416 The Commission is also adopting 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.

417 See 17 CFR 232.201 and 202.

continuing hardship exemptions for the inability to timely prepare and submit the Interactive Data File (i.e., the inability to timely structure the filing or submission in Inline XBRL).[418]

Most commenters supported filing the annual reports and related filings electronically on EDGAR,[419] although one commenter encouraged the Commission to address EDGAR's technical deficiencies, stating that "[h]over-over definitions and links to relevant rules should [] be standard."[420] The Commission has stated that it has "engaged in a multi-year, multi-phase effort to modernize the EDGAR system, including both internal and public-facing components. Security and modernization enhancements were deployed in June 2020, focusing on technology upgrades internal to the system."[421] Thus, individuals can hover over each field on an EDGAR form for additional information, and EDGAR provides a link to the instructions for the applicable SEC form. Given the benefits of electronic filing discussed in the Proposing Release, commenters' ample support for electronically filing, and the fact that the deficiencies identified by this commenter have already been addressed, the Commission adopts as proposed the requirement to file these documents electronically on EDGAR.

The Commission also proposed 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 VDNs submitted pursuant to paragraph (c) of Rule 15fi-3,[422] be filed or submitted in electronic format. This is

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418 See 17 CFR 232.201(c) and 17 CFR 232.202.

419 See, e.g., SIFMA 5/22/2023 Letter at 13.

420 See Sage Letter.

421 See Annual Report on SEC Website Modernization Pursuant to Section 3(d) of the 21st Century Integrated Digital Experience Act (Dec. 2022), available at https://www.sec.gov/files/21st-century-idea-act-report-2022.pdf.

422 The Commission is modifying the lead-in sentence of final Rule 101(d) of Regulation S-T to reflect that some of the items listed in the amended rule are submissions (e.g., VDNs) rather than filings. Additionally, the amendments to Rule 101(d) of Regulation S-T incorporate changes from the proposal to address revisions to Rule 101(d) regarding Form N-PX that became effective on July 1, 2024. See Securities Act Release No. 11131 (Nov. 2, 2022), 87 FR 78770, 78787 n. 204 (Dec. 22, 2022).

intended to ensure that electronically submitted filings are incorporated into the existing structure of Regulation S-T. The Commission received no specific comment on this proposal and for the reason discussed above, is adopting it as proposed, but with one additional technical modification. As stated above, the Commission is amending Rule 101(a) to include Compliance Reports submitted to the Commission pursuant to Rule 15fk-1(c)(2)(ii)(A) ("Covered EDGAR Documents") as mandated electronic submissions. The proposing release explained that the EDGAR rules in Regulation S–T would apply to the forms and other documents proposed to be submitted electronically on EDGAR; the proposed rule text, however, did not include a related amendment to Rule 101(d) adding the reports submitted pursuant to Rule 15fk-1(c)(2)(ii)(A). Consistent with the proposing release's discussion, the Commission is making that technical modification to add that language to the rule text so that reports submitted pursuant to Rule 15fk-1(c)(2)(ii)(A) are included in Rule 101(d).[423]

Structured Data Requirements

The Commission is also amending Rule 405 of Regulation S-T to implement the Inline XBRL requirements.[424] 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.[425] The Commission's amendments expand Rule 405 of

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423 We note that one commenter stated that the Commission must have adequate processes in place to ensure that compliance reports submitted pursuant to Rule 15fk-1(c)(2)(ii)(A) remain confidential. See SIFMA 5/22/2023 Letter at 13. As stated above, these reports are non-public, and the amendments do not change existing rules and processes with respect to confidential treatment of materials submitted to the Commission.

424 The amendments to Rule 405 of Regulation S-T mirror the proposed amendments to Rule 405 of Regulation S-T, except for changes that have been made to: i) preserve amended rule text from rules that were adopted after the Proposing Release was published; and ii) correct two typographical errors. Specifically, the amendments to Rule 405 of Regulation S-T retain references to filings made by special purpose acquisition companies, security-based swap execution facilities, and unit investment trusts. See Securities Act Release No. 11265 (Jan. 24, 2024), 89 FR 14158 (Feb. 26, 2024); Exchange Act Release No. 98845 (Nov. 2, 2023), 88 FR 87156 (Dec. 15, 2023); Securities Act Release No. 11238 (Sept. 20, 2023), 88 FR 70436 (Oct. 11, 2023). The final amendments also correct the reference in proposed Rule 405(b)(5)(i) from "§ 249.517 of this chapter" to "§ 249.617 of this chapter," and remove an extraneous reference to "15fk-1" in proposed Rule 405(a)(4).

425 See 17 CFR 232.405. See also Proposing Release at 23964 (discussing the history of XBRL and Inline XBRL requirements for Commission filings).

Regulation S-T to add Inline XBRL requirements for 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.[426]

Inline XBRL Requirements

Form	Inline XBRL Requirements
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 will be filed in Inline XBRL.[427] For Form 1, Exhibits D, E (in part), and I will be filed in Inline XBRL.[428] For Form X-17A-5 Part III, all disclosures except the facing page will be filed in Inline XBRL. For Form 17-H, Item 4 (the filer's financial statements) will be filed in Inline XBRL. Finally, for CCO reports, all of the required information will be submitted in Inline XBRL.[429]

The Commission is requiring 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,

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426 See supra sections II, IV.A, and V.D.

427 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.

428 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 structuring requirement would not include the copy of the users' manual). Exhibit I requires the exchange's financial statements.

429 CCO reports must contain the specific narrative descriptions that Exchange Act Rule 15fk-1(c) requires. These descriptions must be tagged in Inline XBRL. Additionally, SBS Entities that provide the Commission home country reports in reliance on a Commission substituted compliance order related to the requirements under Section 15F(k) and Rule 15Fk-1 will need to tag any portions of the report that contain information corresponding to the descriptions required by Rule 15fk-1(c)(2)(i). If a firm relying on substituted compliance provides Rule 15fk-1(c) information in a report separate from, and in addition to, its home country report, it will only have to tag that separate report in Inline XBRL. Similarly, firms relying on substituted compliance for filing Form X-17A-5 Part III will only need to tag the information that Exchange Act Rule 18a-7(c) requires.

and the VDNs to be provided in custom XML-based data languages rather than in Inline XBRL.[430] While the majority of EDGAR filings are filed or submitted in HTML or ASCII, certain EDGAR filings are filed or submitted using machine-readable, XML-based languages each of which is specific to the particular EDGAR document type being submitted.[431] For these custom 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.[432]

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.[433] 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 is amending 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 will publish on its website.

Several commenters specifically addressed the proposed structured data requirements. One commenter supported the inclusion of structured data requirements, stating that processing

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430 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 sections III and V.B.

431 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 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 custom XML requirements. See 17 CFR 232.101(a); 17 CFR 232.301. See also EDGAR Filer Manual, Volume II, Chapter 8. Current and Draft Technical Specifications, available at https://www.sec.gov/edgar/filer-information/current-edgar-technical-specifications.

432 See EDGAR Filer Manual, Volume II, Chapters 8 and 9.

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

data is significantly faster when the data is structured than when data is unstructured.[434] Another commenter stated that the use of structured data where appropriate for forms, reports, and notices provided by broker-dealers and SBS Entities, coupled with the required electronic filing or submission on EDGAR, would promote greater standardization and consistency in reporting and facilitate investor comparison and analysis of information across different entities.[435] By contrast, two commenters opposed the inclusion of structured data requirements, stating that such requirements would not provide benefits that justify the attendant burdens on filers.[436] These commenters' objections, and the Commission's responses thereto, are discussed in further detail later in this section.

Requiring the Structured Documents to be filed or submitted in a structured data language will 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.[437] As another example, the Commission has used structured order execution disclosures to inform its rulemaking efforts.[438] Structured data language requirements for the Structured Documents will 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 Structured Documents that will be filed or submitted on EDGAR (i.e., all except for the Rule 19b-4(e) postings), the structured data requirements enable EDGAR to perform technical validations (i.e., programmatic checks to ensure the documents are appropriately standardized, formatted, and

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434 See XBRL Letter at 11.

435 See Wohlfahrt Letter.

436 See SIFMA 5/22/2023 Letter; Integrated Solutions Letter.

437 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 (Sept. 14, 2022), available at https://ssrn.com/abstract=4189239 (retrieved from SSRN Elsevier database).

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

complete) upon intake of the documents. This will improve the quality of the filed or submitted data by decreasing the incidence of errors (such as the omission of values from fields that should always be populated).

Structuring each Structured Document will enable functionality that would vary based on the type of disclosures included in each document. As discussed elsewhere in the release, 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.[439] Structured textual disclosures, on the other hand, lend themselves to period-over-period redline comparisons, targeted keyword searching, and more sophisticated sentiment analysis.[440]

One commenter opposed the structured data requirements on a general level and with respect to specific points.[441] The commenter stated that the structured data requirements would impose significant costs on market participants without providing a clear benefit.[442] The commenter stated further that the XBRL and custom XML requirements would require firms to expend substantial additional resources and undergo fundamental operational changes.[443] The commenter listed several specific changes that, in its view, the XBRL and XML requirements would require firms to undergo, including the hiring of additional personnel that are proficient in XBRL and XML, the development of processes for converting the relevant data into XBRL and XML and uploading that data to EDGAR, the training of new and existing personnel on these

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439 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), VDNs, and CCO reports required by Rule 15fk-1(c)(2)(ii)(A) (in some cases). See supra sections II.A, II.D, II.E, IV.A, IV.B, V.A, V.B, V.D, and infra section X.C.1.b.

440 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, VDNs, and CCO reports. See id.

441 See SIFMA 5/22/2023 Letter at 1–7, 9, 11, and 14.

442 See id. at 1.

443 See id. at 4.

processes, and the overhauling of systems and operations to integrate the XBRL/XML production and processing.[444]

As the Commission explains in the discussion of structured data for Rules 17a-5, 18a-7, and 17a-12 above and the discussion of structured data costs in the Economic Analysis below, the Commission disagrees with the commenter that the structured data requirements will require firms to undergo all the described changes. Most firms will comply with custom XML requirements by completing fillable web forms on EDGAR; other firms will have the requisite sophistication to encode disclosures using custom XML schemas without the need for substantial additional training or hiring of personnel.[445] For Inline XBRL requirements, firms that outsource compliance with the structured data requirements to a third-party service provider will not need to hire additional personnel proficient in XBRL and XML, develop processes for converting data into XBRL and XML and uploading that data to EDGAR, train new and existing personnel on such processes, or overhaul systems and operations to integrate XBRL or XML production.

The commenter also stated that, in order to submit forms in XBRL, firms will generally need to hire third-party training providers, since firms often do not have these resources in-house.[446] The Commission disagrees because, as stated above, some firms will outsource XBRL compliance altogether, while other firms will use software tools that enable staff to apply Inline XBRL tags to regulatory documents. Firms that outsource compliance with structured data requirements to a third-party service provider rather than comply with the structured data requirements in-house will not need to hire additional personnel that are proficient in XBRL and XML, develop processes for converting the relevant data into XBRL and XML and uploading that data to EDGAR, train new and existing personnel on these processes, or overhaul systems and operations to integrate the XBRL/XML production, because the third-party service provider

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444 See id.

445 See infra section X.B.1.

446 See SIFMA 5/22/2023 Letter at 4.

would take such actions as necessary.[447] Firms that instead comply with structured data requirements internally will not need to hire additional personnel that are proficient in XBRL, because these firms can license software tools that allow staff without XBRL proficiency to apply Inline XBRL tags to regulatory disclosures without any need to overhaul the firm's systems or operations. These firms will, however, likely need to implement processes for the use of such software tools and train staff on these processes. The Commission includes these process implementation and training costs in its estimates of initial structured data costs and burdens.[448] Accordingly, firms will not need to hire third-party training providers to teach staff how to encode data in XBRL.

The commenter further stated that many firms will need to purchase XBRL rendering and validation software and either purchase Inline XBRL tagging software or hire a third-party tagging service provider, and that the process of diligencing, negotiating with, and onboarding the numerous third-party vendors necessary to implement the structured data requirements would be very time-consuming and expensive.[449] The Commission agrees that firms will need to purchase Inline XBRL tagging software or hire a third-party tagging service provider.[450] However, because Inline XBRL tagging software includes rendering and validation functions, the Commission disagrees with the commenter that firms will also need to purchase XBRL rendering and validation software. For firms that engage third-party tagging service providers, the Commission disagrees with the commenter that numerous third-party vendors are necessary for a firm to implement the structured data requirements but agrees with the commenter that firms which outsource compliance to a third-party service provider will undergo initial

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447 See infra section X.C.2.b.

448 Specific cost ranges for initial structured data implementation costs are set forth in section X.C.2.b. See also infra sections IX.D.2, IX.D.5, IX.D.9.a, and IX.D.15 (estimating higher structured data burdens for the first year of compliance compared to subsequent years).

449 See SIFMA 5/22/2023 Letter at 4.

450 The burden and cost estimates for structured data requirements in this release include service provider and software licensing costs. See infra sections IX.D.2, IX.D.5, IX.D.9.a, and IX.D.15, and X.C.2.b.

implementation costs associated with diligencing, negotiating with, and onboarding that service provider. The Commission has therefore revised the proposed structured data cost and burden estimates to add these initial costs for firms that outsource structured data compliance to third-party service providers.[451]

The commenter stated that structured data burdens would be especially great for firms that are not affiliates of public reporting companies, since these firms do not currently submit EDGAR filings in XBRL or XML, and that the XBRL resources the public filers have developed for purposes of their 10-K and 10-Q filings are of minimal utility for other kinds of reports, such as the CCO report, because these reports rely on different systems, personnel, divisions, processes, and timelines, and would be subject to different tagging taxonomies.[452] The Commission agrees with the commenter that some firms affiliated with public reporting companies will incur lower burdens and costs to structure filings in XBRL.[453] The Commission disagrees with the commenter that resources developed for Form 10-K and 10-Q filings are of minimal utility for other types of reports (such as the CCO report), because whether firms comply with the structured data requirements by outsourcing compliance to a third-party service provider or by licensing Inline XBRL tagging software to use internally, the types of content (numeric, narrative, Boolean, etc.) included within the CCO report and the other Structured Documents are the same as the types of content included within filings that are currently tagged in Inline XBRL (such as Form 10-Q and Form 10-K). Because the Structured Documents do not include novel types of content, the functionality included in existing Inline XBRL services and software available on the market will be able to accommodate the Inline XBRL tagging of disclosures in the CCO report and the other Structured Documents.

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451 See infra sections IX.D.9.a and X.C.2.b.

452 See id.

453 See infra section X.C.2.b.

The commenter also stated that there are mechanisms to achieve the Commission's objectives that would be substantially less costly and burdensome for firms than those proposed by the Commission, such as allowing firms to submit PDFs via email or private file transfer service.[454] The Commission disagrees. To the extent firms are manually entering data, inputting values into a fillable form would not incur substantially higher costs and burdens compared to inputting the same information and submitting the form via other means such as email. Additionally, to the extent firms automatically populate PDF forms by using their own existing systems, as the commenter suggested it does, similar processes can be used to generate filings in a custom XML-based data language, which can then be submitted and validated in EDGAR. Furthermore, as discussed in further detail in the economic analysis below, the structured data requirements under the rule amendments will increase the accessibility and usability of the disclosures in the Structured Documents in ways that cannot be achieved by PDF documents. For example, Structured Documents enable more efficient retrieval, sorting, filtering, comparison, aggregation, and other analysis of the disclosures, thereby increasing transparency and insight into the operations, governance, management, financial condition, and other characteristics of the affected entities.[455]

The commenter further stated that, in the absence of XBRL taxonomies at the proposal phase, neither registrants nor other constituencies could have provided the Commission with robust feedback on the rule amendments, so the Commission should submit proposed XBRL tagging taxonomies and XML fillable web forms to notice and comment so the public can identify potential costs, benefits, and ambiguities with these proposals. The commenter stated that a key consideration in determining the cost of preparing reports in XBRL is the number of

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454 See SIFMA 5/22/2023 Letter at 2. The commenter also stated that the requirement to submit fillable web forms on EDGAR in lieu of PDFs would actually undermine the rule amendments' goals by introducing inefficiencies and opportunities for human error. See id. The Commission's response to this comment regarding fillable web forms and human error is included above in Section V.C.2.

455 See infra section X.C.1.b.

required tags, which depends on the granularity of the taxonomy (which can, in some cases, have 15,000 to 20,000 tags), but the rule amendments do not specify a taxonomy or number of tags.[456]

The Commission disagrees. XBRL taxonomies and XML schemas are not rule requirements and do not themselves impose a substantive obligation on affected filers or submitters; rather, taxonomies and schemas provide a hierarchical list of elements that affected filers or submitters will use when complying with the structured data requirements.[457] The legal obligations to structure certain affected documents are contained within the Exchange Act rules, the Exchange Act forms, and within Regulation S-T (including through cross-references to the EDGAR Filer Manual), and were all set forth in the Proposing Release.[458] The number of tags in a taxonomy or schema is driven by the nature and granularity of the legal disclosure requirements, since each tag in a taxonomy or schema is derived from a particular disclosure requirement. The extent of compliance costs arising from Inline XBRL requirements or custom XML requirements derives from the legal disclosure requirements themselves, not the data model of the taxonomy to be used for structuring those disclosures.[459]

Accordingly, we think it appropriate for these draft taxonomies and schemas to be posted after adoption of the final rule rather than at an earlier point in time.[460] However, there is an

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456 See SIFMA 5/22/2023 Letter at 2-3, 5. The commenter made a similar comment stating that the rule amendments do not identify specific elements to be included on the VDNs. See SIFMA 5/22/2023 Letter at 2. Earlier in this release we addressed the need to identify the specific elements for inclusion on the VDNs, see supra section V.C.2., but this section's discussion of taxonomies and the public feedback process is also relevant to that comment on VDNs.

457 See Commission, "XBRL Glossary of Terms," available at https://www.sec.gov/page/osd_xbrlglossary (last visited May 27, 2024).

458 See Proposing Release at 24006-24008, 24011-24015, 24022, 24043, and 24054.

459 See infra section X.C.2.b (discussing the costs associated with structured data obligations under the rule amendments).

460 Although staff will develop taxonomies specific to the required disclosures under the adopted rule, XBRL also uses and implements existing accounting and reporting standards such as U.S. GAAP. Accordingly, certain tagging elements specific to financial statements prepared in accordance with U.S. GAAP are available for review. See Fin. Acct. Stds. Bd., XBRL: What Is it? Why the FASB? Who Uses It?, available at https://www.fasb.org/page/PageContent?pageId=/staticpages/what-is-xbrl.html&isstaticpage=true; see also SEC, "2024 XBRL Taxonomies Update," available at https://www.sec.gov/newsroom/whats-new/2403-2024-xbrl-taxonomies-update (last visited Aug. 14, 2024) (stating that U.S. GAAP Financial Reporting taxonomy and the 2024 SEC Reporting Taxonomy reflect the same taxonomy versions that the Financial Accounting Standards Board made available on its website on December 14, 2023).

opportunity for public feedback on the XBRL taxonomies and XML schemas. In keeping with past practice, Commission staff will post draft versions of the XBRL taxonomies and XML schemas (from which fillable web forms on EDGAR are derived) associated with the rulemaking for technical feedback from the public following adoption of the rule amendments.[461] This practice allows registrants and other interested parties to provide the Commission staff with feedback on the technical design of those taxonomies and schemas in advance of the compliance date for structured data requirements.

The commenter also stated that instead of mandating that firms use specific structured data languages for particular reports, the Commission should adopt a principles-based approach that requires firms to submit reports in a machine-readable form.[462] The commenter stated that, given the pace of technological change, it is quite likely that a prescriptive requirement to use a particular structured data language will become obsolete or impractical within a short period of time.[463] According to the commenter, experience demonstrates that such obsolescence can create significant challenges for market participants as well as undue costs and confusion.[464]

The Commission disagrees with the commenter. Specifying a single structured data language for all filers or submitters to use for a particular disclosure requirement is beneficial because it will assist with efficient, interoperable analysis of those disclosures across different filers or submitters. By contrast, an open-ended data language requirement would have allowed different filers or submitters of the same disclosure to provide that disclosure in different structured data languages. This would render data users such as Commission staff and market participants unable to incorporate disclosures from filers or submitters using one data language

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461 Currently posted draft taxonomies and XML schemas are available on the Commission's website. See Commission, "DERA Taxonomies," available at https://www.sec.gov/structured-data/dera-taxonomies (last visited May 27, 2024); Commission, "EDGAR Technical Specifications", available at https://www.sec.gov/edgar/filer/technical-specifications (last visited May 27, 2024).

462 See SIFMA 5/22/2023 Letter at 3.

463 See id. at 6.

464 See id.

into the same datasets and applications as disclosures of other filers or submitters using different data languages without undertaking data conversion processes that can be burdensome and imprecise. XBRL and XML are industry standards that are maintained by standard-setting bodies (XBRL International and the World Wide Web Consortium, respectively) and have been in use for decades. The Commission believes the current benefits of efficient and interoperable analysis of XBRL and XML structured data by the Commission and market participants justify the use of these standards over a principles-based approach that, although it could accommodate unknown future developments, would make it more difficult for Commission staff and market participants to compare disclosures across differing data languages.[465]

The commenter specifically questioned the Commission's characterization of benefits for narrative-based reports (e.g., the CCO report).[466] The commenter stated that adding Inline XBRL requirements for those reports would not facilitate analysis or comparison, because those reports do not contain standardized, easily comparable elements. However, all narrative reports must include disclosure responsive to applicable disclosure requirements set forth in the Commission's rules and regulations (e.g., the disclosure requirements set forth in the subparagraphs of Rule 15fk-1(c)(2)(i) under the Exchange Act). While there may be variation in how different filers or submitters of those reports respond to those disclosure requirements, Inline XBRL structuring will facilitate efficient assessment of such variations and will also enable efficient comparisons of a single filer or submitter's narrative disclosure over multiple time periods, allowing data users to determine how that filer's or submitter's narrative disclosure has evolved over time. For example, Commission staff will be able to efficiently retrieve all disclosures identifying material non-compliance matters in response to Exchange Act Rule 15fk-1(c)(2)(i)(D) across CCO reports and compare how different CCO report submitters identified

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465 See W3 Schools, Introduction to XML, available at https://www.w3schools.com/XML/xml_whatis.asp (last accessed Apr. 18, 2024); XBRL International, XBRL Essentials, available at https://specifications.xbrl.org/xbrl-essentials.html (last accessed Apr. 18, 2024).

466 See SIFMA 5/22/2023 Letter at 7.

and explained such matters. An analysis like this is useful and appropriate in the Commission's fulfillment of its mission, because the Commission can more effectively oversee firms' compliance with the mandate in section 15F of the Exchange Act to conform with business conduct standards relating to diligent supervision of the business of each registered security-based swap dealer and major security-based swap participant.[467]

The same commenter also questioned why the Commission cited sentiment analysis as a benefit of Inline XBRL requirements.[468] According to the commenter, sentiment analysis is typically used for marketing purposes, and thus it was not clear to the commenter why such analysis would be necessary or beneficial for narrative reports. However, sentiment analysis is often used for purposes beyond marketing, including in assessment of regulatory disclosures such as disclosures in Commission filings, in order to assess the usefulness of disclosures to end users in the market. Thus, sentiment analysis is relevant to our assessment of the benefit of requiring narrative reports to be structured under the rule amendments.[469]

Another commenter specifically disagreed with the Commission's view that structuring broker-dealer reports in XBRL would provide benefits that justify compliance burdens.[470] This commenter stated that, because regulators receive periodic FOCUS reports that are encoded as they have been for decades, regulators do not need encoded (i.e., machine-readable) broker-dealer financial statements.[471] The Commission disagrees with the commenter's point, because the amended rules include Inline XBRL requirements for the annual broker-dealer audited reports (Form X-17A-5 Part III), and those reports include more disclosure—such as the notes to

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467 See Section 15F(h)(1)(B) of the Exchange Act.

468 See id.

469 See infra section X.C.1.b (discussing the use of sentiment analysis to assess disclosures in Commission filings).

470 See Integrated Solutions Letter at 2-3.

471 See id. at 4.

the financial statements and the exemption reports—than the periodic FOCUS reports do.[472] Because regulators will be able to analyze this additional information much more efficiently when provided in a structured, machine-readable format rather than in paper or in PDF format, regulators – and ultimately the markets – will derive a significant benefit from the Inline XBRL requirement for Form X-17A-5 Part III.

The same commenter also stated that customers of broker-dealers do not read Form X-17A-5 Part III, and investors in broker-dealers do not need Form X-17A-5 Part III.[473] The Commission disagrees with this statement—there are multiple examples of public market participants using Form X-17A-5 Part III information to the benefit of broker-dealer investors and customers.[474]

Finally, the commenter suggested that, should the Commission nonetheless include a structuring requirement for Form X-17A-5 Part III under the rule amendments, the filing period for annual financial statement filers be extended by fifteen days to allow for XBRL encoding to be accomplished. In light of the estimated hourly burdens for broker-dealers subject to Inline XBRL tagging requirements, the Commission believes broker-dealers will be able to meet the existing filing period for Form X-17A-5 Part III.[475] Nonetheless, if broker-dealers encounter unanticipated technical difficulties, they can extend the deadline by up to six days with a

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472 See supra section IV.A. See also infra section X.C.1.b for additional discussion of the anticipated benefits arising from the structured data requirements.

473 See Integrated Solutions Letter at 4.

474 See, e.g., Alphacution, "Goldman, Morgan, Deutsche: Comparing Bank-Owned Broker-Dealers in Equities" (Aug. 30, 2019) (retrieved from Factiva database) (using Form X-17A-5 Part III disclosure to assess the condition of several large bank-owned broker-dealer subsidiaries); 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://www.federalreserve.gov/econres/feds/the-internal-capital-markets-of-global-dealer-banks.htm (Federal Reserve Board staff research paper using balance sheet data from Form X-17A-5 Part III to examine the internal capital markets that played a central role in the financing of dealer banks during the 2008 Global Financial Crisis).

475 In the Economic Analysis and Paperwork Reduction Act sections of this release, the Commission describes and quantifies the specific costs and burdens that broker-dealers will incur in complying with Inline XBRL requirements for Form X-17A-5 Part III under the amended rules. On average, respondents are estimated to incur 7 burden hours for the first response to be tagged in Inline XBRL, and incur 4.5 burden hours to tag subsequent responses in Inline XBRL. See infra sections IX.D.9.a and X.C.2.b.

temporary hardship exception under Rule 232.201 and if they experience undue burdens or expenses, can request a continuing hardship exemption under Rule 232.202.[476]

The same commenter stated that the proposal's lack of clarity around the structured data requirements and XBRL taxonomies created difficulty in determining compliance costs. The Commission disagrees that the proposal, which specified exactly which portions of each affected document would be structured in which data language, lacked clarity around the structured data requirements.[477]

Notwithstanding the above, the Commission agrees with the commenter that making draft versions of appropriate XBRL taxonomies available for technical feedback from the public is a beneficial step in ensuring the taxonomies will be as useful as possible.[478] In keeping with past practice, a draft version of each taxonomy and schema necessary to implement the structuring requirements for the Structured Documents will be made available for public feedback, and final versions of each taxonomy and schema (which will take into account any feedback received) will be compatible with an updated version of EDGAR before each related structuring compliance date.[479]

The Commission is requiring Inline XBRL for certain affected documents and portions or portions thereof, rather than requiring Inline XBRL for all affected documents, because Inline XBRL is more suitable for certain types of content than other types. Specifically, Inline XBRL is most suitable for financial statement disclosures (including footnotes and schedules thereto),

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476 17 CFR 232.201(c), 232.202. A continuing hardship exception is not deemed granted until the applicant is notified by the Commission or the staff. Id.

477 See Proposing Release at 23964-66. Furthermore, XBRL taxonomies themselves do not impose substantive obligations on filers; instead, an XBRL taxonomy is a technical glossary of tags that can be used when tagging an Inline XBRL document, including those prepared in accordance with Commission regulations. Section X.C.2.b below discusses the compliance costs with respect to the structured data requirements.

478 See SIFMA 5/22/2023 Letter at 14.

479 See Securities and Exchange Commission, Taxonomies, available at https://www.sec.gov/structureddata/dera-taxonomies (last accessed Apr. 19, 2024) (including a section with draft taxonomies); Securities and Exchange Commission, EDGAR Technical Specifications, available at https://www.sec.gov/edgar/filer/technical-specifications (last accessed Apr. 19, 2024) (including a section with draft XML technical specifications).

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 and maintain machine-readability. For other types of disclosures, 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.[480]

One commenter disagreed with the Commission's use of a mix of Inline XBRL and custom XML requirements under the rule amendments, and instead stated that the Commission should use XBRL requirements rather than custom XML requirements because the former greater provides significantly greater benefit than the latter.[481] According to the commenter, a fillable web form that automatically generates XBRL files can be created just as easily as one that creates a custom XML file.[482] While the Commission agrees that this is technically feasible, the EDGAR system is (with limited exception) currently built to provide fillable web forms for custom XML filings, not for XBRL filings, and changing the system would incur costs and burdens that would not justify the related benefit.

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

481 See XBRL Letter at 2.

482 See id. at 2.

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

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

B. 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 and that allow the Commission to decide whether information will be disseminated to the public upon the filing of the information.[483] 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.[484] Paragraphs (g) and (h) state that certain entities, as specified in those paragraphs, shall not omit the confidential portion from the

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483 17 CFR 240.24b-2(a). However, with regard to Rule 15fi-3(c) security-based swap valuation dispute notices, see supra note 334 and accompanying text.

484 17 CFR 240.24b-2(b).

materials such entities file with the Commission. The Commission proposed to add a new paragraph (j) to Rule 24b-2 to render it consistent with Rules 17a-5, 17a-12, and 18a-7, which require firms to file the portion of the annual audit subject to a confidential treatment request to be filed with the public portion. The new paragraph is subdivided into two parts. The first sub-paragraph provides 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 states that an SBS Entity shall not omit the confidential portion of materials filed in electronic format pursuant to Rule 18a-7. The Commission received no comment on this proposal and for the reason discussed above, is adopting it as proposed.

The Commission also proposed to add a new paragraph (k) to Rule 24b-2. The new paragraph provides 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 Commission received no comment on this proposal and is adopting it as proposed because requesting confidential treatment is an appropriate method of providing complete information to regulators without disclosing confidential information to the public.

VIII. Compliance Dates

The Commission received comments regarding the compliance dates of the final rules and rule amendments.[485] One commenter stated that the Commission should only require compliance once the Commission has implemented and tested the necessary infrastructure for electronic submission and should stage any requirements.[486] The commenter also stated that the

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485 With respect to the compliance date, commenters requested that the Commission consider interactions between the proposed rule and other recent Commission rules. See infra note 862. In determining compliance dates, the Commission considers the benefits of the rules as well as the costs of delayed compliance dates, and potential overlapping compliance dates. For the reasons discussed throughout the release, to the extent that there are costs from overlapping compliance dates, the benefits of the rule justify the costs. See infra sections X.B.1. and X.C.2.c in the Economic Analysis for a discussion of the interaction of the final rule with certain other Commission rules.

486 SIFMA 5/22/2023 Letter at 3.

Commission should not require firms to comply until no less than two years after the Commission makes the necessary updates to EDGAR and finalizes any taxonomies.[487]

The Commission regularly considers the implementation and effectiveness of regulatory filing requirements. As discussed above, the structured data requirements will improve the accessibility and usability of disclosures by market participants. Consistent with its mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation, the Commission plans to monitor the implementation of these requirements. Specifically, with regard to the amendments adopted herein, by March 31, 2028, Commission staff will complete a review of the implementation of structured data requirements by those firms required to apply machine-readable Inline XBRL data "tags" to their annual reports and annual supplemental reports due on or after June 30, 2026, and the Commission use of the data. Finally, the Commission is adopting phased compliance dates for the rule amendments. This staging is intended to provide sufficient time for testing, consistent with the commenter's concern. In addition, the phased compliance dates will give regulated entities time to incorporate changes to their policies, procedures, systems, and practices made for individual new requirements.

All firms filing annual reports or supplemental reports under Rules 17a-5, 18a-7, and 17a-12, or quarterly and annual risk assessment reports on Form 17-H pursuant to Rule 17h-2T, on or after June 30, 2025, are required to file such reports on EDGAR (in a PDF format). The Commission has prepared EDGAR to receive broker-dealer annual reports electronically, and Commission staff issued a no-action letter 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.[488] In practical terms, with respect to annual reports or supplemental reports filed on or after December

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487 SIFMA 5/22/2023 Letter at 14.

488 See Proposing Release at 23947; see also id. at 23947 n.179.

June 30, 2025, the filing method outlined in the staff no-action letter will be used by all firms filing such reports under Rules 17a-5, 18a-7, and 17a-12.

With respect to the requirement that these annual reports and supplemental reports under Rules 17a-5, 18a-7, and 17a-12 be provided in a structured, machine-readable data language, the Commission is adopting phased compliance dates. First, firms with a minimum fixed dollar net capital requirement greater than or equal to $250,000 as of December 31, 2024, will be required to apply machine-readable Inline XBRL data "tags" to their annual reports and annual supplemental reports due on or after June 30, 2026. Firms with a minimum fixed dollar net capital requirement less than $250,000 as of December 31, 2024 will be required to apply machine-readable Inline XBRL data "tags" to their annual reports and annual supplemental reports due on or after June 30, 2028. Rule 17h-2T's requirement that the quarterly and annual risk assessment reports be filed with the Commission using Inline XBRL will apply to filings due on or after March 31, 2026. These compliance timeframes will provide registrants with adequate time to prepare, consistent with the commenter's concern.

The phased-in approach will help ensure that market participants receive machine readable annual reports and supplemental reports from the largest firms as soon as practicable, while giving other, smaller filers, that may need to incur proportionately higher costs, additional time to develop related expertise, as well as the opportunity to benefit from the experience of larger filers with Inline XBRL. The phase-in will also provide software vendors and service providers with additional time to develop related expertise and scale up their businesses.[489]

The Commission is amending Rule 17a-19 and Form X-17A-19 to require that Form X-17A-19 filings be made on EDGAR, in a custom XML-based data language. This requirement applies to Form X-17A-19 filings due on or after December 31, 2026. As of February 15, 2024, there are a total of 25 national securities exchanges and associations, none of which files Form

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489 See infra section X.C.2.b.

X-17A-19 electronically on EDGAR. This December 31, 2026 compliance date should provide national securities exchanges and associations time to prepare to comply with the electronic filing requirement.

The compliance date for the amendments to FOCUS Report Parts II, IIA, and IIC is March 1, 2026, to allow broker-dealers and SBS Entities opportunity to become familiar with the changes and make any necessary updates to their policies, procedures, systems, and practices. In addition, it allows FINRA to develop and test these updates to its eFOCUS system.

OTC derivatives dealers are required to file FOCUS Report Part II due on or after June 30, 2025, electronically on the SEC eFOCUS system. SBS Entities that are not dually registered as broker-dealers are already filing FOCUS Report Part II on the SEC eFOCUS system. Although OTC derivatives dealers will need to obtain access to the SEC eFOCUS system, OTC derivatives dealers are affiliated with broker-dealers that are already familiar with the FINRA eFOCUS system used by broker-dealers to file their FOCUS Reports. Given the close similarity between the SEC eFOCUS system and the FINRA eFOCUS system, the Commission does not expect OTC derivatives dealers would need additional time to prepare for making these submissions in the SEC eFOCUS system.

SROs will be required to begin posting the information required under Rule 19b-4(e) on their public internet websites on September 1, 2025, but may begin posting that information earlier once the XML schema and the associated PDF renderer are published on the Commission's website. This early compliance approach is relevant to Rule 19b-4(e) information under the rule amendments because such information is required to be posted on SRO websites, rather than through EDGAR, so SROs will not need to wait to comply with the amended Rule 19b-4(e) requirement. If an SRO begins posting information required under Rule 19b-4(e) on its website earlier than September 1, 2025, it generally should continue to do so for all new derivative securities products under Rule 19b-4(e) and generally should cease filing any Forms 19b-4(e) with the Commission. SROs will be required to file other forms electronically.

Accordingly, the compliance date for the amendments related to Form 1 is March 2, 2026, the compliance date for the amendments related to Form CA-1 is April 30, 2026, and the compliance date for the amendments related to Forms 1-N and 15A is July 1, 2026. Each of these compliance dates will allow filers the opportunity to become familiar with the changes to the forms and make any necessary updates to their policies, procedures, systems, and practices.

The compliance date for the amendments to Rule 15fi-3(c) with respect to the submission of VDNs is January 1, 2026. The deferred compliance date is intended to enable SBS Entities to incorporate changes to their policies, procedures, systems, and practices prior to the applicability of the new requirements to file VDNs on EDGAR and in structured data. Between the effective date of the amendments and January 1, 2026, SBS Entities generally should continue to submit VDNs using the two methods made available to them prior to the effective date of the amended rule: (1) electronic submission in PDF format via EDGAR; or (2) submission in PDF format to a dedicated Commission email address.

The compliance date for the amendments to Rule 3a71-3(d)(1)(vi) is January 1, 2026. Accordingly, an entity seeking to file an ANE Exception Notice on or after January 1, 2026, will be required to do so via EDGAR. Similarly, an entity required to withdraw an ANE Exception Notice under the amended rule will not be required to do so until January 1, 2026. Between the effective date of the amended rule and January 1, 2026, entities seeking to file an ANE Exception Notice should submit it to the electronic mailbox described on the Commission's website at www.sec.gov at the "ANE Exception Notices" section.[490] The deferred compliance date is intended to enable entities to incorporate changes to their policies, procedures, systems, and practices prior to the applicability of the new requirements. SBS Entities will be required to submit CCO reports as required by Rule 15fk-1(c) through EDGAR in Inline XBRL format beginning on January 1, 2026. The deferred compliance date is intended to enable SBS Entities

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490 See www.sec.gov/tm/ane-exception-notices.

to incorporate changes to their policies, procedures, systems, and practices prior to the applicability of the new requirements to submit CCO reports on EDGAR and in Inline XBRL format. Between the effective date of the amendments and January 1, 2026, SBS Entities should continue to submit CCO reports using the methods currently available to them: (1) electronic submission on EDGAR in PDF format; (2) submission to a dedicated Commission email address; or (3) mail.

The compliance date for all other amended rules will be the effective date of this release. It is feasible for the regulated entities subject to these amended rules to be able to comply by the required compliance date without imposing unreasonable cost burdens.

The following chart sets forth the compliance dates for the rule amendments:

Rule	**Compliance Date**
• 17 CFR 232.101's requirements relating to 17 CFR 240.17a-5, 17 CFR 240.17a-12, 17 CFR 240.17h-2T, and 17 CFR 240.18a-7 • 17 CFR 240.17a-5(d)(6) and (k)'s requirements to file electronically • 17 CFR 240.17a-12(a)(2) • 17 CFR 240.17a-12(b)(6), (k), (l)(1), and (m)(1)'s requirements to file electronically • 17 CFR 240.17h-2T's requirement to file electronically • 17 CFR 240.18a-7(c)(6)'s requirement to file electronically	New requirements apply to filings due on or after June 30, 2025
• 17 CFR 240.15fk-1(c)	New requirements apply to submissions due on or after Jan. 1, 2026
• Rule 19b-4(e)	New requirements apply to filings due on or after September 1, 2025
• 17 CFR 232.101's requirements relating to § 249.1 (Form 1) • 17 CFR 232.405's requirements relating to § 249.1 (Form 1) • 17 CFR 240.6a-1, 6a-2, and 6a-3	New requirements apply to filings due on or after March 2, 2026
• 17 CFR 232.101's requirements relating to § 249.200 (Form CA-1) • 17 CFR 232.405's requirements relating to § 249.200 (Form CA-1) • 17 CFR 240.17ab2-1's requirements relating to § 249.200 (Form CA-1)	New requirements apply to filings due on or after April 30, 2026
• 17 CFR 232.101's requirements relating to § 249.10 (Form 1-N)	New requirements apply to filings due on or after July 1, 2026

• 17 CFR 232.101's requirements relating to § 249.801 (Form 15A) • 17 CFR 240.6a-4 • 17 CFR 240.15aa-1 and 15aa-2	
• 17 CFR 232.405's requirements relating to 17 CFR 240.17a-5, 17a-12, and 18a-7 • 17 CFR 240.17a-5(d)(6) and (k)'s requirements to file as an Interactive Data File • 17 CFR 240.17a-12(b)(6), (k), (l)(1), and (m)(1)'s requirements to file as an Interactive Data File • 17 CFR 240.18a-7(c)(6)'s requirement to file as an Interactive Data File	For firms with a minimum fixed dollar net capital requirement greater than or equal to $250,000 as of Dec. 31, 2024: New requirements apply to filings due on or after June 30, 2026 For all other firms: New requirements apply to filings due on or after June 30, 2028
• 17 CFR 232.405's requirements relating to 17 CFR 240.17h-2T • 17 CFR 240.17h-2T's requirement to file as an Interactive Data File	New requirements apply to filings due on or after Mar. 31, 2026
• 17 CFR 232.101's requirements relating to 17 CFR 240.17a-19 • 17 CFR 240.17a-19	New requirements apply to filings due on or after Dec. 31, 2026
• Form X-17A-5 Part II • Form X-17A-5 Part IIC • Form X-17A-5 Part IIA	New requirements apply to filings due on or after Mar. 1, 2026
• 17 CFR 232's amendments relating to 17 CFR 240.3a71-3(d)(1)(vi) • 17 CFR 240.3a71-3(d)(1)(vi) requirements for filing of notices and withdrawals	New requirements apply beginning January 1, 2026
• 17 CFR 232's amendments relating to 17 CFR 240.15fi-3(c) • 17 CFR 240.15fi-3(c) requirements for submission of notices of valuation disputes	New requirements apply to notices submitted on or after January 1, 2026
• All other rule amendments	[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]

IX. Paperwork Reduction Act

Certain provisions of the rules and rule amendments contain "collection of information" requirements within the meaning of the Paperwork Reduction Act of 1995 ("PRA").[491] The titles of these requirements are:

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491 44 U.S.C. 3501 et seq.

- Form ID (OMB Control No. 3235-0328);[492]
- Rules 6a-1 and 6a-2, Form 1 (OMB Control No. 3235-0017);[493]
- Rule 6a-3 (OMB Control No. 3235-0021);[494]
- Rule 6a-4, Form 1-N (OMB Control No. 3235-0554);[495]
- Rules 15aa-1 and 15aa-2, Form 15A (OMB Control No. 3235-0030);[496]
- Rule 17ab2-1, Form CA-1 (OMB Control No. 3235-0195);[497]
- Rule 19b-4(e), Form 19b-4(e) (OMB Control No. 3235-0504);[498]
- Rule 19b-4, Form 19b-4 (OMB Control No. 3235-0045);[499]
- Rule 17a-22 (OMB Control No. 3235-0196);[500]
- Rule 3a71-3(d) (OMB Control No. 3235-0771);[501]
- Rules 15fi-3 to 15Fi-5 (OMB Control No. 3235-0777);[502]

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492 See 17 CFR 249.446.

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

494 See 17 CFR 240.6a-3.

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

496 See 17 CFR 240.15aa-1; 17 CFR 240.15aa-2. Form 15A, as adopted, would apply only to one SRO out of a total of 44 SROs. Although this form is expected to impact fewer than 10 entities, the Commission is including this PRA analysis. The Commission is revising and reinstating collections of information that were previously approved under Control Nos. 3235-0030 and 3235-0044. Because the Commission is consolidating 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.

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

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

499 See 17 CFR 249.819; 17 CFR 240.19b-4.

500 See 17 CFR 240.17a-22.

501 See 17 CFR 240.3a71-3(d).

502 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.

- Rule 15fk-1(c)(2)(ii)(A) (OMB Control No. 3235-0732);[503]
- Rule 17a-5 (OMB Control No. 3235-0123);[504]
- Rule 17a-12 (OMB Control No. 3235-0498);[505]
- Rule 17a-19 and Form X-17A-19 (OMB Control No. 3235-0133);[506]
- Rule 17h-2T (OMB Control No. 3235-0410);[507] and
- Rule 18a-7 (OMB Control No. 3235-0749).[508]

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.[509] Responses to the new collections of information are 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.[510]

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.[511] 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.

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503 See 17 CFR 240.15fk-1(c)(2)(ii)(A).

504 See 17 CFR 240.17a-5.

505 See 17 CFR 240.17a-12.

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

507 See 17 CFR 240.17h-2T.

508 See 17 CFR 240.18a-7.

509 44 U.S.C. 3507; 5 CFR 1320.11.

510 5 CFR 1320.11(l).

511 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.[512] Form 1 contains an execution page as well as 14 exhibits that must be filed by the applicant.[513] 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.[514] Rule 6a-3 requires a national securities exchange or an exempt exchange to file certain supplemental material with the Commission.[515] 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.[516] 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.[517] Rule 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.[518]

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512 See 17 CFR 240.6a-1.

513 17 CFR 249.1.

514 See 17 CFR 240.6a-2.

515 See 17 CFR 240.6a-3.

516 17 CFR 240.6a-3(a)(1).

517 17 CFR 240.6a-3(a)(2).

518 17 CFR 240.6a-3(b).

The Commission is amending 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 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-4[519] sets forth the notice registration procedures for Security Futures Product Exchanges and permits futures exchanges to submit a notice registration on Form 1-N.[520] 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 be 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 is amending Rule 6a-4 under the Exchange Act, Form 1-N and the instructions to Form 1-N, as well as making clarifying changes to Rule 202.3(b)(3) to the Commission's Informal and Other Procedures, to make certain changes and to require the electronic filing of all submissions required by Rule 6a-4.

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.[521]

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519 17 CFR 240.6a-4.

520 17 CFR 249.10.

521 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. There are no burden estimates currently approved by OMB for Exchange Act Rule 15Aa-1. See supra note 501.

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.[522] 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.[523]

The Commission is amending Rule 15Aa-1 and redesignating it as Rule 15aa-1,[524] redesignating Rule 15Aj-1[525] as Rule 15aa-2, redesignating Form X-15AA-1 as Form 15A, amending the instructions to Form 15A, and repealing Forms X-15AJ-1 and X-15AJ-2 in connection with the Commission's requirement that applicants and national securities associations 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 revising Rule 15Aa-1 to require electronic filing and an electronic signature.

The Commission is redesignating Form X-15AA-1 as Form 15A and incorporating in 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

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522 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).

523 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, bylaws, rules, and related documents of the association, once every three years.

524 17 CFR 240.15Aa-1.

525 17 CFR 240.15Aj-1.

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.

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

Section X requires the association to provide the contact information for its contact employee, and section XI provides 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.[526] 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 in Items 1-3 of Form CA-1 if such information is, or becomes, inaccurate, misleading or incomplete for any reason.[527] 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.

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526 17 CFR 240.17ab2-1(a).

527 17 CFR 240.17ab2-1(e).

The Commission is revising certain aspects of Rule 17ab2-1, Form CA-1, and the instructions to Form CA-1 to make certain 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,[528] 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)[529] to the Commission within five business days after commencement of trading a new derivative securities product.[530] 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.[531]

The Commission is amending Rule 19b-4(e)[532] 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

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528 15 U.S.C. 78s(b).

529 See 17 CFR 249.820.

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

531 See 17 CFR 240.19b-4(e)(2)(i).

532 17 CFR 240.19b-4(e).

and purpose of such proposed rule change.[533] Rule 19b-4 requires an SRO to submit each proposed rule change on Form 19b-4.[534] 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.[535] 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.[536] 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 two business days of its filing, and post and maintain a current and complete set of its rules on its website.[537]

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.[538] 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 Exchange Act.[539] The Commission is removing these manual signature requirements from Rule 19b-4(j), Form 19b-4, and the instructions to Form 19b-4.

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533 15 U.S.C. 78s(b).

534 17 CFR 240.19b-4(b).

535 17 CFR 249.819.

536 Id.

537 17 CFR 240.19b-4(b)(1), (l), (m)(1).

538 17 CFR 240.19b-4(j).

539 17 CFR 249.819.

8. Rule 17a-22

Rule 17a-22 previously required 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.[540] Under pre-existing 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.[541]

The amendments to Rule 17a-22 do not change the scope of supplemental materials that are currently subject to the rule. However, the amendments 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.[542] In addition, the amendments reduce the timeframe for registered clearing agencies to comply with the rule from 10 days to 2 business days. As discussed 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.[543] 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

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540 17 CFR 240.17a-22.

541 Id.

542 By replacing the paper filing requirement for supplemental materials with an internet posting requirement, Rule 17a-22, as amended, 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 amendments would remove the requirement to also file one paper copy of the supplemental materials with the clearing agency's ARA.

543 See 17 CFR 240.19b-4(m).

documents should be readily available for the clearing agency to post on its website within the two business day timeframe.[544]

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

The Commission is amending Rules 17a-5, 18a-7, and 17a-12 to require broker-dealers, SBS Entities, and OTC derivatives dealers to electronically file with the Commission in Inline XBRL through the Commission's EDGAR system annual audited reports and related annual filings. The filings were previously made either in paper, via email, or voluntarily on the EDGAR system as PDF documents. In addition, the Commission is amending 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 allowing 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 amending the instructions to Parts II, IIC, and IIA of the FOCUS Report to allow only one named officer's signature when the signature belongs to the firm's principal executive officer or principal financial officer (or their comparable officers). The Commission is also making corrective and clarifying amendments to FOCUS Report Part II, technical amendments to FOCUS Report Part IIA and amendments to FOCUS Report Part IIC for consistency with FFIEC Form 031. Finally, the Commission is amending Rules 17a-5, 18a-7, and Form X-17A-5 Part III to eliminate the requirement to notarize the oath or affirmation associated with broker-dealers' and SBS Entities' annual reports.

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544 See supra section III.B.1.

10. Rule 17h-2T

The Commission is 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 reports are filed using Form 17-H. The materials filed under the rule will not change, but the materials will be filed on EDGAR, and the financial statements required by Item 4 of the Form will 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 is 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. Prior to these amendments, Rule 3a71-3(d)(1)(vi) required a Registered Entity to file the ANE Exception Notice by submitting it to the electronic mailbox specified on the Commission's website. The Registered Entity could, but was not required to, withdraw an ANE Exception Notice by contacting the Commission to request that the notice be manually removed from the ANE Exception Notices web page.

The Commission is amending Rule 3a71-3(d)(1)(vi) to require the ANE Exception Notices to be filed electronically through EDGAR, but the Commission is not changing the information required in an ANE Exception Notice. The Commission also is amending Rule 3a71-3(d)(1)(vi) to: (1) provide that withdrawals of ANE Exception Notices shall be made electronically via EDGAR, and (2) 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.

13. Rule 15fi-3(c)

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.[545] 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.[546]

Prior to the amendments, Rule 15fi-3(c) required that VDNs be submitted to the Commission "in a form and manner acceptable to the Commission." SBS Entities had two options for submitting VDNs: (1) an electronic submission in PDF format via EDGAR; or (2) submission in PDF format to a dedicated Commission email address.

The Commission is amending Rule 15fi-3(c) to affirmatively require SBS Entities to submit VDNs to the Commission electronically in EDGAR using a custom XML-based data language. This includes both the initial VDN and any subsequent amendments. Under these amendments, SBS Entities will no longer be able to submit VDNs to the Commission using a dedicated email address or in PDF format on EDGAR.

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545 See 17 CFR 240.15fi-3(c)(1).

546 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. See 17 CFR 240.15fi-3(c)(2).

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

Rule 15fk-1(c) 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.[547] Rule 15fk-1(c) does not specify the manner in which the CCO report must be submitted. Accordingly, pursuant to the rule, an SBS Entity may submit its CCO report as a paper or electronic submission.

The amendment to Rule 15fk-1(c)(2)(ii)(A) does not change what the report must include. Rather, the amendment requires that the CCO report be submitted electronically in Inline XBRL through EDGAR. 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.[548]

B. Use of Information

1. Form ID

The information required to be filed electronically 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 provide instructions to generate EDGAR access codes 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 enables 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

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547 17 CFR 240.15fk-1(c)(2)(ii)(A).

548 17 CFR 232.11.

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 removing a manual signature requirement in the existing collection of information under Rule 19b-4 and on Form 19b-4 because it 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 amendments to Rule 17a-22 is expected to 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 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 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 should facilitate more efficient and timely transmission, dissemination, and analysis of this information.

13. Rule 15fi-3(c)

The information shared by counterparties to a security-based swap transaction 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 facilitating efficient and cost-effective operation. 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 amendment to Rule 15fi-3(c) to require submission of the VDNs 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.

C. Respondents

1. Form ID

The respondents to the collection of information required under Form ID are all entities that are required to file electronically on EDGAR under this release 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 ("CIK") and access codes to file on EDGAR. The Commission estimates that these respondents would include the following entities not currently registered on EDGAR: 25 national securities exchanges and registered national securities associations as of February 15, 2024; 1,498 broker-dealers as of December 31, 2023; two Security Futures Product Exchanges as of April 1, 2024; 11 operational registered and exempt clearing agencies as of April 1, 2024;[549] and 24 Registered Entities.[550]

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.

The respondents to the collection of information required under Rules 6a-2 and 6a-3 are national securities exchanges and exempt exchanges. As of February 15, 2024, there are a total of 24 entities registered as national securities exchanges. These respondents file annual,

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549 As of Apr. 1, 2024, there are eight registered clearing agencies, six of which are operational, and five exempt clearing agencies.

550 See Cross-Border Adopting Release, 85 FR at 6336 n.642; the Commission continues to estimate that up to 24 entities that engage in security-based swap dealing activity may rely on the ANE Exception.

triennial, and periodic amendments to their Form 1 under Rule 6a-2. These respondents 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 file annual, triennial, and periodic amendments to their Form 1-N under Rule 6a-4(b). These respondents 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.[551]

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.[552]

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 will be required to file annual, triennial, and periodic amendments to its Form 15A under Rule 15aa-2.

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551 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, zero is a reasonable estimate.

552 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.

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. As of April 1, 2024, there are eight registered clearing agencies, only six of which are operational,[553] and five exempt clearing agencies. The Commission estimates that it would receive one new Form CA-1 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. As of February 15, 2024, 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 Exchange Act), including national securities exchanges, national securities associations, registered clearing agencies, notice registered securities future product exchanges, and the MSRB. The Commission's current approved estimated number of respondents is 46 SROs.[554]

8. Rule 17a-22

The respondents to the collection of information required under Rule 17a-22 are registered clearing agencies. As of April 1, 2024, there are eight registered clearing agencies, only six of which are operational.[555]

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553 The Boston Stock Exchange Clearing Corporation and Stock Clearing Corporation of Philadelphia 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); Exchange Act Release No. 63268 (Nov. 8, 2010), 75 FR 69730 (Nov. 15, 2010).

554 See FR Doc. 2023-01613, 88 FR 5387 (Jan. 27, 2023) (Request to OMB for extension of Rule 19b-4 and Form 19b-4; SEC File No. 270-38; OMB Control No. 3235-0045).

555 See supra note 560560.

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

The respondents to file the annual reports required under Rule 17a-5 are broker-dealers. For the 12 months ended December 31, 2023, the Commission received 1,498 broker-dealer annual reports in paper form and 1,769 electronically via EDGAR. The Commission therefore estimates that approximately 3,267 broker-dealers are required to file annual reports with the Commission. As of December 31, 2023, 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 SBS Entities that are not prudentially regulated. As of June 30, 2024, there are 18 SBS Entities, including nine foreign firms relying on substituted compliance, 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 as of December 31, 2023.

There are 486 broker-dealers or non-broker-dealer SBS Entities that filed FOCUS Report Part II as of December 31, 2023. Of those Part II filers, 4 firms are domestic stand-alone swap dealers and 67 firms are domestic stand-alone introducing brokers. Bank SBS Entities file FOCUS Report Part IIC. As of June 30, 2024, there are 30 bank SBS Entities, including 21 foreign firms relying on substituted compliance. There are 2,946 broker-dealers that filed FOCUS Report Part IIA as of December 31, 2023.

10. Rule 17h-2T

The respondents to the collection of information required under Rule 17h-2T are broker-dealers. As of December 31, 2023, 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 February 15, 2024,

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.[556] 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 or may be required to file a withdrawal of the ANE Exception Notice. The amendment to Rule 3a71-3(d)(1)(vi) does not affect Commission's estimate of the number of respondents.

13. Rule 15fi-3(c)

The respondents to the collection of information under Rule 15fi-3(c) are registered SBS Entities. In the Proposing Release and a number of prior releases, including the release 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 SBSD, and up to five entities may meet the definition of MSBSP.[557] Accordingly, in the Proposing Release, the Commission preliminarily estimated that approximately 55 entities will be required to register under either category.[558] Since issuing the Proposing Release, the Commission received three additional applications for registration as an SBSD, for a total of 53,[559] but otherwise the Commission continues to believe that these estimates are appropriate.

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

557 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).

558 See Proposing Release, 88 FR at 23973-74.

559 See List of 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. The respondent registered SBSDs include 21 SBSDs that, as of June 21, 2024, notified the Commission of their intent to rely on

Thus, the Commission estimates that approximately 58 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 stated 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.[560] Because SBS Entities have been required to submit VDNs under Rule 15fi-3(c) for a limited time, it remains difficult for the Commission to determine the typical number of VDNs 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 June 21, 2024, there were 53 SBS Entities registered with the Commission.[561] 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.

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 ("CIK") and access codes to file on EDGAR. The

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substituted compliance with respect to one more Exchange Act rules pursuant to a Commission order granting substituted compliance. See https://www.sec.gov/tm/Substituted-compliance-Notices.

560 See Risk Mitigation Adopting Release 85 FR at 6385-86.

561 There are currently no MSBSPs registered with the Commission.

Commission currently estimates that Form ID would take 0.30 hours to prepare, resulting in an annual industry-wide burden of 17,199 hours.[562]

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.[563] Therefore, the one-time industrywide reporting burden associated with the requirements to file on EDGAR pursuant to this release is 7.5 hours for national securities exchanges and registered national securities associations;[564] 0.6 hours for security futures product exchanges;[565] 3.3 hours for registered and exempt clearing agencies;[566] 449.4 hours for broker-dealers not already filing their annual audits on EDGAR;[567] 0 hours for OTC derivatives dealers not already filing their annual audits on EDGAR;[568] and 7.2 hours for Registered Entities.[569]

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

Currently Approved Burden Estimate[570]

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

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562 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.

563 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.

564 0.30 hours x 25 national securities exchanges and registered national securities associations = 7.5 hours.

565 0.30 hours x 2 security futures product exchanges = 0.6 hours.

566 0.30 hours x 11 operational registered and exempt clearing agencies = 3.3 hours.

567 0.30 hours x 1,498 broker-dealers not already filing on EDGAR = 449.4 hours.

568 0.30 hours x 0 OTC derivatives dealers not already filing on EDGAR = 0 hours.

569 0.30 hours x 24 Registered Entities = 7.2 hours. The Commission conservatively estimates that none of the Registered Entities will have EDGAR access at the time of filing an ANE Exception Notice or withdrawing an ANE Exception Notice, even though most, if not all, Registered Entities will have accessed EDGAR to file other information with the Commission. A Registered Entity that is an SBSD must file its application for registration electronically on EDGAR, and this requirement has been in place from the original compliance date for registration of SBSDs. See 17 CFR 240.15Fb2-1(c). Additionally, pursuant to amendments being adopted in this release, a Registered Entity that is a broker will be required to file electronically on EDGAR certain annual reports, and many brokers already do so voluntarily under existing Commission rules. See infra Sections VIII and XI.B.

570 For an explanation of the collection of information under these rules and Form 1, see supra section IX.A.2.

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 incur an average burden of 880 hours to complete and file an initial Form 1.[571] 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.[572] 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.[573] Accordingly, the estimated average annual burden to update and amend Form 1 is 275 hours per exchange[574] and the estimated aggregate annual burden for all national securities exchanges is 6,600 hours.[575]

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.[576] Accordingly, the estimated average annual burden to submit supplemental information and monthly reports is six hours per exchange[577] and the estimated aggregate annual burden for all

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571 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").

572 See Rules 6a-1 and 6a-2 PRA Update.

573 See Rules 6a-1 and 6a-2 PRA Update.

574 11 Form 1 Amendments annually x 25 burden hours per Form 1 Amendment = 275 burden hours per exchange.

575 275 burden hours per exchange x 24 national securities exchanges = 6,660 aggregate burden hours.

576 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).

577 12 filings annually x 0.5 hours per filing = 6 burden hours per exchange.

exchanges is 144 hours.[578] Thus, the Commission estimates that the total aggregate annual burden to comply with Rules 6a-2 and 6a-3 is 6,744 hours.[579]

Revision to Burden Estimate

The Commission recognizes that the amendments to Rules 6a-1, 6a-2, and 6a-3 impose certain burdens on respondents. Although the information to be provided on filings made pursuant to Rules 6a-1, 6a-2, and 6a-3 will not change, respondents will be required to submit documents electronically. The instructions to Form 1 will 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. Generally, the time spent making such copies instead is expected to be spent uploading documents on EDGAR. Where a filing could include multiple exhibits, the time required to upload documents should 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 will 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 will be two hours less than the current baseline. Accordingly, the aggregate initial burden on all respondents to complete and submit an initial Form 1 application is expected to be 878 hours.[580] In addition, the Commission estimates that, on average, filing amendments to Form 1 electronically will require 1 fewer hour of clerical 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 will be 264 hours less than the current baseline.[581]

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578 6 burden hours per exchange x 24 national securities exchanges = 144 aggregate burden hours.

579 6,600 burden hours to comply with Rule 6a-2 + 144 burden hours to comply with Rule 6a-3 = 6,744 aggregate burden hours.

580 878 burden hours per initial application x 1 initial application per year = 878 burden hours.

581 Reduction of 1 hour per response x 264 responses per year = 264 fewer burden hours.

Accordingly, the aggregate ongoing burden on all exchanges to submit periodic amendments to Form 1 electronically is expected to be 6,336 hours.[582]

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 on average, the most recently approved baseline is expected to represent a reasonable estimate of the burden hours associated with submitting supplemental information and monthly reports. The time required to compile copies of these materials is expected, on average, to be equivalent to the time required to upload those filings electronically. The Commission estimates that, on average, filing supplemental information and monthly reports electronically will not increase or decrease burden hours from the current baseline of 0.5 hours. Therefore, the aggregate burden associated with filing supplemental information and monthly reports will be 180 hours.[583] Thus, the total aggregate annual burden to comply with Rules 6a-2 and 6a-3 will be 7,212 hours.[584]

The Commission also recognizes that the requirement to tag certain disclosures (specifically, the financial statements and the manner of operations description) on the initial 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, this burden will be mitigated for some exchanges that are affiliated with public reporting companies subject to existing Inline XBRL structuring

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582 264 burden hours per exchange x 24 national securities exchanges = 6,336 aggregate burden hours.

583 0.5 burden hours x 360 responses per year = 180 burden hours.

584 7,032 burden hours to comply with Rule 6a-2 + 180 burden hours to comply with Rule 6a-3 = 7,212 aggregate burden hours.

requirements, and thus may be able to leverage the compliance software and experience of their reporting affiliates.[585]

The Commission estimates respondents will incur an average of 20 burden hours to tag the initial Form 1 in Inline XBRL (a total annual industry-wide burden of 20 hours), and an average of 14 burden hours to tag financial statements included in annual amendments to Form 1 in Inline XBRL (a total annual industry-wide burden of 336 hours).[586] 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 $5,000 to tag Form 1 (including initial and subsequent filings) in Inline XBRL (a total annual industry-wide cost of $125,000).[587]

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.[588] 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).[589]

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585 See infra section X.C.2.b. As explained further in the discussion of structured data costs, the Commission is now estimating that only half of affiliated respondents (i.e., 8 out of the 17 affiliated exchanges) will experience reduced burdens, and is therefore increasing the burden estimates for Inline XBRL tagging of Form 1 and annual amendments thereto compared to the proposal.

586 20 burden hours to tag Exhibits D, E (in part), and I in initial Form 1 in Inline XBRL x 1 response per year = 20 burden hours. 14 burden hours to tag financial statements in annual amendments to Form 1 in Inline XBRL x 24 responses per year = 336 burden hours.

587 $5,000 per year x (24 exchanges + 1 exchange filing an initial Form 1 application) = $125,000. 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. We have accounted for this expected variance in the calculations of average burden and cost figures presented in this section.

588 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).

589 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

To summarize, the current estimated annual burden to submit filings pursuant to Rules 6a-1, 6a-2, and 6a-3 is 7,624 hours.[590] The Commission estimates that the annual burden to submit these filings will be 8,281 hours.[591] In addition, the Commission estimates that the total annual industry-wide external cost of the Inline XBRL requirements related to Form 1 will be $125,000.[592]

Form 1 and Rules 6a-1, 6a-2, and 6a-3 - Summary of Hourly Burdens									
Name of Information Collection	**Type of Burden**	**Number of Entities Impacted**	**Annual Responses per Entity**	**Initial Burden per Entity per Response**	**Initial Burden Annualized per Entity per Response**	**Ongoing Burden per Entity per Response**	**Annual Burden Per Entity per Response**	**Total Annual Burden Per Entity**	**Total Industry Burden**
Rule 6a-1 (Initial Form 1 Application)	Initial Reporting	1	1	901	901	0	901	901	901
Rule 6a-2(b) (Annual Form 1 Amendments)	Periodic Reporting	24	1	0	0	40	40	40	960
Rule 6a-2(a) and 6a-2(c) (Periodic Form 1 Amendments)	Periodic Reporting	24	10	0	0	26	26	260	6,240
Rule 6a-3 (Supplemental Materials and Monthly Volume Reports)	Periodic Reporting	24	15	0	0	.5	.5	7.5	180
TOTAL HOURLY BURDENS FOR ALL RESPONDENTS									**8,281**

Form 1 and Rules 6a-1, 6a-2, and 6a-3 - Summary of Dollar Cost				
Name of Information Collection	**Burden Type**	**Number of Respondents**	**Annual Cost Per Respondent**	**Total Annual Cost Per Information Collection**
Rule 6a-1 (Initial Form 1 Application)	Initial Reporting	1	$5,000	$5,000
Rule 6a-2(b) (Annual Form 1 Amendments)	Periodic Reporting	24	$5,000	$120,000
TOTAL AGGREGATE COST FOR ALL RESPONDENTS				**$125,000**

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

Currently Approved Burden Estimate[593]

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

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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 section X.C.2.b.

590 880 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.

591 901 burden hours for Rule 6a-1 (878 burden hours to file electronically + 20 burden hours to tag in Inline XBRL + 3 burden hours to tag in custom XML) + 7,200 burden hours for Rule 6a-2 (6,336 burden hours to file electronically + 336 burden hours to tag Exhibits in Inline XBRL + 528 burden hours to structure Exhibits in custom XML) + 180 burden hours for Rule 6a-3 = 8,281 burden hours.

592 $5,000 industry-wide cost for Rule 6a-1 (to tag in Inline XBRL an initial Form 1 filing) + $120,000 industry-wide cost for Rule 6a-2 (to tag in Inline XBRL periodic updates to Form 1) = $125,000.

593 For an explanation of the collection of information under Rule 6a-4 and Form 1-N, see supra section IX.A.3.

on a one-time basis. The Commission estimates that it would receive zero initial Form 1-N filings per year.[594] 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 amendments[595] 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 amendments[596] 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 information[597] 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.

Revision to Burden Estimate

The Commission recognizes that the amendments to Rule 6a-4 impose certain burdens on respondents. Although the information to be provided on filings made pursuant to Rule 6a-4 will not change, respondents will be required to submit documents electronically. The instructions to Form 1-N are 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. Generally, the time spent making such copies instead will be spent uploading documents through EDGAR. Where a

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[594] 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, zero is a reasonable estimate.

[595] 17 CFR 240.6a-4(b)(1).

[596] 17 CFR 240.6a-4(b)(3) and (4).

[597] 17 CFR 240.6a-4(c).

filing could include multiple exhibits, generally, the time required to upload documents will 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 will require, generally, two fewer hours of clerical work from the current baseline. Therefore, instead of 31 hours, an initial filing will require 29 hours. However, because the Commission estimates that there will be zero respondents submitting initial filings, the burden would remain zero hours (29 hours/respondent/year x 0 respondents/year).

The Commission estimates that, on average, periodic amendments to Form 1-N electronically will require 1 fewer hour of clerical work from the current baseline. The aggregate ongoing burden on all respondents submitting periodic amendments electronically will 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 will be 28 hours (14 hours/respondent/year x 2 respondents).

Similarly, the Commission estimates that, on average filing annual amendments to Form 1-N electronically will require 1 fewer hour of clerical work from the current baseline. The aggregate burden on all respondents submitting annual amendments electronically will 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 will be 28 hours (14 hours/respondent/year x 2 respondents).

The Commission estimates that, on average, filing triennial amendments to Form 1-N will 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 will be 13 hours[598] (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, on average, the most recently approved baseline is expected to represent an appropriate estimate of the burden hours associated with submitting supplemental information and monthly reports. 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 will not increase or decrease burden hours from the current baseline of six hours/respondent/year. Accordingly, the aggregate burden associated with filing supplemental information and monthly reports will continue to be 12 hours. Thus, the total aggregate annual burden to comply with Rule 6a-4 will be 81 hours.[599]

Form 1-N and Rule 6a-4 - Summary of Hourly Burdens									
Name of Information Collection	**Type of Burden**	**Number of Entities Impacted**	**Annual Responses per Entity**	**Initial Burden per Entity per Response**	**Initial Burden Annualized per Entity per Response**	**Ongoing Burden per Entity per Response**	**Annual Burden Per Entity per Response**	**Total Annual Burden Per Entity**	**Total Industry Burden**
Rule 6a-4(b)(1) (Periodic Form 1-N Amendments)	Periodic Reporting	2	1	0	0	14	14	14	28
Rule 6a-4(b)(3) (Annual Form 1-N Amendments)	Periodic Reporting	2	1	0	0	14	14	14	28
Rule 6a-4(b)(4) (3-Year Form 1-N Amendments)	Periodic Reporting	2	.333	0	0	19	19	6.33	12.66
Rule 6a-4(c) (Supplemental Form 1-N Amendments)	Periodic Reporting	2	12	0	0	.5	.5	6	12
								TOTAL HOURLY BURDEN FOR ALL RESPONDENTS	**80.66**

598 Even with the one hour per response reduction, the annual total burden would still be 13 hours due to rounding. The annual burden will be reduced from 13.33 to 12.67, which both round to 13 hours.

599 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 will be eliminated with the electronic filing of Form 1-N.

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

Currently Approved Burden Estimate

As is noted above, due to the length of time since Control Nos. 3235-0030 and 3235-0044 were last active, there are no currently approved burdens for Rules 15Aa-1 and 15Aj-1 (redesignated as Rules 15aa-1 and 15aa-2, respectively) and Form 15A.[600]

Revision to Burden Estimate

Initial filings on new Form 15A by an applicant seeking registration as a national securities association are made on a one-time basis.[601] The Commission estimates that it will receive one initial Form 15A filing per year.[602] Because the filing of an initial Form 15A is expected to be substantially similar to an initial Form 1 filing, the Commission estimates that each respondent will incur an average burden of 878 hours to complete and file an initial Form 15A.[603]

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 will incur an average burden of 878 hours to file an initial Form 15A.

With respect to the amendments to new Form 15A, the Commission estimates that each registered association will file 11 amendments or periodic updates to Form 15A per year.[604] The

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600 See supra note501.

601 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.

602 See Exchange Act Rule 15aa-1, 17 CFR 240.15aa-1 and 17 CFR 249.801.

603 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 release that no longer require the submission of duplicate paper copies (a reduction of 2 burden hours per respondent). See supra section IX.D.2.

604 The requirements of Rule 15aa-2 are substantively similar to the requirements of Rules 6a-1 and 6a-2. As a result, the Commission relies 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 will file 11 amendments or periodic updates to Form 1 per year.

number of 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 will incur an average burden of 24 hours per filing to comply with Rule 15aa-2.[605] Accordingly, the estimated average annual burden to update and amend Form 15A is 264 hours per association[606] for an estimated aggregate annual burden for all national securities associations of 264 hours.[607]

Form 15A - Summary of Hourly Burdens									
Name of Information Collection	**Type of Burden**	**Number of Entities Impacted**	**Annual Responses per Entity**	**Initial Burden per Entity per Response**	**Initial Burden Annualized per Entity per Response**	**Ongoing Burden per Entity per Response**	**Annual Burden Per Entity per Response**	**Total Annual Burden Per Entity**	**Total Industry Burden**
Rule 15aa-1 (Initial Form 15A Application)	Initial Reporting	1	1	878	878	0	878	878	878
Rule 15aa-2 (Annual Form 15A Amendments)	Periodic Reporting	1	11	0	0	24	24	264	264
							TOTAL HOURLY BURDEN FOR ALL RESPONDENTS		**1,142**

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

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605 Attorney at 10 hours + Accountant at 10 hours + Compliance Clerk at 4 hours = 24 burden hours. The instructions to Form 15A will 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 time spent making such copies instead is expected to be spent uploading documents through EDGAR. Where a filing could include multiple exhibits, the time required to upload documents is expected to 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 will 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.

606 11 Form 15Aa-2 amendments annually x 24 burden hours per Form 15A amendment = 264 burden hours per association.

607 264 burden hours per association x 1 national securities association = 264 aggregate burden hours.

Commission receives one application each year.[608] 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.[609] 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,[610] 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.

Revision to Burden Estimate

The Commission recognizes that the amendments to Rule 17ab2-1 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 time spent making such copies is expected to now be spent uploading documents through EDGAR. Where a filing may include multiple exhibits, the time required to upload documents is expected to 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 of exhibits required by an initial Form 1 application, the overall burden is expected to be two hours less (for either an initial application or an amendment) to make an electronic filing, compared to making the paper copies. Thus, the aggregate annual

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608 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).

609 Compliance Attorney at 300 hours + Chief Compliance Officer at 40 hours = 340 burden hours.

610 Compliance Attorney at 40 hours + Chief Compliance Officer at 20 hours = 60 burden hours.

burden associated with compliance with Rule 17ab2-1 and Form CA-1, other than the structuring requirement discussed below, is expected to 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.[611] 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).[612] 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).[613] 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 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).[614] The structured data requirements for Form CA-1 would

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611 The 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 section II.D.5; see also supra section VII.A.

612 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.

613 $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.

614 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 section X.C.2.b. 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

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.[615]

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.[616]

Revision to Burden Estimate

The 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 internet website will impose certain burdens on respondents. Respondents will 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 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

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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).

615 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.

616 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).

estimates that, on average, the 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 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 is an additional 0.5 hours. Accordingly, the Commission estimates that the total additional initial hour burden will be 12 hours, and the total annual hour burden will continue to be 2,331 hours per year associated with the structuring, rendering, and posting of information under Rule 19b-4(e).[617] The Commission does not estimate respondents will incur external monetary costs under Rule 19b-4(e).

Rule 19b-4(e) - Summary of Hourly Burdens									
Name of Information Collection	**Type of Burden**	**Number of Entities Impacted**	**Annual Responses per Entity**	**Initial Burden per Entity per Response**	**Initial Burden Annualized per Entity per Response**	**Ongoing Burden per Entity per Response**	**Ongoing Burden Annualized per Entity per Response**	**Total Annual Burden per Entity**	**Total Industry Burden per Burden Type**
Rule 19b-4(e) (Initial Response)	Reporting	24	1	0.5	0.5	0	0	0.5	12
Rule 19b-4(e) (Subsequent Response)	Reporting	24	97	0	0	1	97	33	2,331
							TOTAL HOURLY BURDEN FOR ALL RESPONDENTS		**2,343**

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 46 respondents is an aggregate burden of 69,259 hours.[618]

Revision to Burden Estimate

The Commission estimates that, on average, the removal of the manual signature and retention requirement will not increase or decrease the burden hours associated with continuing

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617 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, (discussing estimated cost ranges related to the 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 will be done by a programmer. See supra section IX.D.5.

618 See FR Doc. 2023-01613, 88 FR 5387 (Jan. 27, 2023) (Request to OMB for extension of Rule 19b-4 and Form 19b-4; SEC File No. 270-38; OMB Control No. 3235-0045).

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 estimates that the ongoing aggregate burden for SROs associated with complying with Rule 19b-4 and filing Form 19b-4 will continue to be 69,259 hours.[619]

Rule 19b-4(j), Form 19b-4 - Summary of Hourly Burdens						
Name of Information Collection	**Type of Burden**	**Number of Entities Impacted**	**Annualized Initial Burden for Newly Registered Respondents**	**Annual Ongoing Burden for All Respondents**	**Annual Burden Averaged per Respondent**	**Total Industry Burden**
Rule 19b-4(j), Form 19b-4	Reporting	46	165	68,294	1,065	69,259
TOTAL HOURLY BURDEN FOR ALL RESPONDENTS						**69,259**

8. Rule 17a-22

Currently Approved Burden Estimate[620]

The Commission estimates that it receives, on average, approximately 840 filings per year pursuant to Rule 17a-22.[621] 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.[622] The Commission estimates that, on average, each filing requires approximately 0.25 hours (fifteen minutes).[623] 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.[624] Accordingly, the Commission estimates that the aggregate annual burden to comply with Rule 17a-22 is 210

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619 See id. for an itemized discussion of specific one-time and ongoing hourly burdens for respondents.

620 The Commission has previously discussed the requirements of Rule 17a-22 in section IX.A.8, supra.

621 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.

622 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).

623 See id.

624 Although current Rule 17a-22 requires duplicate filings when the Commission is not a registered clearing agency's ARA, the additional burden of making a duplicate filing is expected to be minimal because the rule applies only to materials that have already been published by the registered clearing agency.

hours.[625] Further, the Commission estimates that each registered clearing agency will expend a total of 30 hours per year to comply with Rule 17a-22.[626]

Revision to Burden Estimate

The Commission recognizes that the amendments to Rule 17a-22 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.

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, for purposes of making a PRA burden estimate, the current baseline is expected to represent a reasonable estimate of the burden hours associated with filing supplemental materials. The time required to compile and mail copies of supplemental materials is expected, on average, to 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.[627] Moreover, reducing the timeframe under Rule 17a-22 from 10 days to 2 business days is not expected to increase the burden hours associated with compliance with Rule 17a-22. On average, filing supplemental materials electronically via a registered clearing agency's internet

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625 7 registered clearing agencies x 120 responses per clearing agency x .25 hours = 210 burden hours.

626 840 total responses x .25 hours / 7 active clearing agencies = 30 burden hours.

627 See Section III.B.4. (explaining the Commission's interpretation of the requirement to "prominently post" supplemental materials on a clearing agency's website pursuant to the amendments to Rule 17a-22).

website is not expected to increase or decrease burden hours from the current baseline of 0.25 hours. Accordingly, each registered clearing agency is expected to continue to expend a total of 30 hours per year to comply with Rule 17a-22.[628] Thus, the aggregate annual burden associated with compliance with Rule 17a-22 is expected to continue to be 210 hours.[629]

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

a. Requirement to File Annual Reports on EDGAR using Structured Data

Currently Approved Burden Estimate

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 38,616 hours.[630] 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.[631] Under Rule 18a-7, each SBSD is estimated to have an annual reporting burden of 17 hours, resulting in an annual industry burden of 136 hours.[632]

Revision to Burden Estimate

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628 840 total responses x .25 hours / 7 active clearing agencies = 30 burden hours.

629 7 registered clearing agencies x 120 responses per clearing agency x .25 hours = 210 burden hours.

630 See Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 17a-5 (June 7, 2023), available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202304-3235-019.

631 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.

632 See Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 18a-7 (Mar. 30, 2024), available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202403-3235-002. Each MSBSP is estimated to have an annual reporting burden of 10 hours; however, as of Dec. 31, 2023, there were no MSBSPs registered with the Commission.

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.[633] This estimate would also apply to entities that are new filers on EDGAR under the amendments to Rules 17a-5, 18a-7, and 17a-12.

For the 12 months ended December 31, 2023, the Commission received 1,498 filings of the annual reports required by paragraph (d) of Rule 17a-5 in paper. Based on this estimate, the Commission estimates that approximately 1,498 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 will be approximately 23,968 hours.[634] ANC broker-dealers must also file annual reports under the 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 18 non-bank SBS Entities would be required to electronically file on EDGAR annual reports under paragraph (c) of Rule 18a-7, as amended. 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

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633 See Nationally Recognized Statistical Rating Organizations, Release No. 72936 (Aug. 27, 2014), 79 FR 55077, 55235-6 (Sept. 15, 2014).

634 1,498 broker-dealers x 16 hours = 23,968 hours.

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.

The current PRA burden for paragraph (d) of Rule 17a-5 includes an annual industry-wide cost of approximately $31,022 in postage costs to mail the annual reports to the Commission. Rule 17a-5 is being amended to require these reports to be filed electronically, so there should be no more postage costs associated with these requirements. Under the rule amendments, broker-dealers will no longer incur these costs.

Under the rule amendments, broker-dealers, OTC derivatives dealers, SBSDs, and MSBSPs filing their annual reports electronically must keep the original oath or affirmation for a period of not less than six years, the first two years in an easily accessible place. The requirement to keep the oath or affirmation should not materially increase a broker-dealer's recordkeeping burden.

Under the rule amendments, broker-dealers, OTC derivatives dealers, SBSDs, and MSBSPs are 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 economic analysis and above, 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, and the initial implementation of Inline XBRL requirements entails additional

burdens (e.g., establishing new processes for the use of Inline XBRL tagging software) that do not apply on an ongoing basis.[635]

Compared to the proposing release, the Commission has increased the burden and cost estimates for Inline XBRL tagging of the annual reports and related filings for several reasons. First, the Commission estimated at proposal that all respondents affiliated with public reporting companies already subject to Inline XBRL requirements would incur reduced burdens and costs, because such respondents 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. One commenter stated that this burden and cost reduction is dependent on the contractual arrangements that firms have with third-party providers, and on the internal staffing structure for each company.[636] To account for this variation, the Commission is now estimating that only half of affiliated respondents will incur reduced burdens and costs.[637]

Second, the Commission estimated at proposal that respondents choosing to tag annual reports and related filings internally, rather than outsourcing the Inline XBRL tagging to a third-party service provider, would incur initial implementation burdens and costs in addition to ongoing Inline XBRL tagging burdens and costs. The Commission estimated at proposal that outsourcing respondents would not incur any initial implementation burdens. One commenter stated that structured data requirements will impose burdens associated with diligencing, negotiating with, and onboarding third parties.[638] The Commission agrees, and because these burdens apply to respondents that outsource Inline XBRL tagging to third-party service

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635 See infra sections X.C.2.b and IX.D.2. 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 internal Inline XBRL tagging would be done by a compliance attorney. See supra section IX.D.5.

636 See XBRL Letter at 11.

637 As stated in the structured data cost section of the economic analysis, the Commission has identified 226 respondents affiliated with public reporting companies. See infra section X.C.2.b. The Commission is now estimating that only half, or 113, of those affiliated respondents will incur reduced Inline XBRL burdens.

638 See SIFMA 5/22/2023 Letter at 4.

providers, the Commission has increased the number of respondents it estimates will incur initial structured data implementation burdens.

However, as discussed above in sections IV.A. and VII.A., the Commission disagrees that the structured data requirements under the rule amendments will obligate every filer or submitter to undergo multiple fundamental operational changes. Firms that outsource compliance with structured data requirements to a third-party service provider rather than comply with the structured data requirements in-house would not undergo these operational changes because the third-party service provider would take such actions as necessary. For the custom XML requirements, most firms will comply with those requirements by completing fillable web forms on EDGAR; other firms will have the requisite sophistication to encode disclosures using custom XML schemas without the need for substantial additional training or hiring of personnel.[639] Firms that comply with Inline XBRL structured data requirements internally will likely need to implement processes for their staff to apply Inline XBRL tags and validate such tags. The Commission includes these implementation and training costs in its estimates of initial structured data costs and burdens.

Third, the Commission's proposed structured data burden estimates did not include any additional burden for respondents complying with Rule 18a-7 under a substituted compliance order pursuant to Exchange Act Rule 3a71-6. One commenter stated that the Commission should allow firms relying on substituted compliance to continue submitting home-country reports in their current form, explaining that the organization and requirements of these reports is often different from U.S. reports.[640] On an ongoing basis, the Commission estimates that the Inline XBRL burdens for respondents relying on substituted compliance are equal to the Inline

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639 See infra section X.C.2.b. As explained below in the Economic Analysis, firms that comply with XBRL requirements internally do not need to hire additional personnel that are proficient in XBRL because they can license software tools that allow staff without XBRL proficiency to apply Inline XBRL tags without needing to overhaul the firm's systems or operations.

640 See id. at 7. Although the comment referred specifically to home-country equivalents to CCO reports, home-country equivalents to Rule 18a-7 annual reports and related filings can also vary from U.S. reports in their organization and requirements.

XBRL burdens for other respondents, because in each case, the respondent will need to apply Inline XBRL tags to disclosures in financial statements and supplemental filings that Rule 18a-7 requires, whether those disclosures are provided in the U.S. report or included within the corresponding home country report alongside other disclosures that only the home country regulator requires. However, the first time a respondent relying on substituted compliance (or its third-party tagging service provider) applies Inline XBRL tags to its home country report, it will incur the additional burden of determining which disclosures within its home country report are responsive to U.S. disclosure requirements and must therefore be tagged. To capture this additional step, the Commission is increasing the estimated initial Inline XBRL tagging burdens and costs from 50% in the proposing release, by an additional 25% for SBS Entities relying on substituted compliance.

On average, respondents are estimated to incur 7 burden hours and $1,600 in external cost for the first response to be tagged in Inline XBRL, and incur 4.5 burden hours and $1,000 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 22,869 hours and $5,227,200 for broker-dealers, 21 hours and $4,800 for OTC derivative dealers, and 126 hours and $28,800 for SBSDs and MSBSPs.[641] The Commission estimates the total ongoing annual industry-wide internal burden and external cost would be 14,702 hours and $3,267,000 for broker-dealers, 14 hours and $3,600 for OTC derivative dealers, and 81 hours and $18,000 for SBSDs and MSBSPs.[642]

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641 3,267 broker-dealers x 7 hours = 22,869 hours; 3,267 broker-dealers x $1,600 = $5,227,200. 3 OTC derivative dealers x 7 hours = 21 hours; 3 OTC derivative dealers x $1,600 = $4,800. 18 SBSDs and MSBSPs x 7 hours = 126 hours; 18 SBSDs and MSBSPs x $1,600 = $28,800. These estimates include SBSDs and MSBSPs that rely on substituted compliance pursuant to a Commission order with respect to reporting obligations under Rule 18a-7(c).

642 3,267 broker-dealers x 4.5 hours = 14,701.5 hours; 3,267 broker-dealers x $1,000 = $3,267,000. 3 OTC derivative dealers x 4.5 hours = 13.5 hours; 3 OTC derivative dealers x $1,000 = $3,000. 18 SBSDs and MSBSPs x 4.5 hours = 81 hours; 18 SBSDs and MSBSPs x $1,000 = $18,000.

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.[643] 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 38,616 hours.[644] 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 of 160 hours.[645] Under Rule 18a-7, each SBSD that is not prudentially regulated is estimated to have an annual reporting burden of 192 hours, resulting in an annual industry burden of 1,536 hours, and each SBSD that is prudentially regulated is estimated to have an annual reporting burden of 16 hours, resulting in an annual industry burden of 464 hours.[646]

Revision to Burden Estimate

The Commission is making a number of amendments to the FOCUS Report. First, it is making corrective and clarifying amendments to FOCUS Report Part II. The Commission estimates that the 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. These 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 amendments require stand-alone swap dealers and

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643 See 17 CFR 240.17a-5; 17 CFR 240.17a-12; 17 CFR 240.18a-7.

644 See Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 17a-5 (June 7, 2023), available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202304-3235-019.

645 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.

646 See Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 18a-7 (Mar. 30, 2024), available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202403-3235-002.

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 amendments would result in an ongoing annual burden of 1 hour per stand-alone swap dealer or stand-alone introducing broker.

The Commission estimates that there are 466 broker-dealers filing FOCUS Report Part II under Rule 17a-5, resulting in an estimated industry-wide initial burden of 2,375 hours.[647] The Commission estimates that there are three OTC derivatives dealers filing FOCUS Report Part II under Rule 17a-12, resulting in an estimated industry-wide initial burden of 15 hours.[648] The Commission estimates that there are 18 non-broker-dealer SBS Entities filing FOCUS Report Part II under Rule 18a-7, resulting in an estimated industry-wide initial burden of 90 hours.[649] The Commission estimates that for Part II filers that are not stand-alone swap dealers, the 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 67 domestic stand-alone introducing brokers filing FOCUS Report Part II under Rule 17a-5, resulting in an estimated industry-wide ongoing burden of 71 hours per year.[650]

Second, the Commission is aligning the text in FOCUS Report Part IIC with the text in FFIEC Form 031, including additional amendments to FOCUS Report Part IIC to match additional changes made to FFIEC Form 031 since the date of the Proposing Release. These amendments are expected to result in an initial burden of five hours on each bank SBS Entity so

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647 5 hours x 466 Part II filers under Rule 17a-5 = 2,330 hours. These internal hours likely will be performed by a compliance manager.

648 5 hours x 3 Part II filers under Rule 17a-12 = 15 hours. These internal hours likely will be performed by a compliance manager.

649 5 hours x 18 Part II filers under Rule 18a-7 = 90 hours. These internal hours likely will be performed by a compliance manager.

650 1 hour x 71 Part II filers that are domestic stand-alone swap dealers or stand-alone introducing brokers = 71 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 (Jan. 16, 2024), available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202401-3038-001.

that firms can compare the revised FOCUS Report Part IIC with FFIEC Form 031. However, these 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 30 bank SBS Entities filing FOCUS Report Part IIC, resulting in an estimated industry-wide initial burden of 150 hours.[651] The Commission estimates that the amendments will not change the estimated ongoing annual burden imposed by FOCUS Report Part IIC.

Third, the Commission is requiring only the CEO or CFO's signature lines to be signed on the FOCUS Report's cover page, and allows these signatures to be signed either manually or electronically. This 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 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 3,463 broker-dealers, non-broker-dealer SBS Entities, and bank SBS Entities filing FOCUS Report Parts II, IIA, or IIC, resulting in an estimated industry-wide initial burden of 3,463 hours.[652] The Commission estimates that the amendments will not change the estimated ongoing annual burden imposed by FOCUS Report Parts II, IIA, and IIC, as amended.

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651 5 hours x 30 Part IIC filers = 150 hours. These internal hours likely will be performed by a compliance manager.

652 1 hour x 3,412 Part II or Part IIA filers under Rule 17a-5 = 3,412 hours. 1 hour x 48 Part II or Part IIC filers under Rule 18a-7 = 48 hours. 1 hour x 3 Part II filers under Rule 17a-12 = 3 hours. These internal hours likely will be performed by a compliance manager.

Fourth, the Commission is making two technical amendments to FOCUS Report Part IIA.[653] The Commission estimates that the amendments will result in an initial burden of five hours on each Part IIA filer so firms can familiarize themselves with the amendments. These amendments will generally either have no impact on or reduce the ongoing burden on the vast majority of filers because they align FOCUS Report Part IIA with the requirements of Rule 15c3-1 and will reduce questions about how to complete FOCUS Report Part IIA consistently with Rule 15c3-1. The Commission estimates that there are 2,946 FOCUS Report Part IIA filers, resulting in an estimated industry-wide initial burden of 14,730 hours.[654]

Finally, the Commission is requiring OTC derivatives dealers to file the FOCUS Report electronically on the SEC eFOCUS system instead of in paper. The Commission estimates that this 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 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 that there are 3 OTC derivatives dealers, resulting in an estimated industry-wide initial burden of 45 hours.[655] The Commission estimates that the amendment will not change the estimated ongoing annual burden imposed by Rule 17a-12.

c. Notarization of Annual Reports

The Commission is amending Part III of Form X-17A-5 (i.e., the annual audit's cover page) to remove the signature line for the notary public. The current supporting statements for

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653 Lines 11 and 15 of the Computation of Net Capital Requirement are being updated to replace the incorrect cross-reference to line 19 with a corrected cross-reference to line 18. In addition, the Commission is amending FOCUS Report Part IIA to require broker-dealers using the alternative method to compute net capital to report the percentage of debt to debt-equity total.

654 5 hours x 2,946 Part IIA filers = 14,730 hours. These internal hours likely will be performed by a compliance manager.

655 15 hours x 3 OTC derivatives dealers = 45 hours. These internal hours likely will be performed by a compliance manager.

Rules 17a-5, 17a-12, and 18a-7 do not attribute a specified portion of the burden to the notarization requirement. The Commission estimates that the amendment will result in an initial burden of five hours on each firm required to file annual reports and related annual filings under Rules 17a-5, 17a-12, and 18a-7, so firms can familiarize themselves with the change. The Commission estimates that there are 3,288 broker-dealers, SBS Entities and OTC derivatives dealers filing annual reports, resulting in an estimated industry-wide initial burden of 16,440 hours.[656] This amendment will generally either have no impact on or reduce the ongoing burden on the filers because they will no longer need to obtain notarization of the annual reports.

The estimated hourly burdens and dollar costs associated with the amendments to Rules 17a-5, 18a-7, and 17a-12 are summarized in the below tables:

Rule 17a-5 - Summary of Hourly Burdens									
Name of Information Collection	**Type of Burden**	**Number of Entities Impacted**	**Annual Responses per Entity**	**Initial Burden per Entity per Response**	**Initial Burden Annualized per Entity per Response**	**Ongoing Burden per Entity per Response**	**Annual Burden Per Entity per Response**	**Total Annual Burden Per Entity**	**Total Industry Burden**
Filing annual audit on EDGAR – Initial burden	Reporting	1,498	1	16.00	5.33	0.00	0.00	5.33	7,989.33
Filing annual audit in Inline XBRL – Initial burden	Reporting	3,267	1	7.00	2.33	0.00	2.33	2.33	7,623.00
Filing annual audit in Inline XBRL – Ongoing burden	Reporting	3,267	1	0.00	0.00	4.50	4.50	4.50	14,701.50
Corrective and clarifying amendments to FOCUS Report Part II – Initial burden	Reporting	466	1	5.00	1.67	0.00	1.67	1.67	776.67
Corrective and clarifying amendments to FOCUS Report Part IIA – Initial burden	Reporting	2,946	1	5.00	1.67	0.00	1.67	1.67	4,910.00
Amendments to FOCUS Report signature requirement – Initial burden	Reporting	3,412	1	1.00	0.33	0.00	0.33	0.33	1,137.33
Amendments to CFTC capital computation section of FOCUS Report Part II – Ongoing burden	Reporting	71	4	0.00	0.00	0.25	0.25	1.00	71.00
Removal of oath or affirmation notarization requirement – Initial burden	Reporting	3,267	1	5.00	1.67	0.00	1.67	1.67	5,445.00
								TOTAL HOURLY BURDEN FOR ALL RESPONDENTS	**42,653.83**

Rule 17a-5 - Summary of Dollar Costs

656 3,267 broker-dealers filing under Rule 17a-5 x 5 hours = 16,335 hours. 18 non-broker-dealer SBS Entities filing under Rule 18a-7 x 5 hours = 90 hours. 3 OTC derivatives dealers filing under Rule 17a-12 x 5 hours = 15 hours. These internal hours likely will be performed by a compliance manager.

Name of Information Collection	Type of Burden	Number of Entities Impacted	Annual Responses per Entity	Initial Cost per Entity per Response	Initial Cost Annualized per Entity per Response	Ongoing Cost per Entity per Response	Annual Cost Per Entity per Response	Total Annual Cost Per Entity	Total Industry Cost
Filing annual audit in Inline XBRL – Initial burden	Reporting	3,267	1	$1,600.00	$533.33	$0.00	$$533.33	$533.33	$1,742,400.00
Filing annual audit in Inline XBRL – Ongoing burden	Reporting	3,267	1	$0.00	$0.00	$1,000.00	$1,000.00	$1,000.00	$3,267,000.00
							TOTAL COST FOR ALL RESPONDENTS		**$5,009,400.00**

Rule 18a-7 - Summary of Hourly Burdens									
Name of Information Collection	**Type of Burden**	**Number of Entities Impacted**	**Annual Responses per Entity**	**Initial Burden per Entity per Response**	**Initial Burden Annualized per Entity per Response**	**Ongoing Burden per Entity per Response**	**Annual Burden Per Entity per Response**	**Total Annual Burden Per Entity**	**Total Industry Burden**
Filing annual audit on EDGAR – Initial burden	Reporting	0	1	16.00	5.33	0.00	5.33	5.33	0.00
Filing annual audit in Inline XBRL – Initial burden	Reporting	18	1	7.00	2.33	0.00	2.33	2.33	42.00
Filing annual audit in Inline XBRL – Ongoing burden	Reporting	18	1	0.00	0.00	4.50	4.50	4.50	81.00
Corrective and clarifying amendments to FOCUS Report Part II – Initial burden	Reporting	18	1	5.00	1.67	0.00	1.67	1.67	30.00
Aligning FOCUS Report Part IIC with FFIEC Form 031 – Initial burden	Reporting	30	1	5.00	1.67	0.00	0.00	1.67	50.00
Amendments to FOCUS Report signature requirement – Initial burden	Reporting	48	1	1.00	0.33	0.00	0.33	0.33	16.00
Removal of oath or affirmation notarization requirement – Initial burden	Reporting	18	1	5.00	1.67	0.00	1.67	1.67	30.00
								TOTAL HOURLY BURDEN FOR ALL RESPONDENTS	**249.00**

Rule 18a-7 - Summary of Dollar Costs									
Name of Information Collection	**Type of Burden**	**Number of Entities Impacted**	**Annual Responses per Entity**	**Initial Cost per Entity per Response**	**Initial Cost Annualized per Entity per Response**	**Ongoing Cost per Entity per Response**	**Annual Cost Per Entity per Response**	**Total Annual Cost Per Entity**	**Total Industry Cost**
Filing annual audit in Inline XBRL – Initial burden	Reporting	18	1	$1,600.00	$533.33	$0.00	$533.33	$533.33	$9,600.00
Filing annual audit in Inline XBRL – Ongoing burden	Reporting	18	1	$0.00	$0.00	$1,000.00	$1,000.00	$1,000.00	$18,000.00
							TOTAL COST FOR ALL RESPONDENTS		**$27,600.00**

Rule 17a-12 - Summary of Hourly Burdens									
Name of Information Collection	**Type of Burden**	**Number of Entities Impacted**	**Annual Responses per Entity**	**Initial Burden per Entity per Response**	**Initial Burden Annualized per Entity per Response**	**Ongoing Burden per Entity per Response**	**Annual Burden Per Entity per Response**	**Total Annual Burden Per Entity**	**Total Industry Burden**
Filing annual audit on EDGAR – Initial burden	Reporting	0	1	16.00	5.33	0.00	5.33	5.33	0.00
Filing annual audit in Inline XBRL – Initial burden	Reporting	3	1	7.00	2.33	0.00	2.33	2.33	7.00
Filing annual audit in Inline XBRL – Ongoing burden	Reporting	3	1	0.00	0.00	4.50	4.50	4.50	13.50
Corrective and clarifying	Reporting	3	1	5.00	1.67	0.00	1.67	1.67	5.00

amendments to FOCUS Report Part II – Initial burden									
Amendments to FOCUS Report signature requirement – Initial burden	Reporting	3	1	1.00	0.33	0.00	0.33	0.33	1.00
Filing FOCUS Report on SEC eFOCUS – Initial burden	Reporting	3	1	15.00	5.00	0.00	5.00	5.00	15.00
Removal of oath or affirmation notarization requirement – Initial burden	Reporting	3	1	5.00	1.67	0.00	1.67	1.67	5.00
								TOTAL HOURLY BURDEN FOR ALL RESPONDENTS	**46.50**

Rule 17a-12 - Summary of Dollar Costs									
Name of Information Collection	**Type of Burden**	**Number of Entities Impacted**	**Annual Responses per Entity**	**Initial Cost per Entity per Response**	**Initial Cost Annualized per Entity per Response**	**Ongoing Cost per Entity per Response**	**Annual Cost Per Entity per Response**	**Total Annual Cost Per Entity**	**Total Industry Cost**
Filing annual audit in Inline XBRL – Initial burden	Reporting	3	1	$1,600.00	$533.33	$0.00	$533.33	$533.33	$1,600.00
Filing annual audit in Inline XBRL – Ongoing burden	Reporting	3	1	$0.00	$0.00	$1,000.00	$1,000.00	$1,000.00	$3,000.00
								TOTAL COST FOR ALL RESPONDENTS	**$4,600.00**

10. Rule 17h-2T

The current supporting statement for Rule 17h-2T does not identify 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,[657] 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 amendments to Rule 17h-2T.

Under the rule amendments, broker-dealers that are required to file reports under Rule 17h-2T will 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 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

657 See supra section IX.D.9.

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 2 hours per response and a total industrywide burden of 1,928 hours per year for Form 17-H filers to structure their financial statements in Inline XBRL.[658]

Summary of Hourly Burdens									
Name of Information Collection	**Type of Burden**	**Number of Entities Impacted**	**Annual Responses per Entity**	**Initial Burden per Entity per Response**	**Initial Burden Annualized per Entity per Response**	**Ongoing Burden per Entity per Response**	**Annual Burden Per Entity per Response**	**Total Annual Burden Per Entity**	**Total Industry Burden**
Require filing Form 17-H in Inline XBRL – Ongoing Burden	Reporting	241	4	0.00	0.00	2.00	2.00	8.00	1,928.00
TOTAL HOURLY BURDEN FOR ALL RESPONDENTS									**1,928.00**

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

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658 2 hours per response x 4 responses per year x 241 respondents (as of Dec. 31, 2023) = 1,928 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 custom XML requirements for 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 (99% as of Dec. 31, 2023) 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, as we discuss in that section, we expect some Form 17-H filers are larger broker-dealers affiliated with public companies that are also subject to Inline XBRL requirements for Form X-17A-5 Part III, which requires Inline XBRL tagging of annual financial statements. These larger broker-dealers will incur lower structured data costs than other Form 17-H filers. We have accounted for this expected variance in the calculation of average burden figures presented in this section. The estimated burdens here are higher than at proposal because, as the Commission explains in section X.C.2.b, the Commission now estimates that only half of respondents affiliated with public companies (here, 40 out of 81 affiliated Form 17-H filers) will experience a reduced XBRL tagging burden. 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 section IX.D.5.

that Form X-17A-19 would take 0.25 hours to prepare, resulting in an annual industry-wide burden of 105 hours.[659]

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.[660] Accordingly, the Commission estimates that the one-time industry-wide reporting burden would be approximately 400 hours.[661]

Summary of Hourly Burdens									
Name of Information Collection	**Type of Burden**	**Number of Entities Impacted**	**Annual Responses per Entity**	**Initial Burden per Entity per Response**	**Initial Burden Annualized per Entity per Response**	**Ongoing Burden per Entity per Response**	**Annual Burden Per Entity per Response**	**Total Annual Burden Per Entity**	**Total Industry Burden**
Filing Form X-17A-19 in EDGAR – Initial Burden	Reporting	25	1	16	5.33	0	5.33	5.33	133.25
								TOTAL COST FOR ALL RESPONDENTS	**133.25**

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

Currently Approved Burden Estimate

Currently, 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

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659 See Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 17A-19 and Form X-17A-19 (July 25, 2023), available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202307-3235-021.

660 See supra section IX.D.9.a.

661 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). This estimate reflects time for respondents to familiarize themselves with the forms and does not include any added burden hours associated with the custom XML requirement for Form X-17A-19.

would take 30 minutes to file each ANE Exception Notice, resulting in an industry-wide initial one-time burden of 12 hours.[662]

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 adopted 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.[663]

Summary of Hourly Burdens									
Name of Information Collection	**Type of Burden**	**Number of Entities Impacted**	**Annual Responses per Entity**	**Initial Burden per Entity per Response**	**Initial Burden Annualized[1] per Entity per Response**	**Ongoing Burden per Entity per Response**	**Annual Burden Per Entity per Response[2]**	**Total Annual Burden Per Entity**	**Total Industry Burden[3]**
Withdrawal of notice of ANE Exception Notice, 3a71-3(d)(1)(vi)) Ongoing Burden	Reporting	24	1	0.50	0.17	0.00	0.17	0.17	12
TOTAL CHANGE IN BURDEN FOR ALL RESPONDENTS									**12.00**

[1] This column reflects the one-time burden estimates annualized over a three-year period (0.50 hours ÷ 3 years = 0.17 hours/year).

[2] 0.17 hours/year × 1 response/yr = 0.17 hours.

[3] 0.50 hours/response × 24 entities = 12 hours.

13. Rule 15fi-3(c)

Currently Approved Burden Estimate

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 VDNs.[664] The Commission

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662 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.

663 24 Registered Entities x ½ hour = 12 hours.

664 See Risk Mitigation Adopting Release, 85 FR at 6385.

also believed that the associated ongoing hourly burden of preparing and submitting VDNs would be minimal.[665] The Commission stated 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.[666] The Commission had estimated that each SBS Entity will spend an average of 24 hours each year complying with the requirement to prepare and submit VDNs, for an estimated average annual burden of 1,320 hours in the aggregate for all 55 SBS Entities.[667]

Revision to Burden Estimate

The amendments to Rule 15fi-3 related to EDGAR submission do not have an impact on the burdens associated with the existing collection of information. In particular, prior to the amendments, Rule 15fi-3(c) required SBS Entities to submit security-based swap VDNs to the Commission "in a form and manner acceptable to the Commission," and staff made available to SBS Entities two options for submitting VDNs which includes either: (1) an electronic submission using EDGAR or (2) submission to a dedicated Commission email address. The Commission is amending Rule 15fi-3(c) to affirmatively require SBS Entities to submit VDNs 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

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665 Id. at 6385-86.

666 Id.

667 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 stated 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.

any additional burden associated with obtaining access to EDGAR for purposes of submitting VDNs given that all such filers should already have an active CIK. With respect to the custom XML structuring requirement for VDNs, 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 custom XML structuring requirement for VDNs.[668] The Commission is, however, revising the total burden estimate based on the three additional applications for registration as an SBSD it received since issuing the Proposing Release. Based on its estimate that each SBS Entity will spend an average of 30 hours[669] each year complying with the Rule 15fi-3(c) requirement, the Commission estimates an average annual burden of 90 hours in the aggregate for three additional SBS Entities. Accordingly, the Commission estimates an average annual burden of 1,740 hours in the aggregate for 58 SBS Entities.

Summary of Hourly Burdens					
Name of Information Collection	**Type of Burden**	**Number of Entities Impacted**	**Total Annual Burden Per Entity**	**Total Industry Burden**	
Valuation Dispute Notices (including amendments)	Reporting	3	30	90	
				TOTAL CHANGE IN HOURLY BURDEN	**90.00**

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 to the Commission. The Commission previously estimated that these reports

668 See infra section X.C.2.b. SBS Entities relying on substituted compliance pursuant to a Commission order with respect to the requirements of Rule 15fi-3 would also be able to comply by inputting their dispute reports into the fillable web form on EDGAR rather than structuring those reports in the custom XML themselves. See supra section V.C.2.

669 See supra note 676.

would require on average 93 hours per respondent per year for an ongoing annual burden of 5,115 hours.[670]

Revision to Burden Estimate

The Commission recognizes that the 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 amendment requires 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.[671]

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 5 internal burden hours and $1,500 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 3 internal burden hours and $500 in external costs in subsequent years.[672]

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670 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").

671 See supra section IX.D.1.

672 This is also the case with respect to any SBS Entities relying on substituted compliance pursuant to a Commission order with respect to the requirements of Exchange Act section 15F(k) and Rule 15fk-1 because in each case, the SBS Entity will incur the cost of applying Inline XBRL tags to the information addressed in Rule 15fk-1(c)(2)(i) (whether that information is provided in a report required by Rule 15fk-1(c) or included within the home country report required to be provided to the Commission by a substituted compliance order). 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. 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 section IX.D.5.

The Commission has increased the burden and cost estimates for Inline XBRL tagging of CCO reports compared to the proposing release for two reasons. First, as discussed in an earlier section, the Commission estimated at proposal that all respondents affiliated with public reporting companies already subject to Inline XBRL requirements would incur reduced burdens and costs, because such respondents 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.[673] One commenter stated that this burden and cost reduction is dependent on the contractual arrangements that firms have with third-party providers, and on the internal staffing structure for each company.[674] To account for this variation, the Commission is now estimating that only half of affiliated respondents (i.e., 21 out of the 43 affiliated SBS Entities) will experience reduced burdens and costs.

Second, the Commission's proposed structured data burden and cost estimates did not differentiate between SBS Entities relying on substituted compliance orders with respect to the requirements of Rule 15fk-1 and other SBS Entities. One commenter, in recommending the Commission allow firms relying on substituted compliance to continue submitting home-country reports in their current form, stated that the organization and requirements of these reports is often different from U.S. reports.[675] The Commission estimates on an ongoing basis, the Inline XBRL tagging burdens and costs incurred by SBS Entities relying on substituted compliance will be equal to those incurred by other SBS Entities, because in each case, the SBS Entity will need to apply Inline XBRL tags to the narrative descriptions addressed in Exchange Act Rule 15fk-1(c)(2)(i), whether those narrative descriptions are provided in a report required by Rule 15fk-1(c) or included within the home country report required to be provided to the Commission by a substituted compliance order. However, the first time an SBS Entity relying on substituted

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673 See supra section IX.D.9.a.

674 See XBRL Letter at 11.

675 See SIFMA 5/22/2023 letter at 7.

compliance (or its third-party tagging service provider) applies Inline XBRL tags to its home country report, it will incur the additional burden of determining which narrative descriptions within its home country report correspond to the descriptions addressed in Exchange Act Rule 15fk-1(c)(2)(i) and must therefore be tagged. To capture this additional step, the Commission is increasing the estimated initial Inline XBRL tagging burdens and costs compared to the proposing release.

Accordingly, the Commission estimates that the total burden associated with compliance with Rule 15fk-1(c) would be an annual hour burden of 98 hours per respondent in the initial year (up from 94.5 hours) and 96 hours per respondent in subsequent years (up from 94 hours), and an annual cost burden of $1,500 per respondent in the initial year (up from $600) and $500 per respondent in subsequent years (up from $400), yielding an industry-wide annual burden of 5,194 hours and $79,500 in the first year and 5,088 hours and $26,500 in subsequent years.[676]

E. Collection of Information is Mandatory

All collections of information pursuant to the rules are 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

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676 The annual aggregate burden hour estimate for the initial year of compliance is based on the following calculation: (93 hours + 5 hours) x (53 SBS Entities) = 5,194 hours. The annual aggregate burden hour estimate for the subsequent years of compliance is based on the following calculation: (93 hours + 3 hours) x (53 SBS Entities) = 5,088 hours. The annual aggregate external cost estimate for the initial year of compliance is based on the following calculation: $1,500 x (53 SBS Entities) = $79,500. The annual aggregate external cost estimate for subsequent years of compliance is based on the following calculation: $500 x (53 SBS Entities) = $26,500.

public disclosure of any information contained in such forms in accordance with the procedures set forth in Rule 24b-2(b).[677]

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 cap on inter-dealer security-based swaps. The 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 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

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677 17 CFR 240.24b-2(b).

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.[678] 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;[679] 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.

With respect to the other information collected under the rule amendments and new rules, the firm can request the confidential treatment of the information.[680] 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;[681] 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.

G. Retention Period for Recordkeeping Requirements

For all Covered SRO Forms and for 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.[682]

Rule 17a-4 specifies the required retention periods for a broker-dealer, including an OTC derivatives dealer.[683] Rule 18a-6 specifies the required retention periods for non-broker-dealer

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678 See 17 CFR 200.83.

679 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.

680 See 17 CFR 200.83; 17 CFR 240.24b-2. For Rule 15fk-1(c)(2)(ii)(A), SBS Entities may request confidential treatment for their CCO reports pursuant to Exchange Act Rule 83.

681 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).

682 17 CFR 240.17a-1.

683 17 CFR 240.17a-4.

SBSDs and non-broker-dealer MSBSPs.[684] 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.

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,[685] section 3(f) of the Exchange Act,[686] and section 2(c) of the Investment Company Act of 1940[687] 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.[688]

Where possible, we have attempted to quantify the costs and benefits expected to result from the 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 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.

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684 17 CFR 240.18a-6.

685 15 U.S.C. 77b(b).

686 15 U.S.C. 78c(f).

687 15 U.S.C. 80a-2(c).

688 15 U.S.C. 78w(a)(2).

This section discusses the benefits and costs of the amendments, as well as their potential effects on efficiency, competition, and capital formation. Some of the amendments are, however, technical, so they will likely not have significant economic effects.[689]

A. Broad Economic Considerations

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 audited reports and risk assessment reports, and certain clearing agency supplemental materials. Other Commission rules require submission by email or 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, SBSDs, and MSBSPs; and (4) other notices and reports from broker-dealers, SBSDs, MSBSPs, and Registered Entities (including Forms 17-H and Form X-17A-19) ("the affected documents"), and by requiring certain of the affected documents to be provided, where appropriate, in a structured, machine-readable data language, the amendments seek to streamline the submission process, and facilitate the transmission and effective use of submitted information. The amendments to certain Exchange Act rules and the affected documents are expected to increase

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689 As stated in section II.G. above, the Commission is adopting a technical amendment to conform its Informal and Other Procedures to the changes adopted 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 required to be submitted to the Commission electronically. The Commission is also adopting a number of amendments to the FOCUS Report that will generally have no impact on or reduce the ongoing burden on filers because they will generally reduce questions about where and how to report items on the form.

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 amendments, including their likely costs and benefits as well as the likely effects of the amendments on efficiency, competition, and capital formation, relative to the economic baseline, which consists of the filing practices in existence today.

We anticipate that the amendments that 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. 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.[690] However, notwithstanding these initial transition costs, we anticipate that reporting entities would realize cost savings from electronic submission on EDGAR. With respect to the structured data requirements, and specifically the Inline XBRL reporting requirements, entities subject to Inline XBRL reporting requirements under the rules will incur ongoing costs associated with the requirement to encode and report information in Inline XBRL, and entities that do not presently use Inline XBRL will incur additional costs associated with the initial implementation of Inline XBRL compliance processes and/or the purchase of third-party Inline XBRL filing preparation services or software.[691]

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690 See supra section IX.

691 See infra section X.C.2.b. Similar structured data implementation costs will not result from most of the custom XML requirements, because affected entities will have the option of inputting their information in fillable forms, which EDGAR will then convert into the custom XML data language. However, structured data implementation costs will arise in connection with the custom XML requirement for information posted under Rule 19b-4(e), because the SRO will 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. The Commission expects exchanges and clearing agencies will 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.

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 will 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 amendments will 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.[692]

To implement the structured data requirements, the Commission must indicate particular data languages for filers to use. XBRL is an open-source data language that allows data elements to be stored and then read by machine, leading to an order of magnitude increase in process efficiencies. Similarly, custom XML-based data languages, which are more appropriate for simpler forms, are built on the open-source XML format and also enable machine readability. Both data languages are subject to continuous evolution and are sufficiently flexible to allow such evolution. Technology continuously evolves, so that any method of file storage—whether paper, or any electronic file format—eventually may become obsolete. Data languages, too, can be subject to obsolescence, though this is rarer. Once information is in a format that is machine readable, however, it can generate a variety of different file formats as those options evolve. As a result, should future data languages arise, the Commission and registrants will be in a better position to make use of them because certain data is already structured.

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[692] 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

The baseline against which the costs, benefits, and the effects on efficiency, competition, and capital formation of the amendments are measured consists of current requirements and practices for structuring data. The economic analysis appropriately considers existing regulatory requirements, including recently adopted rules, as part of the economic baseline against which the costs and benefits of the final amendments are measured.[693]

One commenter expressed concern about the need to concurrently comply with the final amendments and "other Commission initiatives that firms are implementing."[694] Although no commenter pointed to specific rules affecting the benefits and costs of these amendments, we have considered the potential effects on entities that are implementing other recently adopted rules during the compliance period for these amendments. Recently adopted rules that may place compliance obligations on some of the same entities with obligations under these amendments include the Settlement Cycle Adopting Release,[695] the Beneficial Ownership Adopting

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693 See, e.g., Nasdaq v. SEC, 34 F.4th 1105, 1111-15 (D.C. Cir. 2022). This approach also follows SEC staff guidance on economic analysis for rulemaking. See SEC Staff, Current Guidance on Economic Analysis in SEC Rulemaking (Mar. 16, 2012), available at https://www.sec.gov/divisions/riskfin/rsfi_guidance_econ_analy_secrulemaking.pdf ("The economic consequences of proposed rules (potential costs and benefits including effects on efficiency, competition, and capital formation) should be measured against a baseline, which is the best assessment of how the world would look in the absence of the proposed action."); id. at 7 ("The baseline includes both the economic attributes of the relevant market and the existing regulatory structure."). The best assessment of how the world would look in the absence of the proposed or final action typically does not include recently proposed actions, because that would improperly assume the adoption of those proposed actions.

694 See SIFMA 5/22/2023 Letter at 14 (commenting on "the time it will take firms to hire and train staff, identify and retain service providers and software, overhaul their systems, and engage in robust testing with the Commission, as well as attend to the numerous other Commission initiatives that firms are implementing (e.g., T+1)"). Although the date of the T+1 transition has passed, see infra note 704 for relevant compliance and filing dates, we consider it and other recently adopted rules in this analysis. See also supra section IV.A. for a discussion of phased compliance dates.

695 Shortening the Securities Transaction Settlement Cycle, Release No. 34-96930 (Feb. 15, 2023) [88 FR 13872 (Mar. 6, 2023)] ("Settlement Cycle Adopting Release"). The rules and rule amendments adopted in the Settlement Cycle Adopting Release shorten the standard settlement cycle for most broker-dealer transactions from two business days after the trade date to one business day after the trade date. To facilitate an orderly transition to a shorter settlement cycle, a new rule also establishes requirements related to completing allocations, confirmations, and affirmations no later than the end of trade date for the processing of institutional transactions subject to the rule; requires registered investment advisers to make and keep records of each confirmation received, and of any allocation and each affirmation sent or received, with a date and time stamp for each allocation and affirmation indicating when it was sent or received; and requires clearing agencies that provide a central matching service to establish, implement,

Release,[696] the Rule 10c-1a Adopting Release,[697] the Short Position Reporting Adopting Release,[698] Clearing Agency Governance Adopting Release,[699] the Treasury Clearing Adopting

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and enforce policies and procedures reasonably designed to facilitate straight-through processing and to file an annual report regarding progress with respect to straight-through processing. With certain exceptions, the rule had a compliance date of May 28, 2024. See Settlement Cycle Adopting Release, sections VII.

696 Modernization of Beneficial Ownership Reporting, Release No. 33-11253 (Oct. 10, 2023) [88 FR 76896 (Nov. 7, 2023)] ("Beneficial Ownership Adopting Release"). Among other things, the amendments generally shorten the filing deadlines for initial and amended beneficial ownership reports filed on Schedules 13D and 13G, and require that Schedule 13D and 13G filings be made using a structured, machine-readable data language. The amendments became effective Feb. 5, 2024. Compliance with the new filing deadlines for Schedule 13G was not required before Sept. 30, 2024, and the rule's structured data requirements have a one-year implementation period ending Dec. 18, 2024. Beneficial Ownership Adopting Release, section II.G.

697 Reporting of Securities Loans, Release No. 34-98737 (Oct. 13, 2023) [88 FR 75644 (Nov. 3, 2023)] ("Rule 10c-1a Adopting Release"). This rule requires any covered person who agrees to a covered securities loan on behalf of itself or another person to report specified information about the covered securities loan to a registered national securities association (currently FINRA is the only registered national securities association)—or rely on a reporting agent to do so—and requires the registered national securities association to make certain information it receives available to the public. Covered persons will include market intermediaries securities lenders, and broker-dealers, while reporting agents include certain brokers, dealers, or registered clearing agencies. The rule's compliance dates require that the registered national securities association propose rules pursuant to Rule 10c-1a(f) by May 2, 2024, and the proposed rules shall be effective no later than Jan. 2, 2025; that covered persons report Rule 10c-1a information to a registered national securities association on or by Jan. 2, 2026 (which requires that the registered national securities association have implemented data retention and availability requirements such for reporting); and that the registered national securities association publicly report Rule 10c-1a information by Apr. 2, 2026. Rule 10c-1a Adopting Release, section VIII.

698 Short Position and Short Activity Reporting by Institutional Investment Managers, Release No. 34-98738 (Oct. 13, 2023), [88 FR 75100 (Nov. 1, 2023)] ("Short Position Reporting Adopting Release"). Under the new rule, institutional investment managers that meet or exceed certain specified reporting thresholds are required to report, on a monthly basis using the related form, specified short position data and short activity data for equity securities. The compliance date is Jan. 2, 2025. See Short Position Reporting Adopting Release, section VI. In addition, the Commission adopted an amendment to the national market system ("NMS") plan governing the consolidated audit trail ("CAT") created pursuant to the Exchange Act to require the reporting of reliance on the bona fide market making exception in the Commission's short sale rules. The Commission published the text of the amendment to the NMS plan governing the CAT ("CAT NMS Plan") in a separate notice. The compliance date for the amendment to the CAT NMS Plan is July 1, 2025. See Notice of the Text of the Amendment to the National Market System Plan Governing the Consolidated Audit Trail for Purposes of Short Sale-Related Data Collection, Release No. 34-98739 (Oct. 13, 2023) [88 FR 75079 (Nov. 1, 2023)].

699 Clearing Agency Governance and Conflicts of Interest, Exchange Act Release No. 34-98959 (Nov. 16, 2023) [88 FR 84454 (Dec. 5, 2023)] ("Clearing Agency Governance Adopting Release"). The Clearing Agency Governance Adopting Release establishes Rule 17Ad-25 for new governance requirements for registered clearing agencies. These include requirements for independent directors and for the composition of a registered clearing agency's board of directors, nominating committee, and risk management committee; requirements to identify and document existing or potential conflicts of interest involving directors or senior managers, and mitigate or eliminate and document the mitigation or elimination of such conflicts; and requirements for policies and procedures obligating directors to report conflicts of interest, managing risks from relationships with service providers, and requiring boards to solicit, consider, and document their consideration of the views of participants and other relevant stakeholders. The compliance date for Rule 17Ad-25 is Dec. 5, 2024, except that the compliance date for the independence requirements of the board and board committees in Rules 17Ad-25(b)(1), (c)(2), and (e) is Dec. 5, 2025. See Clearing Agency Governance Adopting Release, section III.

Release,[700] the Rule 605 Adopting Release,[701] the Customer Notification Adopting Release,[702] the Tick Size and Access Fee Adopting Release,[703] and the Recovery/Wind-Down Adopting Release.[704]

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700 Standards for Covered Clearing Agencies for U.S. Treasury Securities and Application of the Broker-Dealer Customer Protection Rule with Respect to U.S. Treasury Securities, Release No. 34-99149 (Dec. 13, 2023) [89 FR 2714 (Jan. 16, 2024)] ("Treasury Clearing Adopting Release"). Among other things, the amendments require covered clearing agencies for U.S. Treasury securities to have written policies and procedures reasonably designed to require that every direct participant of the covered clearing agency submit for clearance and settlement all eligible secondary market transactions in U.S. Treasury securities to which it is a counterparty. The compliance date was Mar. 18, 2024, for covered clearing agencies to file any proposed rule changes pursuant to Rules 17Ad-22(e)(6)(i), 17Ad-22(e)(18)(iv)(c), and 15c3-3, which must be effective by Mar. 31, 2025. With respect to the changes to Rule 17Ad-22(e)(18)(iv)(A) and (B), (i) covered clearing agencies were required to file any proposed rule changes regarding those amendments no later than June 14, 2024, and (ii) those changes must be effective by Dec. 31, 2025, for cash market transactions encompassed by section (ii) of the definition of an eligible secondary market transaction, and by June 30, 2026, for repo transactions encompassed by section (i) of the definition of an eligible secondary market transactions. Finally, the Commission amended the broker-dealer customer protection rule to permit margin required and on deposit with covered clearing agencies for U.S. Treasury securities to be included as a debit in the reserve formulas for accounts of customers and proprietary accounts of broker-dealers, subject to certain conditions. Compliance by the direct participants of a U.S. Treasury securities covered clearing agency with the requirement to clear eligible secondary market transactions is not required until Dec. 31, 2025, and June 30, 2026, respectively, for cash and repo transactions. See Treasury Clearing Adopting Release, section III.

701 Disclosure of Order Execution Information, Release No. 34-99679 (Mar. 6, 2024) [89 FR 26428 (Apr. 15, 2024)] ("Rule 605 Adopting Release"). The Commission adopted amendments to rules requiring disclosures for order executions in NMS stocks, including expanding the scope of reporting entities, modifying the scope of orders covered by the rule, and modifying the information required to be reported under the rule. The rule had an effective date of June 14, 2024, and, with a few exceptions, a compliance date of Dec. 14, 2025. See Rule 605 Adopting Release, section VII.

702 Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Customer Information, Release Nos. 34-100155; IA-6604; IC-35193 (May 15, 2024) [89 FR 47688 (June 3, 2024)] ("Customer Notification Adopting Release"). The Commission amended Regulation S-P to require brokers, dealers, funding portals, investment companies, registered investment advisers, and transfer agents registered with the Commission or another appropriate regulatory agency to adopt written policies and procedures for incident response programs to address unauthorized access to or use of customer information. These must include procedures for providing timely notification to individuals affected by an incident involving sensitive customer information with details about the incident and information designed to help affected individuals respond appropriately. Among other things, the amendments also extended to transfer agents the requirements to safeguard customer records and information, and they broadened the scope of the information covered by those requirements. The compliance date for larger entities is Dec. 3, 2025, and June 3, 2026, for smaller entities. See Customer Notification Amendments, section II.F

703 Regulation NMS: Minimum Pricing Increments, Access Fees, and Transparency of Better Priced Orders, Release No. 34-101070 (Sept. 18, 2024) [89 FR 81620 (Oct. 8, 2024)] ("Tick Size and Access Fee Adopting Release"). These amendments introduce one minimum pricing increment that is less than $0.01, i.e., $0.005, for quotes and orders priced $1.00 or more for NMS stocks that have a time weighted average quoted spread of $0.015 or less. The amendments also reduce the access fee caps under Reg NMS Rule 610 and require national securities exchanges to make the amounts of all fees and rebates determinable at the time of trade execution. The amendments also accelerate the implementation of the round lot and odd-lot information definitions adopted in 2020 and add information about the best odd-lot order to the definition of odd-lot information. The amendments are effective Dec. 9, 2024. For Rules 610 and Rule 612, and the round lot definition, the compliance date will be Nov. 3, 2025. For odd-lot information, the compliance date will be May 1, 2026. See Tick Size and Access Fee Adopting Release, section VI.

1. Affected Entities

The entities primarily affected by the 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 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 SBS Entities (and certain affiliates thereof).[705]

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 OTC derivatives dealers) and non-bank SBS Entities	3,267 as of 12/31/23
Form 17-H	Broker-dealers (including OTC derivatives dealers)	Approximately 241 as of 12/31/23

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704 Covered Clearing Agency Resilience and Recovery and Orderly Wind-Down Plans, Release No. 34-101446 (Oct. 25, 2024) ("Recovery/Wind-Down Adopting Release"). These amendments add new requirements related to the collection of intraday margin by a covered clearing agency ("CCA") and the use of substantive inputs in its risk-based margin system. They also establish required elements of a CCA's recovery and orderly wind-down plan. The effective date is Jan. 17, 2025. Each covered clearing agency will be required to file with the Commission any proposed rule changes required under Rule 19b-4 and any Advance Notices required under Title VIII of the Dodd-Frank Act and Rule 19b-4(n) no later than Apr. 17, 2025. The proposed rule changes and the Advance Notices must be effective by Dec. 13, 2025. See Recovery/Wind-Down Adopting Release, section III.

705 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. With particular respect to SBS Entities, the counts above include, as of June 21, 2024, 10 SBS Entities that relied on orders granting substituted compliance under Exchange Act Rule 3a71-6 in complying with the requirements under Exchange Act Rule 15fk-1, 9 non-bank SBS Entities that relied on orders granting substituted compliance under Exchange Act Rule 3a71-6 in complying with the reporting requirements under Exchange Act Rule 18a-7(c), and 19 SBS Entities that relied on orders granting substituted compliance under Exchange Act Rule 3a71-6 in complying with the notice requirements under Exchange Act Rule 15fi-3. See Substituted Compliance Notices, available at https://www.sec.gov/tm/Substituted-compliance-Notices.

FOCUS Report Part II	Broker-dealers (including OTC derivatives dealers) and non-broker-dealer SBS Entities	486 as of 12/31/23
FOCUS Report Part IIA	Broker-dealers (including OTC derivatives dealers)	2,946 as of 12/31/23
FOCUS Report Part IIC	Bank SBS Entities	30 as of 6/21/2024
Form 1	National securities exchanges	24 as of 12/31/23
Form 1-N	Security futures product exchanges	2 as of 12/31/23
Form X-15AA-1; Form X-15AJ-1; Form X-15AJ-2	Registered national securities associations	1 as of 12/31/23
Form CA-1	Registered and exempt clearing agencies	13 (11 operational) as of 12/31/23
Rule 17a-22 materials	Registered clearing agencies	8 (6 operational) as of 12/31/23
Form X-17A-19	National securities exchanges and registered national securities associations	25 as of 12/31/23
Form 19b-4(e)	National securities exchanges	24 as of 12/31/23
VDN	SBS Entities	53 as of 6/21/24
CCO Report	SBS Entities	53 as of 6/21/24
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 12/31/23

Users of Affected Documents

The entities that use (e.g., examine, store, analyze) each affected document vary based on whether the particular document is publicly available.[706] If a document is confidential, only the Commission (and, in certain cases, other regulators and regulatory organizations) will be able to directly access and use the documents. Documents that are not confidential will be publicly available, and as such can be directly used by public entities in addition to the Commission, such as investors and other market participants, financial and market analysts, financial press, and other regulatory agencies or organizations.[707]

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706 See supra section IX.F. As stated 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.

707 See, e.g., Arun Gupta, supra note 479 (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); K. Srinivasan, The Securitization Flash Flood, (July 27, 2016; rev. June 4, 2024), available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2814717 (academic research paper using data from

Third-Party Service Providers

In addition to the preparers and users of the affected documents, the other entities affected by the rule amendments are third-party service providers that assist in electronic filing and, in some cases, structuring, of regulatory documents and help facilitate the use of structured data. As discussed in further detail below, the cost to filers or submitters of the amended rules includes, in some instances, the cost of paying third-party service providers to prepare electronic and structured documents.[708] Conversely, such third-party service providers will benefit from increased demand for electronic filing and structured data services under the amended rules.

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 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, and the extent to which the structuring is fully outsourced. 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.[709] Based on the Staff's understanding of third-party structured data

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Form X-17A-5 Part III to assess repo activities of large broker-dealers) (retrieved from SSRN Elsevier database).

708 See infra section X.C.2.b.

709 See supra note 246 (stating that "for the sake of compliance, many firms, especially smaller firms that lack extensive resources, have outsourced the creation and filing process…"). See also infra section X.C.2.b (discussing 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).

compliance pricing, 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.[710]

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 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.[711] In some instances, filers or submitters of a 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).[712] 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 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 rule amendments, because use of the fillable form permits filers or submitters to forgo the costs of structuring, we

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710 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 Apr. 3, 2024). Other compliance service providers do not publicly disclose pricing information on their websites, instead requiring individual pricing consultations. See also infra section X.C.2.b.

711 See, e.g., Feng Guo et al.; Enterprise Resource Planning Systems and XBRL Reporting Quality, 35 J. INFO. SYS. 77, Sept. 1, 2021 (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…").

712 See supra sections II.A.3 and II.D.5.

expect most entities affected by the custom XML requirements will 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 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, the Commission expects 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 required to be structured in custom XML, will opt to structure disclosures directly in custom XML rather than using the fillable EDGAR web form.[713] Nonetheless, providing both the fillable web form option and the direct custom XML structuring option for the custom XML requirements in the rule, as is done for most other custom XML forms on EDGAR, will 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

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[713] 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).

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, data users typically pay between $1,000 and $15,000 per year for third-party structured data research software.[714] 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.[715]

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 requires an entity seeking to be registered as a national securities exchange, as a clearing agency, or 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 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

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714 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 Apr. 3, 2024); TAGNIFI, https://about.tagnifi.com/pricing/ (last visited Apr. 3, 2024); FINDYNAMICS, https://findynamics.com/subscriptions/ (last visited Apr. 3, 2024). Other research service providers do not publicly disclose pricing information on their websites, instead requiring individual pricing consultations.

715 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.

voluntarily file annual reports electronically on EDGAR,[716] and instructions for doing so are posted on the Commission's website. For the 12 months ending December 31, 2023, the Commission received 1,498 filings of the annual reports in paper form and 1,769 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 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

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716 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 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.[717] Commission staff, however, released the Staff Statement on COVID-19 flexibility 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.[718] These alternate arrangements have included electronic submission, similar to what is being adopted.

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 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 is available to Commission staff.

3. Structured Data

Previously, four of the affected documents could be filed or submitted electronically using EDGAR—Form X-17A-5 Part III, Form 17-H, VDNs, and CCO reports.[719] 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 VDNs and CCO reports are submitted by SBS Entities. Each of Form X-17A-5 Part III, and Form 17-H, and the CCO reports was, when filed or submitted electronically, partially structured (i.e., machine-

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717 17 CFR 240.17a-22.

718 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 7.

719 See supra sections IV.A, IV.B, V.C, and V.D.

readable).[720] None of the other affected documents was previously 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.[721] As is the case with most of the Commission's other custom XML forms, filers of Form X-17A-5 Part III had (and will continue to 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.[722] Form X-17A-5 Part III filers were then able (and will continue to be 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.[723]

Form 17-H is similar to Form X-17A-5 Part III in that its facing page, when filed electronically through EDGAR, was (and will continue to be) structured in a custom XML-based data language specific to Form 17-H.[724] 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, was (and will continue to be) submitted in the Form 17-H-specific custom XML when filed electronically through EDGAR.[725] Form 17-H filers have had (and will continue to have) the option of manually inputting Part I facing page information and Part II positions information into a fillable web form that EDGAR subsequently converts into the custom XML for Form 17-H.[726]

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720 More precisely, the CCO report filed on EDGAR was accompanied by a custom XML execution page with information about the submitting SBSE and the submission. The CCO report itself, however, was in unstructured PDF format. See EDGAR Filer Manual Vol. II at 8.2.20.6.

721 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.

722 See EDGAR Filer Manual Vol. II at 8.2.22.

723 See id.

724 See EDGAR 17-H Technical Specification, available at https://www.sec.gov/info/edgar/specifications/form-17-h-xml-tech-specs.htm.

725 See id.

726 See EDGAR Filer Manual, Volume II at 8.2.24.

In addition, the CCO reports were (and will continue to be), when filed electronically through EDGAR, partially structured in a custom XML-based data language specific to the reports.[727] SBS Entities had (and will continue to 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 EDGAR submissions by SBS Entities.[728]

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.[729] Broker-dealers, SBSDs, MSBSPs, and OTC derivatives dealers file these FOCUS Reports using a fillable web form that the relevant eFOCUS system converts into a custom XML.[730] In addition, SBSDs 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 or incomplete; Forms SBSE, SBSE-A and SBSE-BD are structured using a custom XML-based data language specific to the form.[731] Broker-dealers, SBSDs, MSBSPs, and OTC derivatives dealers were not previously subject to any Inline XBRL requirements under Commission rules.

Since the publication of the proposing release in March 2023, the Commission has finalized rules with new structured data obligations. These structured data obligations, which are

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727 See EDGAR SBS Entity Forms Technical Specification, available at https://www.sec.gov/info/edgar/specifications/form-sbs-entity-xml-tech-specs.htm.

728 See EDGAR Filer Manual, Volume II at 8.2.20.6. As stated above, the CCO report filed on EDGAR was accompanied by a custom XML execution page with information about the submitting SBSE and the submission. The CCO report itself, however, was in unstructured PDF format.

729 See 17 CFR 240.17a-5; 17 CFR 240.17a-12; 17 CFR 240.18a-7.

730 See eFOCUS – Fin. & Operational Combined Unif. Single Reports, https://www.finra.org/filing-reporting/regulatory-filing-systems/efocus (last visited Apr. 4, 2024); eFocus Filing Transmission, https://www.finra.org/filing-reporting/focus/efocus-filing-transmission (last visited Apr. 4, 2024); FINRA eFOCUS User Guide: Training and Reference Manual, https://www.finra.org/sites/default/files/p118798.pdf (last visited Apr. 4, 2024).

731 See EDGAR Filer Manual, Volume II at 8.2.19 and 8.2.20.

now part of the baseline, may increase the familiarity that some affected filers or submitters have with EDGAR and custom XML filing. Specifically, beginning in January 2025, any broker-dealers and registered SBS Entities that are "institutional investment managers" as defined in section 13(f)(6)(A) of the Exchange Act, and that meet the thresholds set forth in Rule 13f-2 under the Exchange Act, will be required to file in EDGAR monthly short sale position and activity reports requirements on Form SHO using a custom XML-based language specific to Form SHO.[732] To the extent there is any overlap between broker-dealers that are "institutional investment managers" and meet the thresholds associated with Form SHO filing obligations, and broker-dealers that file Form X-17A-5 Part III using paper rather than EDGAR,[733] those broker-dealers will gain experience with custom XML EDGAR filing as a result of the rulemaking.[734]

Similarly, beginning with the twelve-month period ending December 31, 2024, a limited subset of clearing agencies (specifically, those clearing agencies that provide a central matching service) will be required to file annual reports on straight-through processing on EDGAR in Inline XBRL.[735] This experience with EDGAR and Inline XBRL may, for those clearing agencies, decrease the cost of compliance with Inline XBRL requirements for Form CA-1, relative to the costs described in the Proposing Release.[736]

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732 See 17 CFR 240.13f-2(a)(3); Short Position Adopting Release at 75105 (stating that "institutional investment managers," which will be subject to Form SHO filing requirements, "typically can include brokers and dealers, investment advisers, banks, insurance companies, pension funds and corporations").

733 SBS Entities and some broker-dealers already have experience with EDGAR and custom XML filing. SBS Entities file variants of Form SBSE on EDGAR in custom XML. Broker-dealers that file Form X-17A-5 Part III electronically do so on EDGAR using custom XML for the execution page. See Commission, "XML Technical Specifications," available at https://www.sec.gov/edgar/filer/technical-specifications#xml (last visited June 5, 2024).

734 The rule does not alter the compliance cost estimates associated with the custom XML requirements on Form X-17A-5 Part III, because, as explained later in the economic analysis, the Commission expects broker-dealers to comply with the custom XML requirement by inputting their disclosures into a fillable EDGAR web form rather than structuring the disclosures themselves.

735 See 17 CFR 240.17ad-27(d); Settlement Cycle Adopting Release at 13910.

736 See infra note 860. Clearing agencies that do not provide a central matching service, as well as national securities exchanges subject to Form 1 filing requirements, were not previously subject to Inline XBRL requirements under the Commission's rules and do not have this experience.

The affected documents previously included only a limited amount of structured data. For execution pages of Form X-17A-5 Part III reports, Form 17-H reports and CCO reports filed or submitted on EDGAR, the inclusion of structured identifying information on the facing page facilitates the filtering and retrieval of 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. For any Structured Documents or portions thereof under a successful confidential treatment request, such enhanced functionality will be unavailable to parties other than Commission staff; for all other Structured Documents or portions thereof, including those which are not subject to a confidential treatment request or for which the Commission determined not to grant confidential treatment, such enhanced functionality will be available to Commission staff and to the public.

C. Economic Effects

1. Benefits

a. Electronic Submission and Posting; Revisions to the FOCUS Report

Electronic submissions can save time, improve efficiency, and reduce errors. After an initial setup cost described below,[737] these changes can potentially reduce the cost for reporting entities because the shift to electronic submission can 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

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737 See infra section X.C.2.

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 the COVID-19 pandemic—when their physical work facilities may be inaccessible. Commenters were nearly unanimous in their support of electronic submission and posting generally, and focused their comments on the specific structured data requirements.

The release also includes several amendments designed to update the FOCUS Report and related requirements. First, the release amends FOCUS Report Part II by adding data fields to the income statement so firms can report more complete data, updating the CFTC Minimum Capital Requirements section for consistency with the CFTC's Form 1-FR, and updating the customer reserve and PAB computations for consistency with recent amendments to Rule 15c3-3a. The Commission received comment in favor of these amendments.[738]

Second, the Commission is aligning 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 amended form will be consistent with FFIEC Form 031 (i.e., the Call Report), which many Part IIC filers are already required to complete.[739] The amendments also 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. The Commission received comment agreeing with the benefits and supporting these proposed changes.[740]

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738 See SIFMA 11/21/2023 Letter at 1-2.

739 Of the affected entities in this release, 29 filed FOCUS Report Part IIC as of Dec. 31, 2023. See supra section IX.C.9.

740 See SIFMA 5/22/2023 Letter at 1, OCC 5/22/2023 Letter at 1, XBRL Letter at 1, Umbs Letter, Pathiakis Letter, Till Letter, Anonymous 4/18/2023 Letter, Sage Letter, Kulodzik Letter, Jorgensen Letter, Mack Letter, Anonymous 4/17/2023 Letter, Wohlfahrt Letter, Brady Letter, McMahon Letter, Smith Letter.

Third, the Commission is requiring 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. 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 for larger firms with thousands of employees. Therefore, the Commission is requiring only two of the three principal officers' signatures 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. 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. Commenters agreed with the benefits of the use of electronic signatures and the reduction in the number of required signatures, with some suggesting further reducing the number of required signatures.[741]

Finally, the Commission is requiring 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 structured data requirements will benefit investors and markets by increasing the accessibility and usability of the disclosures in the 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 will enable significantly more efficient retrieval, sorting, filtering, comparison, aggregation, and other analysis of the disclosures across reporting entities and time periods. The

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741 See Wichkoski Letter, OCC 5/22/2023 Letter, SIFMA 5/22/2023 Letter, Anonymous 4/17/23 Letter, and Wohlfahrt Letter.

Commission expects the exact nature and magnitude of such benefits will vary based on several factors, which are discussed herein.

As discussed subsequently in further detail, some commenters agreed that the structured data requirements will provide such benefits, while other commenters did not. One commenter stated that the structured data requirements for forms, reports, and notices provided by broker-dealers and SBS Entities, coupled with the required electronic filing or submission on EDGAR, will promote greater standardization and consistency in reporting and facilitate investor comparison and analysis of information across different entities.[742] Another commenter stated that the machine-readability of the Structured Documents will render them significantly easier, faster, and more efficient to process than unstructured PDF, HTML, or text versions, will improve the accessibility of the data for retrieval, aggregation, and analysis, and will facilitate validation to improve the quality of reported data.[743]

By contrast, one commenter stated that XBRL requirements for broker-dealer reports will not provide benefits that justify compliance burdens.[744] The commenter stated that, because regulators receive periodic FOCUS reports that are encoded as they have been for decades, regulators do not need encoded (i.e., machine-readable) broker-dealer financial statements.[745] The Commission disagrees with the commenter's view, because the amended rules include XBRL requirements for the annual broker-dealer audited reports (Form X-17A-5 Part III), and those reports include additional disclosure that the periodic FOCUS reports do not include.[746] Because regulators will be able to analyze this additional information much more efficiently when it is provided in a structured, machine-readable format (rather than in paper or PDF

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742 See Wohlfahrt Letter.

743 See XBRL Letter at 3, 7, and 9.

744 See Integrated Solutions Letter at 2-3.

745 See id. at 4.

746 See supra sections IV.A and VII.A.

format), regulators – and ultimately the market – will derive a significant benefit from the Inline XBRL requirement for Form X-17A-5 Part III.

The same commenter also stated that customers of broker-dealers do not read Form X-17A-5 Part III, and investors in broker-dealers do not need Form X-17A-5 Part III.[747] The Commission disagrees with this statement—there are multiple examples of public market participants using Form X-17A-5 Part III information to the benefit of broker-dealer investors and customers.[748]

Another commenter stated that structured data requirements will provide no clear benefit and emphasized that the use of Inline XBRL for narrative-based reports in particular will provide no material benefit.[749] According to this commenter, the benefits the Commission cited in the proposal (e.g., keyword searching and redlining) are not exclusive to structured data languages like XBRL and custom XML, because PDF documents can also be searched and redlined.[750] However, while PDF documents can be searched and redlined, structuring textual disclosures in Inline XBRL enables users to perform *targeted* searches and redline comparisons of specific disclosure items, rather than having to search through (or redline) entire documents. For example, under the rule amendments, a data user will be able to search for a particular phrase of interest within only the significant accounting policies financial statement footnote across all Form X-17A-5 Part III filers, rather than having to search the entirety of all Form X-17A-5 Part III filings for that phrase, and manually reviewing the results from each Form X-17A-5 Part III filings to determine which results were located in the significant accounting policies footnote. This is an overall benefit to the market and end users because the Commission will be able to

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747 See Integrated Solutions Letter at 4.

748 See supra note 479.

749 See SIFMA 5/22/2023 Letter at 1, 6, and 7.

750 See id. at 6.

efficiently assess common significant accounting policies disclosures across all Form X-17A-5 Part III filers.

The commenter also stated that the requirement to submit fillable web forms on EDGAR in lieu of PDFs would undermine the rule amendments' goals by removing efficiencies in firms' existing systems (such using existing systems to populate a PDF automatically) and introducing opportunities for human error.[751] The Commission disagrees. To the extent that firms manually input data, inputting values into a fillable form would not incur substantially higher costs and or opportunities for error compared to inputting the same information and submitting the form via other means. To the extent firms automatically populate forms by using their own existing systems to create XML files, the EDGAR Filer Manual provides for submission of certain filings in a custom XML-based data language, which can be used to reach a similar result.[752] In addition, the structured data requirement enables EDGAR to perform technical validations (i.e., programmatic checks to ensure the documents are appropriately standardized, formatted, and complete) upon intake, thus improving the quality of the filed data by decreasing the incidence of errors (such as the omission of values from fields that should always be populated).[753] Furthermore, allowing firms to submit PDF documents would not achieve the benefits associated with the structured data requirements under the rule amendments to the same extent. The structured data requirements under the rule amendments will increase the accessibility and usability of the disclosures in the Structured Documents, for example by enabling more efficient

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751 See id. at 2, 11.

752 See id. at 11 (suggesting, in the context of VDNs, that the Commission allow firms to submit a structured data file rather than filling in a web form); see supra section V.C.2 (discussing the option to use custom XML-based data language).

753 See, e.g., Semi-Annual Report to Congress Regarding Public and Internal Use of Machine-Readable Data for Corporate Disclosures (June 2024) at 4, https://www.sec.gov/files/fdta-report-6-2024.pdf (explaining that technical validation rules allow issuers to check for certain errors before the machine-readable data is submitted, which can streamline the compliance process by reducing Commission staff time that would otherwise be spent pinpointing and communicating the existence of technical errors to issuers, and by reducing issuer time that would otherwise be spent resolving such errors and resubmitting the machine-readable data file).

retrieval, sorting, filtering, comparison, aggregation, and other analysis of the disclosures, thereby increasing transparency and insight into the operations, governance, management, financial condition, and other characteristics of the affected entities.

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.[754] 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").[755] 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.[756]

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754 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").

755 See, e.g., N. Trentmann, "Companies Adjust Earnings for Covid-19 Costs, But Are They Still a One-Time Expense?", WALL ST. J. (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/; R. Hoitash & U. Hoitash, Measuring Accounting Reporting Complexity with XBRL, 93 ACCOUNT. REV. 259 (Jan. 1, 2018).

756 See, e.g., A. Lawrence, et al., Investor Demand for Sell-Side Research, 92 ACCOUNT. REV. 123 (Mar. 1, 2017) (finding "the average retail investor appears to rely on analysts to interpret financial reporting information rather than read the actual filings"); but see S. Chi & D. Shanthikumar, Do Retail Investors Use SEC Filings? Evidence from EDGAR Search, (Nov. 8, 2018), available at https://ssrn.com/abstract=3281234 (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 N. Brown, et al., How do Disclosure Repetition and Interactivity Influence Investors' Judgments?, 60 J. ACCOUNT. RES. 1775 (Dec. 2022) ("Brown et al. iXBRL study") (indicating that disclosure interactivity, which is promoted by Inline XBRL, may improve investors' direct processing of financial information).

Regulators, including the Commission and the Federal Deposit Insurance Corporation ("FDIC"), have also been observed to leverage XBRL disclosure benefits in better fulfilling their mandates.[757] 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.[758] 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.[759]

The enhanced monitoring facilitated by XBRL requirements has been observed to influence the behavior of firms relevant to governance and compliance, including firms' disclosure and reporting choices. For example, one study found that firms increase quantitative footnote disclosures upon implementation of detailed tagging requirements.[760] Also, multiple studies have shown that XBRL requirements have increased firms' investment efficiency by

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757 With respect to Commission use of XBRL data, see infra note 767. 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/blog/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 (Sept. 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 & Mark J. Kohlbeck, The Market Impact of Mandatory Interactive Data: Evidence from Bank Regulatory XBRL Filings, 10 J. EMERGING TECH. ACCT. 41 (Dec. 2013) (finding that banks experienced a "reduction in systematic risk in connection with filing their regulatory reports in XBRL").

758 See, e.g., Semi-Annual Report to Congress Regarding Public and Internal Use of Machine-Readable Data for Corporate Disclosures (June 2024), https://www.sec.gov/files/fdta-report-6-2024.pdf (describing Commission staff use of machine-readable data, including XBRL data, across various Divisions and Offices); T. Knutson, As XBRL in Financial Reporting Matures, Focus is on Accuracy, CFO DIVE (Feb. 25, 2020), available at https://www.cfodive.com/news/xbrl-financial-reporting-accuracy/572948/.

759 As stated 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.

760 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., &Lim, Jee-Hae, Does XBRL Adoption Constrain Earnings Management? Early Evidence from Mandated U.S. Filers, 36 CONTEMP. ACCT. RES. 2610 (2019) (indicating that XBRL adoption "constrains earnings management via discretionary accrual choices").

decreasing information processing cost and improved effective decision-making by managers, effects that appear to be heightened for Inline XBRL requirements.[761]

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 audited report lags, especially among firms with strong internal control systems and no prior XBRL reporting experience.[762] Other studies have found XBRL requirements to have improved the timeliness of financial reports, with such improvements limited to larger firms only.[763] For instance, one public company executive stated that XBRL facilitates his firm's disclosure preparation procedures by enabling efficient review of disclosures made by peer companies.[764] Increasing the timeliness and effectiveness of the auditing and disclosure process would improve the speed (and, with respect to enhanced auditing processes, confidence) with

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761 See, e.g., Xin Cheng, et al., How Does Information Processing Efficiency Relate to Investment Efficiency? Evidence from XBRL Adoption, 35 J. INFO. SYS. 1 (2021) (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, et al., The Effect of iXBRL Formatted Financial Statements on the Effectiveness of Managers' Decisions when Making Inter-Firm Comparisons, 35 J. INFO. SYS. 149 (2021) ("Chang et al. iXBRL study") (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)").

762 See K. Amin, J. Daniel Eshleman, & C. (Qian) Feng, The Effect of the SEC's XBRL Mandate on Audit Report Lags, 32 ACCT. HORIZ. 1 (Mar. 1, 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").

763 See, e.g., Hui Du & Kean Wu, XBRL Mandate and Timeliness of Financial Reporting: Do XBRL Filings Take Longer? 15 J. EMERG. TECH. ACCT. 57 (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 J. Zhou, Does One Size Fit All? Evidence on XBRL Adoption and 10-K Filing Lag. 60 ACCT FIN. 3183 (Sept. 2020) (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.

764 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").

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.[765]

One commenter stated that the empirical evidence the Commission provided to justify the use of XBRL and XML was limited to a single study that does not analyze Inline XBRL. However, the discussion above cites multiple studies, not a single study, providing evidence of benefit from XBRL.[766] Further, while most of the cited studies discuss XBRL rather than Inline XBRL (presumably because the phase-in from XBRL requirements to Inline XBRL requirements for Commission filings was completed relatively recently, in 2021), two of the cited studies discuss Inline XBRL specifically.[767]

Applicability and Variability of Structured Data Benefits

The structured data benefits discussed above, while largely specific to public operating company financial statement disclosures, generally indicate that the structured data requirements under the rule amendments will facilitate the use and analysis of the information disclosed on the affected documents. One commenter agreed with this statement, stating that data processing is significantly faster with XBRL than with unstructured data types.[768] Several of the affected documents that are required to be structured in Inline XBRL—namely, Form X-17A-5 Part III, Form 17-H, Form 1, and Form CA-1—include financial statements that were not previously provided in a structured data language, but will be provided in a structured data language (specifically, Inline XBRL) under the 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.

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765 See Proposing Release at 23946 (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).

766 See supra notes 763 to 765 and 769 to 772.

767 See Brown et al. iXBRL study; Chang et al. iXBRL study.

768 See XBRL Letter at 11.

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.[769] The expected benefits of structuring non-public information will accrue to investors and markets indirectly, by enhancing the Commission's regulatory capabilities.[770] By contrast, the expected benefits of structuring public information will 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 will also vary based on the number of entities in a particular population of reporting entities. As stated, one benefit of structured disclosure is the ability to run large-scale comparisons across reporting entities and across reporting periods. For those affected documents that have a small population of reporting entities, this benefit will 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 will be much more relevant.[771] Similarly, the benefits of efficient access, retrieval, sorting, and filtering structured

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769 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 section IX.F. 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.

770 See supra sections II.D, IV.A, IV.B, V.A, and V.D. 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.

771 See supra section IX.C.9.

disclosures will 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).[772]

Finally, the benefits of structuring data will vary based on the type of disclosures included in each 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 descriptions, so the latter benefit will be relevant for that document.[773] Other affected documents feature both numeric and textual disclosures, so both benefits will be relevant.

Types of Content and Associated Benefits in Structured Documents

Structured Document	**Numeric Information (mathematical functionality applicable)**	**Textual Information (redline comparisons, targeted searches, sentiment analyses applicable)**
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
VDN	Yes	Yes
CCO report	In some cases	Yes

772 See supra sections IX.D.5, IX.D.6, and IX.D.11.

773 See 17 CFR 240.15fk-1(c)(2)(i). SBS Entities may, in providing the narrative descriptions required by Rule 15Fk-1(c)(2)(i), include numeric values nested within such narrative descriptions.

One commenter disagreed with the Commission's characterization of benefits for structuring the CCO report (as well as other unstructured, narrative-based reports such as the compliance and exemption sections of the annual audited report on Form X-17A-5 Part III).[774] According to this commenter, adding an Inline XBRL requirement for narrative reports will not facilitate analysis or comparison, because those reports do not contain standardized, easily comparable elements.[775] However, all narrative reports must include disclosure responsive to applicable disclosure requirements set forth in the Commission's rules and regulations (e.g., the disclosure requirements set forth in the subparagraphs of Rule 15fk-1(c)(2)(i) under the Exchange Act). While there may be variation on the particulars on how different filers or submitters respond to those requirements, the Inline XBRL requirement will facilitate analysis by enabling efficient assessment of such variations, and by enabling efficient comparisons of a single filer or submitter's narrative disclosure over various time periods, allowing the data user to determine how that filer's or submitter's disclosure has evolved over time.

The same commenter also questioned why the Commission cited sentiment analysis as a benefit of Inline XBRL requirements.[776] According to the commenter, sentiment analysis is typically used for marketing purposes, and thus it was not clear why such analysis would be necessary or beneficial for narrative reports. However, sentiment analysis is often used for purposes beyond marketing, including by third parties to assess regulatory disclosures, such as disclosures in Commission filings in order to assess the usefulness of disclosures to end users in the market.[777] Thus, the sentiment analysis benefit is applicable to the narrative reports that are structured in Inline XBRL under the rule amendments.

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774 See SIFMA 5/22/2023 Letter at 7.

775 See id.

776 See id.

777 See, e.g. H. Kim, E. Lee, & D. Yoo, Do SEC Filings Indicate Any Trends? Evidence from the Sentiment Distribution of Forms 10-K and 10-Q with FinBERT, 57 DATA TECH. & APPLICATIONS 293 (Apr. 25, 2023); see generally, Yong Chen et al., Sentiment Trading and Hedge Fund Returns, 76 J. Fin. 2001 (Apr. 8, 2011).

For Rule 19b-4(e), numeric disclosures are required only when the disclosure of position limits for new derivative securities products is applicable.[778] For VDNs, 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.[779] SBS Entities are provided flexibility to submit the required information.[780] For CCO reports, while Rule 15fk-1(c) does not expressly call for numeric values, an SBS Entity could include numeric values nested within textual responses, such as by including dollar amounts within the description of financial, managerial, operational, and staffing resources set aside for compliance with the Exchange Act.[781]

For Form 15A, its execution page (i.e., the portion of new Form 15A that would precede section I) will 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 will 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).

The Commission is requiring a specific structured data language for each Structured Document, rather than leaving the structured data language requirement open-ended (i.e., requiring only that the 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 Structured Document will benefit users of the disclosed information, including investors,

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778 See Item 9 of Form 19b-4(e).

779 See 17 CFR 240.15fi-3(c)(1). See also 17 CFR 240.15fi-3(c)(2) regarding required amendments.

780 See supra section V.C.

781 See 17 CFR 240.15fk-1(c)(2)(i)(E).

market participants, other filers or submitters, information intermediaries, and the Commission, because it will help ensure the disclosures are provided in a uniform structured data language that is most suitable for the document in question, and will prevent a potential coordination failure that could occur if different respondents chose to provide inputs in different data languages.

One commenter disagreed with requiring a specific structured data language for each Structured Document, stating that the Commission should instead adopt a principles-based approach where affected filers or submitters are required to provide disclosures in a machine-readable format.[782] According to this commenter, such an approach would facilitate data analysis without imposing burdensome and ambiguous requirements on affected filers or submitters. However, adopting a principles-based approach (i.e., an open-ended data language requirement) to data structuring would have created issues for users of the data. Specifically, such an approach would have allowed 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 have been 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 have hindered investors, the Commission, and market participants from efficiently comparing disclosures across the complete set of entities within a given filer population and could therefore have dampened the benefits that would otherwise accrue from requiring the disclosures to be machine-readable. Instead, specifying the data language to be used will likely increase the probability of realizing the anticipated benefits of machine-readability for users of the Structured Documents.

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[782] See SIFMA 5/22/2023 Letter at 6.

2. Costs

The rule amendments alter the way 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 documents with the Commission pursuant to Exchange Act rules that currently govern each category of affected entity.[783] 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 rule amendments.[784] Rather, we expect certain entities to incur incremental costs associated with structuring the prepared information.

a. Electronic Submission and Posting; Clarifying Changes to the FOCUS Report

As discussed above, a significant number of the entities subject to the 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 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 rule amendments.[785] 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 time to obtain the access codes needed to submit an application on the Commission's EDGAR

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783 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 291 and accompanying text, and section IX.D.13.

784 A subset of security-based swap 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.

785 If reporting entities with EDGAR experience require time to switch the affected documents from paper to EDGAR, they may incur an additional initial cost.

system.[786] One commenter agreed with our assessment, stating that there would be an initial fixed cost to electronic submission posting, but that ongoing additional costs would be minimal.[787] The Commission estimates that the cost for entities that do not have experience with EDGAR will be around $5,000 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.[788]

Due to the widespread use of the internet, the cost of establishing and maintaining internet access is not expected to stem from the amendments. The Commission preliminarily believes 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 agency's 17a-22 obligations or an SRO's 19b-4(e) obligations.

Several amendments related to FOCUS Reports could impose burdens on market participants. The 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.[789] These amendments are expected to either have no impact on or reduce the ongoing burden on most filers, because they will reduce questions about where and how to report items on the form. However, because the 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

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786 See 17 CFR 232.10(b).

787 See XBRL Letter at 3 and 7.

788 See supra section IX.D.9. The one-time cost is estimated to require sixteen hours of labor from a programmer. 16 hours x $316 per hour = $5,056.

789 5 hours x $426 per hour (compliance attorney) = $2,130.

Minimum Capital Requirements), these amendments are likely to result in an ongoing annual burden of $426 hour per stand-alone swap dealer or stand-alone introducing broker.[790]

The 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.[791] However, these 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 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.[792] However, this 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 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.[793] However, this 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 that OTC derivatives dealers' operational staff already are familiar with the FINRA eFOCUS system's

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790 1 hour x $426 per hour (compliance attorney) = $426.

791 See supra note 658 and accompanying text,

792 1 hour x $426 per hour (compliance attorney) = $426. See supra note 659 and accompanying text.

793 15 hours x $316 per hour (programmer) = $4,740.

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

Certain structured data requirements under the amendments will impose additional compliance costs on affected entities. Specifically, the 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 (or home country reports submitted pursuant to a substituted compliance order under Exchange Act Rule 3a71-6) will 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 baseline, because those entities will 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 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 VDNs to the Commission using custom XML-based data languages will impose similar structured data implementation costs on the SROs, broker-dealers, and SBS Entities that will be subject to those requirements. For the custom XML requirements on EDGAR filings, EDGAR will provide filers or submitters with the option of using a fillable web form that will convert inputted disclosures into the relevant custom XML.[794] Other than the exchanges and clearing agencies filing Form 1 and Form CA-1, respectively, the Commission expects these entities to input their disclosures into the fillable EDGAR web form, and thus not be required to incur compliance costs associated with structuring disclosures in custom XML data languages.

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[794] See EDGAR Filer Manual, Volume II, Chapter 8. As discussed in section V.C, supra, one commenter stated that the Commission should allow SBS Entities to submit a structured data file for the VDN (rather than completing a fillable web form) to preserve efficiencies arising from firms' existing systems. See SIFMA 5/22/2023 Letter at 11. Under the rule amendments, as under the proposal, SBS Entities will have this option.

By contrast, the Commission expects exchanges and clearing agencies, which will be subject to more extensive custom XML disclosure requirements as a result of the rule amendments, to have the requisite sophistication to encode their Exhibit disclosures in custom XML and will submit the custom XML Exhibits to EDGAR directly rather than manually completing lengthy fillable forms to be converted into custom XML documents.[795] This will cause exchanges and clearing agencies to incur implementation costs associated with integrating any new or updated custom XML schemas into their existing data systems.[796] 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 requirement for SROs to post Rule 19b-4(e) information using the custom XML schema for this information (such schema will be posted on the Commission's website), the Commission expects that the SROs will incur higher implementation costs than those affected entities that are subject to EDGAR custom XML requirements, because SROs will need to encode the posted information in accordance with the schema rather than using a fillable web form on EDGAR. This will 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.

Multiple commenters generally agreed that the structured data requirements under the rule amendments will impose additional costs on affected entities, but disagreed with the Commission's estimates on the specific nature and magnitude of such costs.[797] A commenter, in stating that the proposed structured data cost estimates were too low, stated that using XBRL and

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795 See supra sections II.A.3, II.D.4, and VII.A.

796 See infra text accompanying notes 844 and 852 for related cost estimates.

797 See Integrated Solutions Letter; SIFMA 5/22/2023 Letter.

XML for the affected documents would require firms to expend substantial resources and undergo fundamental operational changes.[798] According to the commenter, the Inline XBRL and custom XML requirements would, in particular, require firms to: hire additional personnel that are proficient in Inline XBRL and custom XML; develop processes for converting the relevant data into Inline XBRL and custom XML and uploading that data to EDGAR; train new and existing personnel on such processes; and overhaul systems and operations to integrate the Inline XBRL/custom XML production and processing.[799] The commenter also conveyed one firm's estimates that it would cost $20,000 to $40,000 per year per registrant to retain an XBRL tagging service provider and $20,000 to $30,000 per year per entity to purchase the tagging software.

As explained in the sections IV.A and VII.A above, the Commission disagrees with the commenter that the structured data requirements will require firms to undergo all the changes the commenter described. For the custom XML requirements, most firms will comply with those requirements by completing fillable web forms on EDGAR; other firms will have the requisite sophistication to encode disclosures using custom XML schemas without the need for substantial additional training or hiring of personnel. For Inline XBRL requirements, firms that outsource compliance to a third-party service provider will not need to hire additional personnel proficient in XBRL and XML, develop processes for converting data into XBRL and XML and uploading that data to EDGAR, train new and existing personnel on such processes, or overhaul systems and operations to integrate XBRL or XML production, because these tasks will have been performed by the third-party service provider, and not by the firm itself. Firms that instead comply with structured data requirements internally will not need to hire additional personnel that are proficient in XBRL, because these firms can license software tools that allow staff without XBRL proficiency to apply Inline XBRL tags to regulatory disclosures without any need to overhaul the firm's systems or operations. These firms will, however, likely need to

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798 See SIFMA 5/22/2023 Letter at 4.

799 See id. at 5.

implement processes for the use of such software tools and train staff on these processes. The Commission includes these process implementation and training costs in its estimates of initial structured data costs and burdens.[800]

As to the magnitude of the structured data compliance costs, the Commission estimated at proposal, and continues to estimate for the rule amendments, that certain affected filers or submitters (specifically, clearing agencies and exchanges not affiliated with public companies) will incur costs of $20,000 to $30,000 to structure the Structured Documents, but that other affected filers or submitters will incur lower costs.[801] These estimates are based on considerations such as: i) prior surveys regarding structured data costs; ii) publicly available information on XBRL tagging service and software pricing; iii) the expected extent and complexity of disclosures to be structured in each type of Structured Document; iv) certain affected entities' affiliations with companies that have experience structuring disclosures; and v) for custom XML requirements, the availability of a fillable web form option that enables affected filers or submitters to, at their option, forgo structuring their disclosures. The Commission provides further detail on these factors later in this section. None of the aforementioned considerations has changed or lost relevance since the amended rules were proposed in March 2023.

The Commission is, however, adjusting the extent to which the structured data cost estimates reflect reduced burdens for filers or submitters affiliated with reporting companies that have existing Inline XBRL experience. In the proposing release, the Commission requested comment on whether it is reasonable to assume that affected entities with affiliates subject to Inline XBRL requirements would be able to leverage the Inline XBRL compliance software

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800 Specific cost ranges for initial structured data implementation costs are set forth later in this section (X.C.2.b).

801 As discussed in further detail later in this section, the Commission estimates clearing agencies will incur approximately $9,650 to $28,910 to structure Form CA-1 in the initial year of compliance, and $6,430 to $19,270 to structure Form CA-1 in subsequent years. The Commission expects exchanges unaffiliated with public reporting companies will incur approximately $10,140 to $30,380 to structure Form 1 in the initial year of compliance, and approximately $6,760 to $20,250 to structure Form 1 in subsequent years.

licenses and/or service agreements, as well as the Inline XBRL tagging processes and experience, of those affiliates.[802] In response, one commenter stated that this is dependent on the contractual arrangements that the affiliates may have with their providers, and with the internal staffing structure for each company.[803] The Commission is therefore adjusting its structured data cost estimates to reflect that the extent to which affiliates of entities subject to Inline XBRL requirements may be able to leverage the Inline XBRL tagging processes, experience, software licenses, or service agreements of those affiliates could be limited.[804] The Commission is also making two revisions to the estimates of initial implementation costs related to structured data requirements; those initial implementation cost estimates, including the revisions thereto, are discussed later in this section.

Another commenter, whose letter addressed only the proposals involving Rule 17a-5 under the Exchange Act and the FOCUS report, stated that requiring XBRL structuring will result in significant burdens for most broker-dealers.[805] The Commission agrees that the Inline XBRL requirements under the rule amendments will impose costs on broker-dealers, and estimates the extent of those costs below. As those estimates indicate, the Commission continues to expect the compliance costs for broker-dealers will vary based on factors such as the size of the broker-dealer and the extent to which the broker-dealer has experience (or has affiliates with experience) structuring their data.

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802 See Proposing Release at 24002.

803 See XBRL Letter at 11.

804 Specifically, as detailed in the subsequent discussions of estimated cost ranges for each affected document, the Commission is applying the cost reductions to only half of all filers or submitters affiliated with reporting companies.

805 See Integrated Solutions Letter at 1. The commenter also suggested that, should the Commission nonetheless include a structuring requirement for Form X-17A-5 Part III under the rule amendments, the filing period for annual financial statement filers be extended by fifteen days to allow for XBRL encoding to be accomplished. See id. at 4. As the Commission explains in Section VII.A of this release, because the infrastructure for compliance with XBRL requirements in Commission filings (including the market for compliance software and service providers) has been in place for more than a decade, it will not be difficult for broker-dealers to comply with Inline XBRL tagging requirements within the existing filing period for Form X-17A-5 Part III. See supra section VII.A.

Surveys on Structured Data Costs

Various XBRL and Inline XBRL preparation solutions have been developed and used by operating companies and investment companies 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.[806]

With respect to the magnitude of Inline XBRL compliance costs, an American Institute of Certified Public Accountants ("AICPA") survey of XBRL pricing data for 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.[807] 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 139 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.[808] Unlike the AICPA survey, the Nasdaq

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806 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 of the 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.

807 See AICPA, XBRL Costs for Small Companies Have Declined 45% since 2014 (2018), available at 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.

808 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 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.

survey was not 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).[809] To that end, a random sample of annual reports on Form 10-K filed by Nasdaq-listed companies for fiscal year 2023 with a parallel sample for companies with a public float of $75 million or less showed approximately 60 percent more tagged Inline XBRL facts in the Nasdaq-listed sample.[810]

One commenter stated that the number of required tags in a Structured Document will be a key consideration in determining the cost of preparing reports in Inline XBRL, and that the number of required tags depends on the granularity of the taxonomy.[811] However, the presence of tags in a taxonomy does not dictate the inclusion of each tag in every Inline XBRL document; rather, an XBRL taxonomy provides a glossary of tags from which a filer or submitter can select when tagging a document in Inline XBRL. The US-GAAP Taxonomy, for example, contains approximately 17,000 tags, but public operating companies filing a report use only the subset that is applicable to the filing. The number of XBRL tags to be used, and thus (in many cases) the cost of structuring an XBRL document, depends on the extensiveness and complexity of the

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809 See, e.g., Bok Baik, et al., Organizational Complexity, Financial Reporting Complexity, and Firms' Information Environment (Mar. 31, 2023), available at https://ssrn.com/abstract=4413814 (retrieved from SSRN Elsevier database).

810 Targeted samples were obtained using data from Inline XBRL EDGAR filings through the Commission's internal Financial Statement Query Viewer tool. Tagged fact counts were obtained by analyzing Inline XBRL data filed in EDGAR.

811 See SIFMA 5/22/2023 Letter at 5.

substantive disclosure a filer provides in response to legal disclosure requirements, and not on the particulars of the taxonomy created to implement the technical process of tagging those substantive disclosures.

Applicability and Variability of Structured Data Costs

The affected documents that the Commission is requiring to be structured in Inline XBRL under the 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 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 will update their Inline XBRL tagging software to accommodate the Inline XBRL requirements for Form 1, Form CA-1, Form X-17A-5 Part III, Form 17-H, and the CCO report. Some filers or submitters of these documents were not previously subject to Inline XBRL requirements, so it is unlikely that they previously used 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 will potentially be able to leverage their affiliates' Inline XBRL compliance software licenses or service agreements and experience in complying with the Inline XBRL requirements.

One commenter stated that the ability of filers or submitters to leverage the experience of their affiliates is dependent on the contractual arrangements the affiliate may have with its tagging compliance software or service providers, and on the internal staffing structure of the affiliate.[812] Another commenter stated that the burden of structuring filings will be greater for

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812 See XBRL Letter at 11.

firms that are not affiliates of public reporting companies, and that the XBRL resources that public filers have developed for Form 10-K and 10-Q filings would be minimally useful for other reports such as CCO reports, because those reports rely on different systems, personnel, divisions, processes, and timelines, and would be subject to different taxonomies.[813]

While the Commission agrees that the Structured Documents (including CCO reports) will be, at least in part, subject to different taxonomies than those used for tagging disclosures in Forms 10-K and 10-Q, the Commission disagrees that existing resources for tagging public companies in Inline XBRL would be minimally useful. As discussed above, while the specific disclosures in the Structured Documents differ from the disclosures in existing XBRL filings, the content type (e.g., tables, numeric values, text blocks) of the disclosures in the Structured Documents is the same as the content type of the disclosures in existing XBRL filings. Existing XBRL compliance tools and processes will therefore be relevant to the Structured Documents, although they will need to be updated to import newly developed and applicable taxonomies.

The Commission expects the compliance costs associated with the structured data requirements, as adjusted for inflation, will likely decrease over time. Affected entities will likely comply with structuring requirements more efficiently after gaining experience over repeated filings, though such an effect will likely be diminished for affected entities that have pre-existing 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 XBRL pricing data for 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.[814]

The Commission expects the direct relationship between filer size and compliance costs described earlier in this section will apply to Inline XBRL compliance costs that arise under the

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813 See SIFMA 5/22/2023 Letter at 4.

814 See supra note 806.

rule amendments, and will 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 will be tagging financial statements (including footnotes and schedules) in Inline XBRL under the rule amendments.[815] Second, like public operating companies, Form X-17A-5 Part III filers vary widely in size. For example, on December 31, 2023, 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.[816] 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 will vary inversely with size, as has been observed for public operating companies.[817]

The Commission expects the correlation between entity size and tagging cost to be less relevant to the other populations of entities that will be subject to Inline XBRL requirements under the rule amendments, 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 were 11 such entities in operation as of December 31, 2023.[818] Form 1 is filed by national securities exchanges, of which there were 24 as of December 31, 2023 (and by exempt exchanges, of which there were none as of December 31, 2023).[819] The CCO report is submitted by SBS Entities, of which there were 53 as of June 21, 2024.[820]

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815 In addition to financial statements and footnotes, Form X-17A-5 Part III filers will also need to tag their auditor's reports and other annual reports in Inline XBRL under the rule amendments. 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).

816 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, 2023. See supra section X.B.3.

817 See supra notes 815 and 816 accompanying text for additional detail on this observed correlation.

818 See supra section IX.C.3.

819 See supra section IX.C.1.

820 See supra section IX.C.15.

Some entities that will file or submit the documents to be structured in Inline XBRL under the rule amendments may be affiliated with entities that are subject to Inline XBRL requirements in other filings. For example, as of December 31, 2023, 17 of the 24 national securities exchanges were affiliated with public companies that file financial statements and cover page information in EDGAR in Inline XBRL.[821] In addition, of the largest 20 broker-dealers by asset size as of December 31, 2023, 19 were affiliated with public companies that file financial statement and cover page information in Inline XBRL on EDGAR.[822] As discussed above, to the extent that an affected entity shares compliance systems with an affiliated company, or can 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 will likely be mitigated in part.[823]

As discussed above, the Commission is requiring specific structured data languages for each Structured Document, rather than leaving the structured data language requirement open-ended (i.e., requiring only that the Structured Document be provided in a structured, machine-readable data language). A cost associated with this approach is that it will constrain the flexibility that filers or submitters of a Structured Document would otherwise have had in preparing the Structured Document. For instance, some filers or submitters of a custom XML document may have already been using Inline XBRL to structure similar data for internal business purposes, such as through the use of ERP systems, and may therefore have preferred to use Inline XBRL rather than the required custom XML data language for that document.[824] In addition, requiring a specific structured data language for each Structured Document may extend the amount of time it would take were the Commission to change the particular structured data

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821 See Commission, "Self-Regulatory Organization Rulemaking," available at https://www.sec.gov/rules/sro.shtml (last visited June 6, 2024).

822 This data is derived from FOCUS Reports filed through FINRA's eFOCUS system for the fourth quarter of 2023. See supra section X.B.3.

823 See supra section IX.D.2.

824 See supra section X.B.1 (discussing the prevalence of XBRL integration in ERP systems).

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 approach of requiring Inline XBRL for some parts of the document and custom XML for other parts of the document will entail drawbacks for users of the information (including Commission staff and market participants). Specifically, data users will 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 or submission, and will 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 will 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 will likely 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, the Commission expects the aforementioned AICPA study, which surveyed XBRL tagging price data across roughly 1,000 small reporting companies and found in 2018 a median and average annual cost of XBRL filing of $2,500 and $5,850, respectively, will likely be 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, 2023, approximately 75% 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, the Commission estimates 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 small reporting companies in the AICPA study 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, the Commission estimates smaller Form X-17A-5 Part III filers will incur an approximate median per filing cost of $310 to $940 to structure their financial statements in Inline XBRL.[825]

For the larger Form X-17A-5 Part III filers (i.e., those with total assets greater than $8 million), the Commission estimates that the higher median compliance cost from the Nasdaq survey ($7,500 per quarter) will be a more suitable approximation. Using that median compliance cost as a midpoint yields an estimate of $3,750 to $11,250 per filing for larger Form X-17A-5 Part III filers to structure their financial statements.

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.[826] In the proposing release, the Commission stated its expectation that these filers will incur significantly lower costs to tag their financial statements than other large Form X-17A-5 Part III filers, because they will likely be able to leverage the software licenses and/or service agreements and the Inline XBRL tagging processes and experience of their affiliates. Consequently, the Commission estimated these Form X-17A-5 Part III filers will incur 25% of the tagging cost of other large Form X-17A-5 Part III filers, resulting in an annual estimated cost of $940 to $2,820 to tag their financial statements on Form X-17A-5 Part III. As discussed earlier in this section, the Commission is adjusting its structured data cost estimates to reflect that the extent to which affiliates of entities subject to Inline XBRL requirements may be able to leverage the Inline

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825 The Commission rounds 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.

826 The Commission has identified 226 such broker-dealers, including 19 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, 2023. This group of filers also includes all 9 non-bank SBSDs that relied on orders granting substituted compliance under Exchange Act 3a71-6 in complying with the reporting requirements under Exchange Act Rule 18a-7(c) for the fiscal period ending Dec. 31, 2023.

XBRL tagging processes, experience, software licenses, or service agreements of those affiliates could be limited. With respect to Form X-17A-5 Part III, rather than estimating all 226 broker-dealers affiliated with public reporting companies will incur the lower estimated cost of $940 to $2,820 to tag their financial statements on Form X-17A-5 Part III, the Commission is now estimating that only half, or 113, of those affiliated broker-dealers will incur reduced structured data costs, with the other half incurring the higher estimated cost of $3,750 to $11,250.

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). Form X-17A-5 Part III filers are now 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 will likely cost significantly less than tagging the financial statements and schedules in Inline XBRL will cost.[827] The Commission therefore estimates the approximate cost of tagging these reports will 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 to $990 for smaller Form X-17A-5 Part III filers; $3,940 to $11,820 for larger Form X-17A-5 Part III filers that are not affiliated with public reporting companies, and $990 to $2,960 for larger Form X-17A-5 Part III filers that are affiliated with public reporting companies.[828]

Structured Data Compliance Costs for Form X-17A-5 Part III

Filer Type	**Estimated Per Filing Structuring Data Compliance Costs**
Smaller broker-dealers	$330–$990

827 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.

828 See also supra section IX.D.9.a (discussing estimated burdens associated with structuring Form X-17A-5 Part III information under the amendments). The structured data cost estimates here apply to all Form X-17A-5 Part III filers, including the 9 non-bank SBSDs that relied on orders granting substituted compliance under Exchange Act 3a71-6 in complying with the reporting requirements under Exchange Act Rule 18a-7(c) for the fiscal period ending Dec. 31, 2023. In each case, Form X-17A-5 Part III filers will incur the cost of applying Inline XBRL tags to the financial statements, footnotes, schedules, and supplemental reports in the annual audited report, or to corresponding disclosures in reports submitted under a substituted compliance order.

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 will thus be required to tag their quarterly financial statements in addition to their annual financial statements.[829] 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, the Commission continues to use considerably lower Inline XBRL cost estimates for Form 17-H than for Form X-17A-5 Part III. As in the proposal, the Commission begins 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 to $11,250 per filing for larger broker-dealers that are unaffiliated with public reporting companies, and $940 to $2,820 per filing for larger broker-dealers that are affiliated with public reporting companies.[830] The Commission then reduces 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 to $1,050 for Form 17-H filers that are unaffiliated with public reporting companies, and $100 to $300 for Form 17-H filers that are affiliated with public reporting companies.[831]

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829 See supra section IX.C.10. The Commission does 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 do not meet the asset threshold for Form 17-H filing requirements. See supra section IV.B (discussing the thresholds that determine whether broker-dealers are subject to Form 17-H filing requirements).

830 The Commission has identified 81 Form 17-H filers that, as of Dec. 31, 2023, were affiliated with public reporting companies that structure Commission filings in Inline XBRL, and estimates that 40 of these filers (approximately half) will incur costs within the lower estimated cost range. See supra text accompanying note 812.

831 See also supra section IX.D.11 (discussing estimated burdens associated with structuring Form 17-H information under the amendments).

Other portions of Form 17-H (namely, the facing page and the material associated positions and holdings disclosure) were previously structured in a custom XML data language specific to Form 17-H, and this will remain the case. Because nearly all broker-dealers subject to Form 17-H filing requirements previously filed Form 17-H via EDGAR, they have already been submitting the information in that custom XML language.[832] Thus, the Commission has not included an approximate custom XML structuring cost estimate for Form 17-H.

Structured Data Compliance Costs for Form 17-H

Filer Type	Estimated Per Filing Structured Data Costs
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, Form X-17A-19, and Rule 19b-4(e) Information

Under the rule amendments, 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) will require some or all the information reported on the forms or postings to be provided in a structured data language. Here, the Commission provides estimated ranges for the approximate cost that affected entities will incur to structure Forms CA-1, Form 1, and the Rule 19b-4(e) information. With respect to Form X-17A-19, due to the brevity and simplicity of that Form, the Commission anticipates SROs will not structure their disclosures in custom XML themselves, but will instead simply input their disclosures in the fillable web form that EDGAR would provide. Thus, a cost estimate for the structuring of Form X-17A-19 in custom XML is not relevant or appropriate to include. For the same reason, the Commission has not included estimated custom XML structuring cost ranges for the facing pages to Form CA-1, Form 1, Form

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832 As of Dec. 31, 2023, approximately 99% of the 241 broker-dealers that were then subject to Form 17-H filing requirements used EDGAR to file Form 17-H. See supra section IV.D.11.

1-N, and Form 15A. Because the facing pages of Form 1-N and Form 15A will be the only structured portion of those forms, the Commission has not provided any estimated structuring cost ranges for them.

Clearing agencies filing Form CA-1 will 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, the Commission estimates a 25% higher cost than the cost reported in the Nasdaq survey, resulting in an approximate per filing cost estimate of $4,690 to $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. The Commission therefore estimates tagging the non-financial statement disclosures on Form CA-1 will add 25% of the costs to tag financial statements in Inline XBRL, resulting in a median per filing cost estimate of approximately $1,180 to $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 to $17,600 per filing on Form CA-1.[833]

Clearing agencies will 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 will 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 will structure in custom XML, so the Commission estimates an approximate cost per filing of $560 to $1,670 (using a 50% increase over the Form N-CR estimate) that clearing agencies will incur to structure the Form CA-1

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833 See supra section IX.D.5 (discussing estimated burdens associated with Form CA-1 under the amendments).

schedules in custom XML.[834] The Commission therefore estimates that the total cost of structuring Form CA-1 (including Inline XBRL and custom XML disclosures) will amount to $6,430 to $19,270 per filing.[835]

For national securities exchanges, the Commission estimates the cost to tag financial statements on Form 1 in Inline XBRL will be similar to the cost that large broker-dealer affiliates of reporting companies will incur to tag financial statements on Form X-17A-5 Part III (estimated above at $940 to $2,820), because most exchanges are affiliated with reporting companies.[836] However, Form 1 also requires exchanges to provide balance sheets and income statements for its affiliates and subsidiaries, so the Commission continues to use an increase of 50%, yielding an estimated median per filing cost of $1,410 to $4,230 that exchanges affiliated with reporting companies will incur to tag financial statements on Form 1 in Inline XBRL.[837] For national securities exchanges that are not affiliated with reporting companies, the Commission continues to base its Inline XBRL cost estimate on larger broker-dealers unaffiliated with reporting companies, but with a 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 to $16,880 that exchanges unaffiliated with reporting companies will incur to tag financial statements on Form 1 in Inline XBRL.[838]

Exchanges also are now required under the rule amendments to tag their manner of operation disclosure in Inline XBRL.[839] This disclosure consists of a series of tagged narrative

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834 See Investment Company Act Release No. 34441 (Dec. 15, 2021), 87 FR 7248, 7332 (Feb. 8, 2022).

835 See id.

836 As of Dec. 31, 2023, 17 of the 24 national securities exchanges were affiliated with public reporting companies. See supra note 830. The Commission estimates that approximately half, or 8, of these affiliated exchanges will fall within the lower set of cost estimates for Form 1 structured data compliance. See supra text accompanying note 812.

837 See supra section IX.D.2 for a description of the burdens associated with tagging financial statements on Form 1.

838 See id.

839 This tagging requirement does not include the copy of the users' manual. See supra section II.A.3.

text blocks and could also include some quantitative amounts (such as those related to fee disclosures) that will also be tagged. We estimate an additional 10% cost that exchanges will incur to tag their manner of operation disclosure, resulting in a total estimated compliance cost of $1,550 to $4,650 per filing for exchanges affiliated with reporting companies and $6,200 to $18,580 for exchanges unaffiliated with reporting companies would incur to tag Form 1 in Inline XBRL.[840] Also, like clearing agencies, exchanges will be required to structure other portions of Form 1 in a custom XML data language specific to that Form.[841] Because these requirements are similar, the Commission continues to use the same custom XML structuring cost estimate of $560 to $1,670 here, resulting in a total per filing cost of structuring Form 1 (including Inline XBRL and custom XML) of $2,110 to $6,320 for exchanges affiliated with reporting companies and $6,760 to $20,250 for exchanges unaffiliated with reporting companies.[842]

By contrast, for the Rule 19b-4(e) information that exchanges will post on their websites in a custom XML data language (i.e., schema) specific to that information, exchanges will not have the benefit of a fillable web form, and will 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 the Commission estimates 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 to $420 that exchanges will incur to structure each Rule 19b-4(e) website posting in custom XML.[843]

Structured Data Compliance Costs for Covered SRO Forms and Rule 19b-4(e) Information

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840 See id.

841 See supra section IX.D.2 for a description of the burdens associated with structuring portions of Form 1 in a custom XML data language.

842 See also supra section IX.D.2 (discussing estimated burdens associated with structuring disclosures filed on Form 1 under the amendments).

843 See also supra section IX.D.6 (discussing estimated burdens associated with structuring, rendering, and posting Rule 19b-4(e) information under the amendments).

Form/Posting	Filers/Submitters	Estimated Per Filing/Posting Structured Data Costs
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: VDNs and CCO Reports

Under the rule amendments, SBS Entities will be required to structure the VDNs required under Exchange Act Rule 15fi-3(c) in a custom XML data language specific to those notices, and they will 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 will 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 VDNs, which are not required to include specific fields, and for dispute reports submitted by SBS Entities relying on substituted compliance pursuant to a Commission order with respect to the requirements of Rule 15fi-3(c), the Commission expects SBS Entities will use the fillable web form that EDGAR would provide rather than structure the disclosures in the custom XML data language themselves.[844] Thus, the Commission has not included a cost estimate for the custom XML structuring of the disclosures.

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844 See supra section V.C. As of Dec. 31, 2023, 19 SBS Entities relied on orders granting substituted compliance under Exchange Act Rule 3a71-6 in complying with the notice requirements under Exchange Act Rule 15fi-3(c). 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.

For the Inline XBRL tagging of the CCO report (or, for an SBS Entity relying on substituted compliance orders for Rule 15fk-1 under the Exchange Act, the home country report submitted pursuant to that substituted compliance order), the information to be tagged in those reports consists 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).[845] This content is similar to the content of the narrative disclosures on Form CA-1 that clearing agencies will structure in Inline XBRL under the amendments, which the Commission estimates as costing $1,180 to $3,530. Most SBS Entities, however, are affiliated with public reporting companies that already structure disclosures in Inline XBRL.[846] For those entities, that are able to leverage the Inline XBRL compliance experience, processes, software, and/or service agreements that their affiliates have already implemented, the Commission estimates 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.[847]

The Inline XBRL cost estimates described here apply to all SBS Entities, including SBS Entities that rely on substituted compliance orders. In each case, SBS Entities, which previously were not required to apply Inline XBRL tags to the narrative descriptions in their CCO reports or home country reports submitted under a substituted compliance order, will incur the cost of applying Inline XBRL tags to the narrative descriptions responsive to Rule 15fk-1(c) of the Exchange Act in their CCO reports, or to narrative descriptions that correspond to the

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845 As of Dec. 31, 2023, 10 SBS Entities relied on orders granting substituted compliance under Exchange Act Rule 3a71-6 in complying with the reporting requirements under Exchange Act Rule 15fk-1(c). See id.

846 Of the 53 entities that had submitted applications for registration as an SBS Entity as of June 21, 2024, 43 are affiliated with public companies that file financial statement and cover page information in Inline XBRL. This includes 5 of the 10 SBS Entities that relied on orders granting substituted compliance under Exchange Act Rule 3a71-6 in complying with the reporting requirements under Exchange Act Rule 15fk-1(c). See id. The Commission estimates that approximately half, or 21, of the 43 affiliated SBS Entities will incur costs that fall within the lower set of cost estimates for VDN and CCO report structured data compliance.

847 See also supra section IX.D.15 (discussing estimated burdens associated with structuring CCO reports under the rule amendments).

descriptions addressed in Rule 15fk-1(c)(2)(i) that are included in reports submitted to the Commission under a substituted compliance order.

Structured Data Compliance Costs for VDNs and CCO Reports

Form	Filers/Submitters	Estimated Per Filing/Notice Structured Data Costs
VDNs	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. The Commission estimates that certain of the affected entities will also incur costs associated with the initial implementation of the structured data requirements. In the proposing release, the Commission specifically estimated that affected entities that do not have structured data compliance experience and are not affiliated with entities that have structured data compliance will experience a 50% increase in compliance costs in the first year of the structured data requirements, and explained that these initial implementation costs could include establishing new procedures and training staff.

The Commission estimates a 50% increase in first-year compliance costs for most of these affected filers or submitters, but now also estimates an additional 25% increase in compliance for firms relying on a substituted compliance order to file Form X-17A-5 Part III or fulfill the reporting requirements of Exchange Act Rule 15fk-1(c). On an ongoing basis, firms relying on substituted compliance will incur the same costs to tag home country reports as firms that do not rely on substituted compliance, because in each case, the SBS Entity will incur the cost of applying Inline XBRL tags to the information addressed in Exchange Act Rule 15fk-1(c)(2)(i)(whether that information is provided in the report required by Rule 15fk-1(c) or included within the home country report required to be provided to the Commission by a

substituted compliance order). In the first instance of compliance, however, the Commission estimates that firms relying on substituted compliance (or their third-party tagging service providers) will incur additional costs associated with identifying the particular disclosures in their home country reports that correspond to the descriptions addressed in Rule 15fk-1(c)(2)(i) and must therefore be tagged in Inline XBRL.

In the proposing release, the Commission stated that it expected the initial implementation costs to 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 the Commission expects will outsource their structured data preparation requirements like many smaller reporting companies do).[848] One commenter, in describing structured data implementation costs, included costs associated with diligencing, negotiating with, and onboarding third parties.[849] The Commission agrees that the process of negotiating with, diligencing, and onboarding third parties is a relevant initial structured data implementation cost, and is revising its estimates here to reflect that affected filers or submitters that choose to fully outsource their tagging requirements to third-party tagging service providers will incur this implementation cost. Therefore, the Commission is revising its estimates to indicate that fully outsourcing firms (i.e., smaller broker-dealers) will incur an additional 35% of the ongoing cost in the initial implementation year.

The impact of the estimated initial implementation costs overall is reflected in the following chart:

Structured Data Initial Compliance Costs

Form	Estimated Per Response Initial Structured Data Costs
Form X-17A-5 Part III (for larger broker-dealers and non-bank SBS Entities unaffiliated with public	$5,910–$17,730 (first year)

848 See supra note 816.

849 See SIFMA 5/22/2023 Letter at 4.

reporting companies that do not rely on substituted compliance)	
Form X-17A-5 Part III (for larger broker-dealers and non-bank SBS Entities unaffiliated with public reporting companies that rely on substituted compliance)	$6,900–$20,690 (first year)
Form X-17A-5 Part III (for smaller broker-dealers)	$450–$1,340 (first year)
Form CA-1 (for clearing agencies not subject to Rule 17ad-27(b) under the Exchange Act)	$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 (that do not rely on substituted compliance)	$1,770–$5,300 (first year)
Home country report pursuant to substituted compliance order regarding Rule 15fk-1 (for SBS Entities unaffiliated with public reporting companies)	$2,070–$6,180 (first year)

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.[850] Form CA-1 initial implementation costs do not apply to clearing agencies that provide a central matching service, because such clearing agencies are subject to Inline XBRL requirements for annual straight-through processing reports required by Rule 17ad-27(b) under the Exchange Act.[851]

For Rule 19b-4(e) information, the Commission anticipates the initial implementation costs will 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. The

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850 See 17 CFR 240.15fk-1(c)(2)(i)(E).

851 See 17 CFR 240.17ad-27(b); 17 CFR 232.405(b)(5)(i) (to be redesignated as 232.405(b)(5)(vi) under the rule amendments).

Commission expects the process of structuring, rendering, and posting the first response will 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; the Commission expects subsequent responses will entail a less burdensome process of applying the newly mapped schema to each derivative securities product.[852]

c. Other Compliance Costs

One commenter suggested that there would be costs because of "the time it will take firms to hire and train staff, identify and retain service providers and software, overhaul their systems, and engage in robust testing with the Commission" combined with "other Commission initiatives that firms are implementing."[853] We have considered the potential effects on entities that are implementing other recently adopted rules during the compliance period for these amendments.

Consistent with its long-standing practice, the Commission's economic analysis in each adopting release considers the incremental benefits and costs for the specific rule—that is, the benefits and costs stemming from that rule compared to the baseline. The Commission acknowledges the possibility that complying with more than one rule in the same time period may entail compliance costs that will be higher than if the rules were to be complied with separately. Although no commenter named specific rules in this context, the Commission identified several rules for which the compliance periods overlap, in part, with the compliance periods for the amendments, but the phased compliance dates for forms and filings affected by these amendments will limit the extent to which overlap occurs.[854]

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852 See also supra section IX.D.6 (discussing estimated burdens associated with structuring, rendering, and posting Rule 19b-4(e) information).

853 See SIFMA 5/22/2023 Letter at 14 (commenting on "the time it will take firms to hire and train staff, identify and retain service providers and software, overhaul their systems, and engage in robust testing with the Commission, as well as attend to the numerous other Commission initiatives that firms are implementing (e.g., T+1)"). Although the date of the T+1 transition has passed, we consider other recently adopted rules in this analysis. See also supra section IV.A. for a discussion of phased compliance dates.

854 See supra section X.B.1 (listing recent rule adoptions and their respective compliance dates) and section VIII (listing compliance dates).

Entities subject to the amendments may be subject to one or more other recently adopted rules depending on whether those entities' activities fall within the scope of the other rules. Specifically, the Short Position Reporting Adopting Release applies to some investment managers,[855] and the Rule 605 Adopting Release applies to market centers, which include exchanges, and certain brokers and dealers.[856] The Tick Size and Access Fee Adopting Release applies to national securities exchanges and certain brokers and dealers.[857] The Rule 10c-1a, Customer Notification, and Beneficial Ownership Adopting Releases also apply to certain brokers and dealers[858]—although due to differing requirements, these rules may not all apply to any given broker or dealer. The Clearing Agency Governance Adopting Release applies to registered clearing agencies, the Recovery/Wind-Down Adopting Release applies to covered clearing agencies, and the Treasury Clearing Adopting Release applies to certain clearing agencies for U.S. Treasury securities and certain participants of the covered clearing agencies which could include broker-dealers.[859] Where overlap in compliance periods exists, the Commission acknowledges that there may be additional costs on those entities that are subject to one or more other rules.

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

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855 See Short Position Reporting Adopting Release at 75150.

856 See Rule 605 Adopting Release at 26496-97.

857 See Tick Size and Access Fee Adopting Release at section VII.C.4.

858 See Rule 10c-1a Adopting Release at 75647, 75717-18; Customer Notification Adopting Release at 47689, 47725; Beneficial Ownership Adopting Release at 76897, 76945.

859 See Clearing Agency Governance Adopting Release at 84498; Recovery/Wind-Down Adopting Release at nn. 5-6 and section IV.B.1; Treasury Clearing Adopting Release at 2717, 2791. All registered clearing agencies are currently CCAs. See Clearing Agency Governance Adopting Release at 84468.

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 structured data requirements, as structured data requirements have been observed to decrease information asymmetries, increase liquidity, and reduce the cost of capital.[860] The 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.[861]

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 addition, electronic submission or posting standards in the 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 will arise under the rule amendments will likely be further mitigated in the near term because, as noted, the Inline XBRL requirements will 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 EDGAR custom XML forms, because EDGAR will provide a fillable web form in which affected entities will be able to input their disclosures without having to structure them in the

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860 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 ACCOUNT. REV. 51 (Sept. 1, 2018); B. Li, et al., The Impact of XBRL Adoption on Local Bias: Evidence from Mandated U.S. Filers, 39 J. ACCOUNT. PUB. POL. Article No. 106767 (Nov. 2020); W. Sassi, H. Ben Othman, & K. Hussainey, The Impact of Mandatory Adoption of XBRL on Firm's Stock Liquidity: A Cross-Country Study, 19(J. FIN. REPORT. ACCOUNT. 299 (May 28, 2021); C. Ra & H. Lee, XBRL Adoption, Information Asymmetry, Cost of Capital, and Reporting Lags, 10 IBUSINESS 93 (Sept. 2018); S.C. Lai, et al., XBRL Adoption and Cost of Debt, 25 INTL. J. ACCOUNT. INFO. MGMT (May 2015); Y. Cong, J. Hao, & L. Zou, The Impact of XBRL Reporting on Market Efficiency, 28 J. INFO. SYS. 181 (2014).

861 See supra section X.C.1.b.

relevant custom XML data language. By contrast, implementation costs are likely to arise for SROs subject to the custom XML schema requirement for posting Rule 19b-4(e) information, because those will 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, the Commission expects the cost of structuring each Form 19b-4(e) will be lower than the cost of structuring Commission filings in Inline XBRL.[862]

The costs and benefits of electronic submission or posting under the rule amendments may have differential impacts on some categories of reporting 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 amendments. The use of these providers could reduce the costs of EDGAR access and reduce the competitive effects of the requirements.[863] 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 Inline XBRL requirements, it is less likely that the associated compliance costs will 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 will thus require less time and sophistication to tag in Inline XBRL. By contrast, compliance costs for the custom XML requirements will, in most instances, be fixed, because except for Form 1 and Form CA-1 filers and SROs posting Rule 19b-4(e) information, the Commission expects affected filers or submitters will comply with

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862 See supra sections IX.D.6 and X.C.2.b.

863 The rule might increase demand for third party services, but is unlikely to have significant effects on efficiency, competition, or capital formation in these markets.

such requirements by completing fillable web forms rather than structuring their disclosures in custom XML.[864]

In addition, one commenter requested the Commission consider interactions between the economic effects of the proposed rule and other recent Commission rules, as well as practical realities such as implementation timelines.[865] As discussed above, the Commission acknowledges that overlapping compliance periods may in some cases increase costs. This may be particularly true for smaller entities with more limited compliance resources. This effect can negatively impact competition because these entities may be less able to absorb or pass on these additional costs, making it more difficult for them to remain in business or compete. We acknowledge that to the extent overlap occurs between the compliance periods of this rule and the compliance periods of other rules, there could be costs that could affect competition. However, phased compliance dates for forms and filings affected by the amendments will limit overlap between compliance periods, which may be particularly helpful for smaller entities. We therefore do not expect the risk of negative competitive effects from increased compliance costs from overlapping compliance periods to be significant.

The final rule will have an indirect effect on capital formation, namely through a more efficient financial marketplace. Improving the efficiency of financial markets will incentivize investors to invest, indirectly promoting the formation of capital.

To the extent that market practices are already consistent with the Updated Staff Statement, many of the expected effects of the 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 amendments will be limited to those associated with the use of structured data.

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864 See supra section X.A.

865 See supra section X.C.2.c. (discussing SIFMA 5/22/2023 Letter at 14).

E. Reasonable Alternatives

1. Exempt Certain Entities or Disclosures from Structured Data Requirements

As an alternative, the Commission could have changed the scope of the 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 documents. For example, the Commission could have exempted 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. One commenter supported such an approach, stating that XBRL requirements should be limited only to very large broker-dealers or broker-dealers that are custodians.[866] Specific potential exemption thresholds could have been broker-dealers with $500,000 or less in total assets (which would have exempted 1,260, or 37%, of registered broker-dealers as of December 31, 2023), or broker-dealers with $250,000 or less in total annual revenues (which would have exempted 1,080, or 31%, of registered broker-dealers as of December 31, 2023).[867] Such thresholds would have prevented smaller broker-dealers from incurring the compliance costs associated with the Inline XBRL tagging requirements for Form X-17A-5 Part III. Another alternative would have been 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 3,246, or 96%, of registered broker-dealers, as of December 31, 2023). This approach may have been useful in targeting the Inline XBRL requirements towards those broker-dealers that may have the most impact on financial markets due to the funds or securities they hold for customers, while reducing compliance costs for all other broker-dealers. However, any cost savings arising from the exemption of certain subsets of reporting entities or disclosures from the Inline XBRL

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866 See Integrated Solutions letter at 4.

867 See supra section X.B.3.

requirements would not have justified the reduction in informational benefits to data users such as Commission staff and market participants, who would have been 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 Structured Documents

As another alternative, the Commission could have required structuring Form 1-N, Form 15A, and the ANE Exception Notices to the same extent as comparable Structured Documents. For example, the Commission could have required 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 have required 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 have extended the analytical capabilities associated with the other structured data requirements in this release to these additional documents.

However, 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 have limited 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 additional structuring requirements would not have been justified.

3. Replace Inline XBRL Requirements with Custom XML Requirements or Vice Versa

As another alternative, the Commission could have replaced the custom XML requirements with Inline XBRL requirements for some or all of the relevant 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, VDNs, 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 have required Inline XBRL for all of the affected documents required to be structured (i.e., require Form X-17A-19, the execution pages of Forms 1-N and 15A, VDNs, 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 have benefited users of the data in that the reported information could have been 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 have imposed 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.[868] The difficulties in preparing and using such data under an Inline XBRL requirement would likely not have been justified by any compatibility benefits that would arise from such an alternative.

One commenter generally supported adding XBRL requirements throughout the proposal rather than relying on a mixture of XBRL and custom XML requirements, stating that XBRL requirements provide greater benefit than custom XML requirements.[869] The commenter stated that a fillable web form that automatically generates XBRL files can be created just as easily as one that creates a custom XML file. While the Commission agrees that this is technically feasible, the EDGAR system is (with limited exception) currently built to provide fillable web

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868 See supra section VII.A.

869 See XBRL Letter at 2.

forms for custom XML filings, not for XBRL filings, and changing the system would incur costs and burdens that would not justify the related benefit.

The Commission could alternatively have replaced the Inline XBRL requirements with custom XML requirements for some or all of the relevant Structured Documents (which include Form X-17A-5 Part III, Form 17-H, Form CA-1, Form 1, and CCO reports). However, while this could have led to benefits such as smaller file sizes and lower compliance burdens (to the extent entities would have inputted 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, Inline XBRL as required for these forms is appropriate.

4. Require Structured Data Languages other than Inline XBRL and Custom XML

As another alternative, the Commission could have required structured data languages other than Inline XBRL and custom XML for some or all the affected documents. For example, the Commission could have required other variants of XBRL, such as XBRL-CSV ("Comma-Separated Values") or XBRL-JSON ("JavaScript Object Notation"). As stated in the Proposing Release, public commenters in other rulemakings had indicated that using these XBRL variants could entail benefits, such as smaller file sizes and greater ease of use.[870] One commenter conveyed its support for XBRL requirements and stated that the type of XBRL (such as XBRL-

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870 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").

CSV, XBRL-JSON, or Inline XBRL) that should be used depends on the type of data collected.[871] This commenter encouraged the Commission to explore XBRL-CSV as an alternative to the proposed custom XML requirements, stating that XBRL-CSV files are smaller than custom XML files because files generated in XBRL-CSV can rely on references to taxonomies to include the necessary labels, definitions, and relationships, whereas a custom XML file must contain all necessary labels, definitions, and relationships itself.[872]

The Commission agrees with the commenter that using an XBRL-CSV requirement in place of the custom XML requirements under the amended rules would have yielded smaller files than custom XML files and could therefore have incremental usability benefits for data users. However, unlike custom XML and Inline XBRL, no EDGAR filings are currently filed using the XBRL-CSV format or the XBRL-JSON format, and the EDGAR system currently does not accept these formats.[873] As such, the usability benefit associated with XBRL-CSV or XBRL-JSON would not have justified the burden of expanding reporting and intake capability to accommodate JSON or CSV.

Other structured data languages that could have been 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.[874] However, FIXML is generally designed to accommodate the communication of information related to securities

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871 See XBRL Letter at 11.

872 See id. at 2.

873 See Regulation S-T, 17 CFR 232.101(a)(1)(iv); 17 CFR 232.301; EDGAR Filer Manual, Volume II, at 5.1 (requiring EDGAR filers generally to use ASCII or HTML for their document submissions, subject to certain exceptions).

874 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").

trading, whereas the information required by the Structured Documents is broader.[875] 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 have precluded 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 have replaced some or all the structured data requirements with voluntary structuring provisions. This would have provided greater flexibility to respondents and eased compliance burdens on any respondents that chose not to structure their filings or postings. For instance, Form X-17A-5 Part III and Form 17-H were previously partially subject to custom XML structured data requirements when voluntarily filed on EDGAR, and approximately half of broker-dealers chose to voluntarily file their annual reports on EDGAR.[876] Some respondents may have been incentivized by the benefits of structured data, such as reduced audit fees, and the ability to review of peer respondents' structured disclosures in order to assist with their own disclosure preparations,[877] and thus may have pursued those benefits even in the absence of structured data requirements. However, as shown by the number of broker-dealers that did not voluntarily file on EDGAR, relying on all affected entities to pursue such incentives would likely have resulted in the incomplete provision of structured data. This would have resulted in incomplete datasets, thereby adversely affecting the informational benefits that will accrue from structured data requirements.

One commenter, in the particular context of CCO reports, stated that the Commission should require a single reporting process to avoid confusion and added expense to the

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875 See What Is FIX?, available at https://www.fixtrading.org/what-is-fix/ (last visited Apr. 19, 2024) ("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/ (last visited Apr. 19, 2024).

876 See infra note 916 and accompanying text.

877 See supra section X.C.1.b.

marketplace.[878] According to the commenter, allowing reporting entities to choose from a variety of approaches will require data users to employ different data collection methodologies to extract the data they need.[879] The Commission agrees that allowing reporting entities to choose from different reporting approaches—such as allowing some reporting entities to submit documents in an unstructured format—would add burden to data users, because they would have to manually collect and process unstructured information from entities choosing not to structure their reports, and compare it to the results of analyses of structured information from entities that do choose to structure those same reports. The Commission is therefore not including voluntary structuring requirements under the amended rules.

6. Exempt Smaller Entities from Electronic Submission or Posting Requirements

As another alternative, the Commission could have exempted 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 have reduced the cost burden to smaller entities, this alternative would also have eliminated 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 have reduced the value of publicly available data if the result was that only a portion of the submissions are machine-readable or if multiple methods were required to access all the data as

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878 See XBRL Letter at 9–10; see also id. at 10 ("Processing data in structured, machine-readable XBRL format takes seconds compared to HTML which takes at least 20 minutes, PDF around 30 minutes, and an image file, about 50 minutes.").

879 See id.

might occur if some portion of forms were submitted electronically via EDGAR while other submissions of the same form are made publicly available as PDFs of paper submissions.

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 have amended 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. One commenter stated that Form 19b-4(e) should be submitted to EDGAR (or, alternatively, that the Commission or another party should create a registry where links to these documents can be posted).[880] The commenter stated that this would facilitate ease of use for market participants, who would be able to collect all needed data in one location rather than set up mechanisms to track new form postings on multiple websites.[881] The commenter also stated that such an approach would be unlikely to increase the reporting burden for SROs.[882]

The Commission disagrees with the commenter and is adopting the rule as proposed, because SROs provide thousands of Forms 19b-4(e) each year, and the Commission expects the products subject to Rule 19b-4(e) will continue to number in the thousands going forward. In addition, the information to be provided under Rule 19b-4(e) is limited to no more than eight basic information items, including ticker symbol, type of issuer, and whether the underlying instrument is a broad or narrow-based index. Given the quantity of these products and the limited set of information required to be provided under Rule 19b-4(e) for each new product, requiring EDGAR submission would be an unduly burdensome process compared to SRO website posting, which will provide a readily accessible interface for market participants to access this data without necessitating submission to EDGAR. Similarly, a registry of links

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880 See XBRL Letter at 6.

881 See id.

882 See id.

would add an unnecessary layer of complexity in making the information publicly available when many market participants are already familiar with accessing SROs' public websites.

8. Require the Use of Dedicated Mailbox

As another alternative, the Commission could require registrants submit by sending some or all 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 at the Commission, as they have been doing recently, consistent with the Updated Staff Statement.[883] Similarly, another example would be to require SROs to send Form 19b-4(e) materials to a dedicated email inbox at the Commission, 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 requirements being adopted, 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.[884] One commenter agreed with the proposed amendments, stating that it already posts material on its website and that email submission is duplicative.[885] In addition, to the extent that market participants have already developed the practice of submitting the affected documents via EDGAR – for these documents, the alternative, requiring submission to an electronic mailbox would entail both a higher cost and a lower benefit for market participants.

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883 See Updated Staff Statement.

884 See XBRL Letter at 8, which argued against giving SBS entities flexibility to choose from reporting options, claiming that data users would be disadvantaged, and that it would impose costs on the reporting ecosystem. See also Sage Letter, stating support for making Form 19b-4(e) publicly posted on the SRO website.

885 See OCC 5/22/2023 Letter at 4.

XI. Final Regulatory Flexibility Act Analysis

The Regulatory Flexibility Act requires Federal agencies, in promulgating rules under section 553 of the Administrative Procedure Act,[886] to consider the impact of those rules on small entities. The Commission has prepared the following Final Regulatory Flexibility Analysis in accordance with section 4(a) of the RFA.[887] An Initial Regulatory Flexibility Analysis ("IRFA") was prepared in accordance with the RFA and was included in the Proposing Release.[888]

A. Regulatory Flexibility Act Certification

The final amendments include changes that will affect brokers, dealers, national securities exchanges, clearing agencies, Securities Futures Product Exchanges, and SBS Entities. 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.[889] When used with reference to an "issuer" or a "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.[890]

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886 5 U.S.C. 553.

887 5 U.S.C. 604(a).

888 See Proposing Release at section XI.

889 17 CFR 240.0-10(d).

890 17 CFR 240.0-10(a).

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.[891] The Commission thus continues to believe that SBS Entities providing notices (and any amendments to the notices) required by Rule 15fi-3(c)[892] or filing annual reports 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 SBSD status would not be "small entities" for purposes of the RFA.[893] As a result, any Registered Entity filing an ANE Exception Notice or withdrawal of an ANE Exception Notice also would not be a "small

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891 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).

892 See Risk Mitigation Adopting Release, 85 FR at 6411-12.

893 See Cross-Border Adopting Release, 85 FR at 6345.

entity."[894] Consequently, with respect to the entities described in this paragraph, the Commission certifies that the amendments, as adopted, will not have a significant economic impact on a substantial number of small entities.

B. Regulatory Flexibility Act Analysis

The analysis below applies to broker-dealers that are considered "small entities" for Regulatory Flexibility Act purposes.

1. Need for, and Objectives of, the Final Amendments

The purpose of the final amendments is to modernize the filing and submission of certain Commission forms by requiring these forms to be filed or submitted electronically, often in structured data format. With respect to the amendments relating to the FOCUS Report, the purpose is to harmonize the form with other rules, make technical corrections, and provide clarifications. The need for, and objectives, of the final amendments are discussed in sections I through VII above. The economic impact and potential alternatives to the amendments are discussed in section X, and the estimated compliance costs and burdens of the amendments under the PRA are discussed in section IX.

2. Significant Issues Raised by Public Comments

In the Proposing Release, the Commission requested comment on any aspect of the IRFA, and particularly on the number of small entities that would be affected by the proposed amendments, whether there are more efficient or less burdensome ways for the Commission to modernize its collection of information from registrants, the existence or nature of the potential

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894 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 SBSD 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 900 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.

impact of the proposed amendments on small entities discussed in the IRFA, and whether there are any Federal rules that duplicate, overlap, or conflict with the proposed amendments.[895]

One commenter disagreed that structuring broker-dealer reports is necessary because regulators receive periodic FOCUS reports that are already encoded and there is no need to make broker-dealer financial statements machine-readable.[896] As discussed earlier in this release,[897] the Commission disagrees with the commenter's point, because the annual broker-dealer audited reports include more disclosure—such as the notes to the financial statements and the exemption reports—than the periodic FOCUS reports do. Another commenter stated that requiring firms to file documents in structured data puts a greater burden on smaller firms than larger firms, and requested that the Commission amend Regulation S-K to require larger investors to convert their material contracts into XBRL format and then file them with the Commission.[898] However, the types of firms that are subject to the structured data formatting requirements in this release are generally not the same types of firms that are subject to Regulation S-K, so this additional requirement would not equalize the burden between small and large firms.

3. Small Entities Subject to Final Amendments

The final amendments include changes that will affect brokers. For purposes of Commission rulemaking in connection with the RFA,[899] 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,[900] or, if not required to file

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895 See Proposing Release, 88 FR at 24003.

896 See Integrated Solutions Letter at 4.

897 See supra sections IV.A, VII.A, X.C.2.b, and X.E.1.

898 See Greg Medcraft, Chairman of Australian Finance Group Ltd (May 22, 2023).

899 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 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).

900 17 CFR 240.17a-5(d).

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.[901] Based on FOCUS Report and Form BD data, the Commission estimates that as of March 31, 2024, approximately 723 broker-dealers might be deemed small entities for purposes of this analysis.

4. Projected Reporting, Recordkeeping, and Other Compliance Requirements

In general, the 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 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.[902]

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 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

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901 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).

902 17 CFR 240.17a-5. The substantive 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 amendment to allow electronic signatures will not impact small broker-dealers because they will continue to have the option to use manual signatures.

amending certain rules and forms, including certain rules and forms that would impact broker-dealers that are small entities.

With respect to the 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).[903] Such benefits have encompassed small public companies as well as large public companies, and have accrued to both public and regulatory entities.[904] Therefore, the structured data requirements under the amendments would facilitate the use of the information reported by broker-dealers in their annual reports and related filings to support Commission staff conducting risk assessment and enforcement activities,[905] or, with respect to the public portion of the annual reports and related filings, information intermediaries (analysts, researchers and media) and investors conducting research to interpret or improve processing of financial information.[906]

The compliance costs of the amendments relating to the requirement to file on EDGAR will not be significant. Smaller entities that are broker-dealers will need to familiarize themselves with the EDGAR system; however, the familiarization process will not be particularly burdensome. Approximately 1,769 out of an estimated 3,267 broker-dealers, which constitutes more than half of broker-dealers, have chosen to voluntarily file their respective annual reports on EDGAR. Furthermore, with respect to the structured data requirements, based on observed trends in XBRL compliance costs for small public companies,[907] the compliance costs for broker-dealers that are small entities would be modest and would continue to decrease over time.

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903 See supra section X.C.1.b.

904 See id.

905 See supra note 767767.

906 See supra notes 764764 and 765765.

907 See supra note 816816.

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 email. 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, this requirement will not 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 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.

5. 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 audited reports, and that EDGAR is the primary system for companies and others submitting documents under the Federal securities laws and available for all registered filers, alternative electronic platforms would not be practical or efficient. Further, developing an alternative technology platform for intake of annual audited 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 primary system 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 structured data requirements, including the alternative of removing broker-dealers that are smaller entities from the structured data requirements.[908] However, given users of the information disclosed by broker-dealers such as investors, broker-dealer customers, other market participants, and/or regulatory users would be required to manually collect unstructured data in order to analyze it (or rely on third parties to do so), any cost savings arising from such an alternative would not justify the limitations and difficulties that would arise for these users of the information. .

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 cost savings that might arise from devising different forms for small entities would not justify the limitations and difficulties that would arise for investors, market participants and/or regulatory users of the information.[909]

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. However, the Commission does not believe an additional extension of time would provide meaningful

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908 See supra section X.E.1.

909 To be clear, this release would not require small entities to submit more—or different—information on particular forms. As mentioned previously, the release 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.

additional benefit to these entities and could result in inordinately stale financial data being available to the Commission staff, investors and other market participants.

XII. Other Matters

Pursuant to the Congressional Review Act,[910] the Office of Information and Regulatory Affairs has designated these amendments as not a "major rule", as defined by 5 U.S.C. 804(2). The Commission considers the provisions of the final amendments to be severable to the fullest extent permitted by law. "If parts of a regulation are invalid and other parts are not," courts "set aside only the invalid parts unless the remaining ones cannot operate by themselves or unless the agency manifests an intent for the entire package to rise or fall together."[911] "In such an inquiry, the presumption is always in favor of severability."[912] Consistent with these principles, while the Commission believes that all provisions of the final amendments are fully consistent with governing law, if any of the provisions of these amendments, or the application thereof to any person or circumstance, is held to be invalid, the Commission intends that such invalidity shall not affect other provisions or application of such provisions to other persons or circumstances that can be given effect without the invalid provision or application. In particular, the amendments relating to the requirement to file materials on EDGAR operate independently from the amendments requiring those materials to be filed or submitted in a structured data format.

Statutory Authority

The amendments contained in this release are being adopted under the authority in sections 6, 7, 8, 10, and 19(a) of the Securities Act of 1933,[913] sections 3, 12, 13, 14, 15, 15A, 15F, 17, 17A, 19, 23, 30, and 35A of the Securities Exchange Act of 1934,[914] section 319 of the

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910 5 U.S.C. 801 et seq.

911 Bd. of Cnty. Commissioners of Weld Cnty. v. EPA, 72 F.4th 284, 296 (D.C. Cir. 2023); see K Mart Corp. v. Cartier, Inc., 486 U.S. 281, 294 (1988).

912 Cmty. for Creative Non-Violence v. Turner, 893 F.2d 1387, 1394 (D.C. Cir. 1990).

913 15 U.S.C. 77f, 77g, 77h, 77j, and 77s(a).

914 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,[915] sections 8, 30, 31, and 38 of the Investment Company Act of 1940[916] and section 761(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.[917]

List of Subjects

17 CFR Part 202

Administrative practice and procedure, Reporting and recordkeeping requirements, Securities.

17 CFR Part 232

Administrative practice and procedure, Electronic filing, Investment companies, Reporting and recordkeeping requirements, Securities.

17 CFR Part 240

Administrative practice and procedure, Brokers, Confidential business information, Fraud, Reporting and recordkeeping requirements, Securities, Swaps.

17 CFR Part 249

Brokers, Investment companies, Reporting and recordkeeping requirements, Securities.

17 CFR Part 249b

Brokers, Reporting and recordkeeping requirements, Securities.

In accordance with the foregoing, title 17, chapter II of the Code of Federal Regulations is amended as follows:

PART 202—INFORMAL AND OTHER PROCEDURES

1. The general authority citation for part 202 continues to read as follows:

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915 15 U.S.C. 77sss.

916 15 U.S.C. 80a-8, 80a-29, 80a-30, and 80a-37.

917 15 U.S.C. 8341.

Authority: 15 U.S.C. 77s, 77t, 77sss, 77uuu, 78d–1, 78u, 78w, 78*ll*(d), 80a–37, 80a–41, 80b–9, 80b–11, 7201 *et seq.,* unless otherwise noted.

* * * * *

2. Amend § 202.3 by revising and republishing paragraphs (b)(2) and (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. The files of the Commission and other sources of information are considered to determine whether any person connected with the applicant appears to have engaged in activities which would warrant commencement of proceedings on the question of denial of registration. The staff confers with applicants and makes suggestions in appropriate cases for amendments and supplemental information. Where it appears appropriate in the public interest and where a basis therefore exists, denial proceedings may be instituted. Within 90 days of the date of publication of a notice of the filing of an application for registration as a national securities exchange, or exemption from registration by reason of such exchanges' limited volume of transactions (or within such longer period as to which the applicant consents), the Commission shall by order grant registration, or institute proceedings to determine whether registration should be denied as provided in § 240.19(a)(1) of this chapter.

(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 continues to read as follows:

Authority: 15 U.S.C. 77c, 77f, 77g, 77h, 77j, 77s(a), 77z-3, 77sss(a), 78c(b), 78*l*, 78m, 78n, 78n-1, 78*o*(d), 78w(a), 78*ll*, 80a-6(c), 80a-8, 80a-29, 80a-30, 80a-37, 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), (xxxv), (xxxvi), (xxxvii), and (xxxviii);

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 § 232.11 (Rule 11 of Regulation S-T) and must be filed in accordance with the requirements of this 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));

(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));

(xxxvi) Form 1 (§ 249.1 of this chapter);

(xxxvii) Form 1-N (§ 249.10 of this chapter); and

(xxxviii) Form 15A (§ 249.801 of this chapter).

* * * * *

(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 paragraphs (a) and (b) of this section or that are submitted electronically in a filing system other than EDGAR;

* * * * *

(d) The following must be filed or submitted, as applicable, 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 and the instructions to Form N–PX (§§ 249.326 and 274.129 of this chapter);

(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;

(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; and

(4) All compliance reports, including any information with respect to which confidential treatment is requested, submitted to the Commission pursuant to § 240.15fk-1(c)(2)(ii)(A) of this chapter.

6. Amend § 232.201 by revising paragraph (a) introductory text to read as follows:

§ 232.201 Temporary hardship exemption.

(a) If an electronic filer experiences unanticipated technical difficulties preventing the timely preparation and submission of an electronic filing, other than a Form 3 (§ 249.103 of this chapter), a Form 4 (§ 249.104 of this chapter), a Form 5 (§ 249.105 of this chapter), a Form ID (§§ 239.63, 249.446, 269.7 and 274.402 of this chapter), a Form TA-1 (§ 249.100 of this chapter), a Form TA-2 (§ 249.102 of this chapter), a Form TA-W (§ 249.101 of this chapter), a Form D (§ 239.500 of this chapter), an application for an order under any section of the Investment Company Act of 1940 (15 U.S.C. 80a-1 *et seq.*), an application for an order under any section of the Investment Advisers Act of 1940 (15 U.S.C. 80b-1 *et seq.*), 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.), an Interactive Data File (as defined in § 232.11), an Asset Data File (as defined in § 232.11), or a Schedule 13D or Schedule 13G (§§ 240.13d-101 and 240.13d-102 of this chapter), the electronic filer may file the subject filing, under cover of Form TH (§§ 239.65, 249.447, 269.10 and 274.404 of this chapter), in paper format no later than one business day after the date on which the filing was to be made.

* * * * *

7. Amend § 232.202 by revising paragraph (a) introductory text to read as follows:

§ 232.202 Continuing hardship exemption.

(a) An electronic filer may apply in writing for a continuing hardship exemption if all or part of a filing, group of filings or submission, other than a Form ID (§§ 239.63, 249.446, 269.7, and 274.402 of this chapter), a Form D (§ 239.500 of this chapter), a notice or withdrawal of a notice filed with the Commission pursuant to § 240.3a71-3(d)(1)(vi) of this chapter (Rule 3a71-3(d)(1)(vi)) under the Exchange Act (15 U.S.C. 78a *et seq.*), or an Asset Data File (§ 232.11), otherwise to be filed or submitted in electronic format cannot be so filed or submitted, as applicable, without undue burden or expense. Such written application shall be made at least ten business days before the required due date of the filing(s) or submission(s) or the proposed filing or submission date, as appropriate, or within such shorter period as may be permitted. The written application shall contain the information set forth in paragraph (b) of this section.

* * * * *

8. Amend § 232.405 by:

a. Revising the introductory text;

b. Revising and republishing paragraph (a);

c. Revising paragraphs (b)(1) introductory text, (b)(5), and 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 L of § 240.14d–100 of this chapter (Rule 14d–100 under the Exchange Act), General Instruction I of § 249.333 of this chapter (Form F-SR), 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 2.(l) of § 274.12 of this chapter (Form N-8B-2), General Instruction 5 of § 239.16 of this chapter (Form S-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), General Instruction A of § 249b.200 of this chapter (Form CA-1), §§ 242.829 and 831 of this chapter (Rules 829 and 831 of Regulation SE), and the Registration Instructions to Form SBSEF (§ 249.1701 of this chapter) 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) *Content, format, and submission requirements—General.* An Interactive Data File must:

(1) Comply with the content, format, and submission requirements of this section;

(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 L of § 240.14d–100 of this chapter (Rule 14d–100 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 2.(*l*) of § 274.12 of this chapter (Form N–8B–2), General Instruction 5 of § 239.16 of this chapter (Form S–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), General Instruction A of § 249b.200 of this chapter (Form CA-1), §§ 242.829 and 242.831 of this chapter (Rules 829 and 831 of Regulation SE), and the Registration Instructions to Form SBSEF (§ 249.1701 of this chapter), as applicable;

(3) Be submitted using Inline XBRL:

(i) If the electronic filer is not a management investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a *et seq.*), a separate account as defined in Section 2(a)(14) of the Securities Act (15 U.S.C. 77b(a)(14)) registered under the Investment Company Act of 1940, a registered non-variable annuity issuer as defined in Rule 405 under the Securities Act (17 CFR 230.405), a business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(48)), a unit investment trust as defined in Section 4(2) of the Investment Company Act of 1940 (15 U.S.C. 80a-4), 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), or subject to §§ 242.800 through 242.835 (Regulation SE), 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:

(A) A filing that contains the disclosure this section requires to be tagged; or

(B) An amendment to a filing that contains the disclosure this section requires to be tagged if the amendment is filed no more than 30 days after the earlier of the due date or filing date of the filing and the Interactive Data File is the first Interactive Data File the electronic filer submits; or

(ii) If the electronic filer is a management investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a *et seq.*), a separate account (as defined in Section 2(a)(14) of the Securities Act (15 U.S.C. 77b(a)(14)) registered under the Investment

Company Act of 1940, a registered non-variable annuity issuer as defined in Rule 405 under the Securities Act (17 CFR 230.405), a business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(48)), a unit investment trust as defined in Section 4(2) of the Investment Company Act of 1940 (15 U.S.C. 80a-4), 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), or is subject to §§ 242.800 through 242.835 (Regulation SE), 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), paragraph (101) of Part II - Information Not Required to be Delivered to Offerees or Purchasers of § 239.40 of this chapter (Form F-10), § 240.13a-21 of this chapter (Rule 13a-21 under the Exchange Act), 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 L of § 240.14d–100 of

this chapter (Rule 14d–100 under the Exchange Act), General Instruction I to § 249.333 of this chapter (Form F-SR), 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 2.(*l*) of § 274.12 of this chapter (Form N-8B-2); General Instruction 5 of § 239.16 of this chapter (Form S-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); General Instruction A of § 249b.200 of this chapter (Form CA-1); §§ 242.829 and 831 of this chapter (Rules 829 and 831 of Regulation SE); or the Registration Instructions to Form SBSEF (§ 249.1701 of this chapter), as applicable.

(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 registered non-variable annuity issuer as defined in Rule 405 under the Securities Act (17 CFR 230.405), a business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(48)), a unit investment trust as defined in Section 4(2) of the Investment Company Act of 1940 (15 U.S.C. 80a-4), 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), a clearing agency as defined in 15 U.S.C. 78c(a)(23)(A) (Section 3(a)(23)(A) of the Exchange Act), or is subject to §§ 242.800 through 242.835 (Regulation SE), 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 § 249.617 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).

(vii) For electronic filers subject to Regulation SE, the content of documents required to be filed electronically under §§ 242.829 and 242.831 of this chapter (Rules 829 and 831 of Regulation SE); and the Registration Instructions to § 249.1701 of this chapter (Form SBSEF), as applicable.

* * * * *

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 (Form 40-F) and 249.306 (Form 6-K) of this chapter. 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. General Instruction L of § 240.14d–100 of this chapter (Schedule TO) specifies the circumstances under which an Interactive Data File must be submitted with respect to Schedule TO. Section 240.13a-21 of this chapter (Rule 13a-21 under the Exchange Act) and General Instruction I to § 249.333 of this chapter (Form F-SR)

specify the circumstances under which an Interactive Data File must be submitted, with respect to Form F-SR. §§ 242.829 and 242.831 of this chapter (Rules 829 and 831 of Regulation SE) and the Registration Instructions to § 249.1701 of this chapter (Form SBSEF), as applicable, specify the circumstances under which an Interactive Data File must be submitted with respect to filings made under Regulation SE. 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.*), a registered non-variable annuity issuer as defined in Rule 405 under the Securities Act (17 CFR 230.405), a business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(48)), or a unit investment trust as defined in Section 4(2) of the Investment Company Act of 1940 (15 U.S.C. 80a-4), General Instruction C.3.(g) of Form N-1A (§§ 239.15A and 274.11A of this chapter), General Instruction I of Form N-2 (§§ 239.14 and 274.11a-1 of this chapter), General Instruction C.3.(h) of Form N-3 (§§ 239.17a and 274.11b of this chapter), General Instruction C.3.(h) of Form N-4 (§§ 239.17b and 274.11c of this chapter), General Instruction C.3.(h) of Form N-6 (§§ 239.17c and 274.11d of this chapter), General Instruction 2.(l) of Form N-8B-2 (§ 274.12 of this chapter), General Instruction 5 of § 239.16 of this chapter (Form S-6), and General Instruction C.4 of Form N-CSR (§§ 249.331 and 274.128 of this chapter), 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. Amend the authority citation for part 240 by:

a. Removing the authority citation for §§ 240.15Fh-1 through 240.15Fh-6 and 240.15Fk-1; and

b. Adding an authority citation for §§ 240.15Fh-1 through 240.15Fh-6 and 240.15fk-1 in numerical order.

The addition reads 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, 78*l*, 78m, 78n, 78n–1, 78*o*, 78*o*–4, 78*o*–10, 78p, 78q, 78q–1, 78s, 78u–5, 78w, 78x, 78dd, 78*ll*, 78mm, 80a–20, 80a–23, 80a–29, 80a–37, 80b–3, 80b–4, 80b–11, 1681w(a)(1), 6801-6809, 6825, 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; 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 240.3a67-10, 240.3a71-3, 240.3a71-4, and 240.3a71-5 are also issued under Pub. L. 111-203, section 761(b), 124 Stat. 1754 (2010), and 15 U.S.C. 78dd(c).

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 § 232.405 of this chapter (Rule 405 of Regulation S-T).

12. Amend § 240.6a-2 by revising and republishing paragraphs (a), through (d) to 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), 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

(2) Information filed as part of Exhibits C, F, G, H, J, K or M, or any amendments thereto.

(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), the following:

(1) Exhibits D and I as of the end of the latest fiscal year of the exchange; and

(2) Exhibits K, M, and N, which shall be up to date as of the latest date practicable within 3 months of the date the amendment is filed.

(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), complete Exhibits A, B, C, and J. The information filed under this paragraph (c) 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.

(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 revising and republishing paragraph (a) and revising paragraph (b) introductory text to read as follows:

§ 240.6a-3 Supplemental material to be filed by exchanges.

(a)(1) A national securities exchange, or an exchange exempted from such registration based on limited volume, shall file with the Commission any material (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 electronically filed with the Commission on Form 1 (§ 249.1 of this chapter), in accordance with § 240.6a-1(e), 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), a report concerning the securities sold on such exchange during the calendar month. Such report shall set forth:

* * * * *

14. Revise and republish § 240.6a-4 to 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) *Notice of registration.* (1) An exchange may register as a national securities exchange solely for the purposes of trading security futures products by filing Form 1-N (§ 249.10 of this chapter) ("notice of registration"), in accordance with the instructions contained therein, if:

(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:

(A) Has been designated a contract market by the Commodity Futures Trading Commission and such designation is not suspended by order of the Commodity Futures Trading Commission; or

(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) Such exchange does not serve as a marketplace for transactions in securities other than:

(A) Security futures products; or

(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)).

(2) Promptly after the discovery that any information filed on Form 1-N (§ 249.10 of this chapter) was inaccurate when filed, the exchange shall file with the Commission an amendment correcting such inaccuracy.

(b) *Amendment to notice of registration.* (1) A national securities exchange registered pursuant to Section 6(g)(1) of the Act (15 U.S.C. 78f(g)(1)) ("Security Futures Product Exchange") shall file an amendment to Form 1-N (§ 249.10 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-N (§ 249.10 of this chapter), within:

(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

(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 (§ 249.10 of this chapter), or any amendments thereto.

(2) A Security Futures Product Exchange shall maintain records relating to changes in information required in Exhibits C and E to Form 1-N (§ 249.10 of this chapter) which shall be current of as of the latest practicable date, but shall, at a minimum, be up-to-date within 30 days. A Security Futures Product Exchange shall make such records available to the Commission and the public upon request.

(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 (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 (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 (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.

(6)(i) The Commission may exempt a Security Futures Product Exchange from filing the amendment required by this section for any affiliate or subsidiary listed in Exhibit C to Form 1-N (§ 249.10 of this chapter), as amended, that either:

(A) Is listed in Exhibit C to Form 1 (§ 249.1 of this chapter) or to Form 1-N (§ 249.10 of this chapter), as amended, of one or more other national securities exchanges; or

(B) Was an inactive affiliate or subsidiary throughout the affiliate's or subsidiary's latest fiscal year.

(ii) Any such exemption may be granted upon terms and conditions the Commission deems necessary or appropriate in the public interest or for the protection of investors, provided however, that at least one national securities exchange shall be required to file the amendments required by this section for an affiliate or subsidiary described in paragraph (b)(6)(i) of this section.

(7) If a Security Futures Product Exchange has filed documents with the Commodity Futures Trading Commission, to the extent that such documents contain information satisfying the Commission's informational requirements, copies of such documents may be filed with the Commission in lieu of the required written notice.

(c) *Supplemental material to be filed by Security Futures Product Exchanges.* (1)(i) A Security Futures Product Exchange shall file with the Commission any material related to the trading of security futures products (including notices, circulars, bulletins, lists, and periodicals) issued or made generally available to members of, participants in, or subscribers to, the exchange. Such material shall be filed with the Commission within ten days after issuing or making such material available to members, participants, or subscribers.

(ii) If the information required to be filed under paragraph (c)(1)(i) 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:

(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) Within 15 days after the end of each calendar month, a Security Futures Product Exchange shall file a report concerning the security futures products traded on such exchange during the previous calendar month. Such a report shall state:

(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 shares 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) 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 revise and republish newly redesignated § 240.15aa-2 to read as follows.

§ 240.15aa-2 Amendments and supplements to registration statements of securities associations.

Every association applying for registration or registered as a national securities association or as an affiliated securities association shall keep its registration statement up-to-date in the manner prescribed below:

(a) *Amendments.* Promptly after the discovery of any inaccuracy in the registration statement or in any amendment or supplement thereto the association shall file with the Commission an amendment correcting such inaccuracy.

(b) *Current supplements.* 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 the association shall file with the Commission a current supplement setting forth such change, except that:

(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) *Annual supplements.* (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 of this chapter) 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.

(2) Promptly after the close of each fiscal year of the association, it shall file with the Commission a supplement setting forth its balance sheet as of the close of such year and its income and expense statement for such year.

(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 § 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. Redesignate § 240.15Fi-3 as § 240.15fi-3 and amend newly redesignated § 240.15fi-3 by revising paragraph (c) to read 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 § 232.11 of this chapter (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. Redesignate § 240.15Fk-1 as § 240.15fk-1 and amend newly redesignated § 240.15fk-1 by revising paragraph (c)(2)(ii)(A) to read 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 paragraphs (a)(2) and (d)(6);

b. Adding new paragraph (e)(2)(iii);

c. Revising paragraphs (e)(3), (f)(3)(v)(B), (i)(1)(ii), and (k);

d. Removing paragraph (o);

e. Redesignating paragraph (p) as paragraph (o); and

f. 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) The reports provided for in this paragraph (a) that must be filed with the Commission will be considered filed when received at the Commission's principal office 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. 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 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 details of any issues arising during the 24 months (or the period of the engagement, if less than 24 months) preceding the termination or new engagement relating to any matter of accounting principles or practices, financial statement disclosure, auditing scope or procedure, or compliance with applicable rules of the Commission, which issues, if not resolved to the satisfaction of the former independent public accountant, would have caused the independent public accountant to make reference to them in the report of the independent public accountant. The issues required to be reported include both those resolved to the former

independent public accountant's satisfaction and those not resolved to the former accountant's satisfaction. Issues contemplated by this section are those that occur at the decision-making level—that is, between principal financial officers of the broker or dealer and personnel of the accounting firm responsible for rendering its report. The notice must also state whether the accountant's report filed under paragraph (d)(1)(i)(C) of this section for any of the past two fiscal years contained an adverse opinion or a disclaimer of opinion or was qualified as to uncertainties, audit scope, or accounting principles, and must describe the nature of each such adverse opinion, disclaimer of opinion, or qualification. The broker or dealer must also request the former independent public accountant to furnish the broker or dealer with a letter addressed to the Commission stating whether the independent public accountant agrees with the statements contained in the notice of the broker or dealer and, if not, stating the respects in which the independent public accountant does not agree. 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 paragraphs (a)(2), (b)(6);

b. Revising and republishing paragraph (c);

c. Revising paragraphs (g)(2), (j)(1), (k), (l)(1), (m)(1), and (p); and

d. Adding paragraph (q).

The revisions and addition 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) *Nature and form of reports.* The financial statements filed pursuant to paragraph (b) of this section shall be prepared and filed in accordance with the following requirements:

(1) An audit shall be conducted by a certified public accountant who shall be in fact independent as defined in paragraph (f) of this section, and it shall give an opinion covering the statements filed pursuant to paragraph (b) of this section.

(2) Attached to the report shall be an oath or affirmation that, to the best knowledge and belief of the person making such oath or affirmation, the financial statements and schedules are true and correct and neither the OTC derivatives dealer, nor any partner, officer, or director, as the case may be, has any significant interest in any counterparty or in any account classified solely as that of a counterparty. The oath or affirmation shall be made before a person duly authorized to administer such oaths or affirmations. If the OTC derivatives dealer is a sole proprietorship, the oath or affirmation shall be made by the proprietor; if a partnership, by a general partner; or if a corporation, by a duly authorized officer.

(3) The OTC derivatives dealer must keep the original 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 (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 section 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) Such notice shall state the date of notification of the termination of the engagement of the former certified public accountant or the engagement of the new certified public accountant, as applicable, and the details of any disagreements existing during the 24 months (or the period of the engagement, if less) preceding such termination or new engagement relating to any matter of accounting principles or practices, financial statement disclosure, auditing scope or procedure, or compliance with applicable rules of the Commission, which disagreements, if not resolved to the satisfaction of the former certified public accountant, would have caused the former certified public accountant to make reference to them in connection with the report on the subject matter

of the disagreements. The disagreements required to be reported in response to the preceding sentence include both those resolved to the former certified public accountant's satisfaction and those not resolved to the former certified public accountant’s satisfaction. Disagreements contemplated by this section are those that occur at the decision-making level (i.e., between principal financial officers of the OTC derivatives dealer and personnel of the certified public accounting firm responsible for rendering its report). The notice shall also state whether the certified public accountant’s report on the financial statements for any of the past two years contained an adverse opinion or a disclaimer of opinion or was qualified as to uncertainties, audit scope, or accounting principles, and describe the nature of each such adverse opinion, disclaimer of opinion, or qualification. The OTC derivatives dealer shall also request the former certified public accountant to furnish the OTC derivatives dealer with a letter addressed to the Commission stating whether the former certified public accountant agrees with the statements contained in the notice of the OTC derivatives dealer and, if not, stating the respects in which the former certified public accountant does not agree. 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. Redesignate § 240.17Ab2-1 as § 240.17ab2-1 and revise newly redesignated § 240.17ab2-1 to 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.

(b) Any applicant for registration or for exemption from registration as a clearing agency whose application is filed with the Commission on or before November 24, 1975, on and in accordance with the instructions to Form CA-1, with respect to the clearing agency activities described in the application shall, during the period from December 1, 1975, until the Commission grants registration, denies registration or grants an exemption from registration, be exempt from the registration provisions of section 17A(b) of the Act and the rules and regulations thereunder and, unless the Commission shall otherwise provide by rule or by order, the provisions of the Act and the rules and regulations thereunder which would be applicable to clearing agencies as a result of registration under the Act.

(c)(1) The Commission, upon the request of a clearing agency, may grant registration of the clearing agency in accordance with sections 17A(b) and 19(a)(1) of the Act but exempt the registrant from one or more of the requirements as to which the Commission is directed to make a determination pursuant to paragraphs (A) through (I) of section 17A(b)(3) of the Act, provided that any such registration shall be effective only for eighteen months from the date the registration is made effective (or such longer period as the Commission may provide by order).

(2) In the case of any clearing agency registered in accordance with paragraph (c)(1) of this section, not later than nine months from the date such registration is made effective the Commission either will grant registration in accordance with sections 17A(b) and 19(a)(1) of the Act, without exempting the registrant from one or more of the requirements as to which the Commission is directed to make a determination pursuant to subparagraphs (A) through (I) of section 17A(b)(3) of the Act, or will institute proceedings in accordance with section 19(a)(1)(B)

of the Act to determine whether registration should be denied at the expiration of the registration granted in accordance with paragraph (c)(1) of this section.

(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 composed of 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), (e)(3)(v)(B), (h)(1)(ii), and (j) to read 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) *Nature and form of reports.* The annual reports filed pursuant to paragraph (c) of this section must be prepared and filed in accordance with the following requirements:

(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 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 details of any issues arising during the 24 months (or the period of the engagement, if less than 24 months) preceding the termination or new engagement relating to any matter of accounting principles or practices, financial statement disclosure, auditing scope or procedure, or compliance with applicable rules of the Commission, which issues, if not resolved to the satisfaction of the former independent public accountant, would have caused the independent public accountant to make reference to them in the report of the independent public accountant. The issues required to be reported include both those resolved to the former independent public accountant's satisfaction and those not resolved to the former accountant's satisfaction. Issues contemplated by this section are those which occur at the decision-making level—that is, between principal financial officers of the security-based swap dealer or major security-based swap participant and personnel of the accounting firm responsible for rendering its report. The notice must also state whether the accountant's report filed under paragraph (c)(1)(i)(C) of this section for any of the past two fiscal years contained an adverse opinion or a disclaimer of opinion or was qualified as to uncertainties, audit scope, or accounting principles, and must describe the nature of each such adverse opinion, disclaimer of opinion, or qualification. The security-based swap dealer or major security-based swap participant must also request the former independent public accountant to furnish the security-based swap dealer or .major security-based swap participant with a letter addressed to the Commission stating whether the independent public accountant agrees with the statements contained in the notice of the

security-based swap dealer or major security-based swap participant and, if not, stating the respects in which the independent public accountant does not agree. 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 derivative 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 composing the underlying instrument trade;

(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 composing a name, executed, adopted or authorized as a signature.

* * * * *

27. Amend § 240.24b-2 by:

a. Revising and republishing paragraph (b) introductory text; 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.

* * * * *

(b) Except as otherwise provided in paragraphs (g), (h), (i), (j), and (k) of this section, the person shall omit from material filed the portion thereof which it desires to keep undisclosed (hereinafter called the confidential portion). In lieu thereof, it shall indicate at the appropriate place in the material filed that the confidential portion has been so omitted and filed separately with the Commission. The person shall file with the copies of the material filed with the Commission:

* * * * *

(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. 78*o*-7 note).

* * * * *

29. Revise Form 1 (referenced in § 249.1).

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).

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 Form X-17A-5 (referenced in § 249.617) by.

a. In Part II:

(i) 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 the firm's principal executive officer or principal financial officer (or the comparable officer). 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.";

(ii) 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, the Computation for Determination of Customer Reserve Requirements section, the Computation for Determination of PAB Requirements section, and the Computation of CFTC Minimum Capital Requirements section;

(iii) 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.

(iv) Replacing the instructions for the Computation of CFTC Minimum Capital Requirements section;

b. In Part IIA:

(i) On the cover page, removing the words "Manual signatures of:" and adding in their place "Signatures of:";

(ii) In lines 11 and 15 of the "Computation of Net Capital Requirement" section, removing the words "line 19" and adding in their place "line 18".

(iii) In the "Computation of Alternate Net Capital Requirement" section, adding new line 26 after line 25.A. that reads as follows: "26. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)…… %_____ 3860a".

(iv) 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 the firm's principal executive officer or principal financial officer (or the comparable officer). 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. In Part IIC:

(i) Revising the Balance Sheet, Regulatory Capital, and Income Statement sections; and

(ii) 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 the firm's principal executive officer or principal financial officer (or the comparable officer). 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."

d. In Part III removing the notary public signature line.

Note: Form X-17A-5 is attached as Appendix 3 to this document. Form X-17A-5 will not appear in the Code of Federal Regulations.

32. Amend Form X-17A-19 (referenced in § 249.635) by:

a. Revising lines 1, 4, and 5;

b. In General Instructions by:

i. Revising instructions 2 and 3;

ii. Removing instruction 4;

iii. Redesignating instructions 5 through 8 as instructions 4 through 7; and

iv. Revising newly redesignated instruction 6.

Note: Form X-17A-19 is attached as Appendix 4 to this document. Form X-17A-19 will not appear in the Code of Federal Regulations.

33. Revise and republish § 249.801 to read as follows:

§ 249.801 Form 15A, for application for registration as a national securities association or affiliated securities association.

This form shall be filed as an application for registration as a national securities association or as an affiliated securities association pursuant to § 240.15aa-1 of this chapter (Rule 15aa-1).

34. Redesignate Form X-15AA-1 (referenced in § 249.801) as Form 15A and revise newly redesignated Form 15A.

Note: Form 15A is attached as Appendix 5 to this document. Form 15A will not appear in the Code of Federal Regulations.

§ 249.802 [Removed and Reserved]

35. Remove and reserve § 249.802.

§ 249.803 [Removed and Reserved]

36. Remove and reserve § 249.803.

37. Amend Form 19b-4 (referenced in § 249.819) by revising General Instructions section F.

Note: Form 19b-4 is attached as Appendix 6 to this document. Form 19b-4 will not appear in the Code of Federal Regulations.

PART 249b–FURTHER FORMS, SECURITIES EXCHANGE ACT OF 1934

38. The general authority citation for part 249b continues to read as follows:

Authority: 15 U.S.C. 78a *et seq.*, unless otherwise noted;

* * * * *

39. Revise Form CA-1 (referenced in § 249b.200).

Note: Form CA-1 is attached as Appendix 7 to this document. Form CA-1 will not appear in the Code of Federal Regulations.

By the Commission.

Dated: December 16, 2024.

Sherry R. Haywood,

Assistant Secretary.

Note: The following appendices will not appear in the Code of Federal Regulations.

Appendix 1—Form 1

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 (if any) ( ) ____-_____
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 bylaws or corresponding rules or instruments, whatever the name, of the exchange.**	☐ 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	☐ 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.	☐ 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 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**	☐ In lieu of filing {entity} certifies that the information may be obtained below and is accurate as of the	☐ In lieu of filing {entity} certifies that the information requested under this exhibit is	☐ 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

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**
any provisions of the constitution, bylaws, rules, or trading practices of the exchange which are not included in Exhibit A.	publication date: Name of Publication: Name Address Telephone # Price of Publication $___ Date of Publication: mm/dd/yyyy	kept up to date and is available to the Commission and the public upon request.	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 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:** 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.**	☐ 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	☐ 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.	☐ 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**
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.** 6. **A copy of the constitution.** 7. **A copy of the articles of incorporation or association including all amendments.** 8. **A copy of existing bylaws or corresponding rules or instruments.** 9. **The name and title of the present officers, governors, members of all standing committees, or persons performing similar functions.** 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.**			

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 D: **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 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.**	Not Applicable	Not Applicable	Not Applicable
Exhibit E: **Describe the manner of operation of the System. This description should include the following:** 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**	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**
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 on which exchange intends to commence operation of the System.** 7. **Attach a copy of the users' manual.** 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.**			
Exhibit F: **A complete set of all forms pertaining to:** 1. **Application for membership, participation, or subscription to the entity.** 2. **Application for approval as a person associated with a member,**	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**
participant, or subscriber of the entity. 3. **Any other similar materials.**			
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.**	Not Applicable	Not Applicable	Not Applicable
Exhibit H: **A complete set of documents composing 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 description of the criteria used to determine what securities may be traded on the exchange. Provide a table of contents listing**	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**
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 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:** 1. **Name.** 2. **Title.**	□ 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	□ In lieu of filing {entity} certifies that the information requested under this exhibit is kept up to date and is available to the	□ 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

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**
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.).**	Address Telephone # Price of Publication $___ Date of Publication: mm/dd/yyyy	Commission and the public upon request.	URL(s):
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 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:** 1. **Full legal name;** 2. **Title or Status;** 3. **Date title or status was acquired;**	☐ 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	☐ 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.	☐ 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. **Approximate ownership interest; and** 5. **Whether the person has control, a term that is defined in the instructions to this Form.**			
Exhibit L: **Describe the exchange's criteria for membership in the exchange. Describe conditions under which members may be subject to suspension or termination with regard to the exchange. Describe procedures that will be involved in the suspension or termination of a member.**	Not Applicable	Not Applicable	Not Applicable
Exhibit M: **Provide an alphabetical list of all members, participants, subscribers or other users, including the following information:** 1. **Name;** 2. **Date of election to membership or acceptance as a participant, subscriber or other user;** 3. **Principal business address and telephone number;**	□ 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 #	□ 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.	□ 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. **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 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.**	Price of Publication $___ Date of Publication: mm/dd/yyyy		

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**
proprietary, trader, Registered Competitive Trader and Registered Competitive Market Maker) and state the number of members, participants, subscribers, or other users in each; and 6. **The class of membership, participation or subscription or other access.**			
Exhibit N: **Provide a schedule for each of the following:** 1. **The securities listed in the exchange, indicating for each the name of the issuer and a description of the security;** 2. **The securities admitted to unlisted trading privileges, indicating for each the name of the issuer and a description of the security;** 3. **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,**	□ 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	□ 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.	□ 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**
provide the name of the issuer and a description of the security, and the statutory exemption claimed (e.g. Rule 12a-6); and 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 web page 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 Composing 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 web page 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 901 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 periodic amendment to Form 1 pursuant to Rules 6a-2(a) and 6a-2(c), and approximately 40 hours to prepare each annual amendment to Form 1 pursuant to Rule 6a-2(b). 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—Form 1-N

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 (if any) ( ) ___-_____
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 (Exhibits 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 bylaws or corresponding rules or instruments, whatever the name, of the filing exchange.**	☐ 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	☐ 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.	☐ 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 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 F, H, I) and Triennial (Exhibits 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 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, bylaws, rules, or trading practices of the filing exchange which are not included in Exhibit 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	☐ 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.	☐ 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 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:** 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.**	☐ 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	☐ 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.	☐ 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):

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits F, H, I) and Triennial (Exhibits 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**
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 bylaws or corresponding rules or instruments.** 9. **The name and title of the present officers, governors, members of all standing committees, or persons performing similar functions.** 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.**			
Exhibit D: **Describe the manner of operation of the System involving trading of security futures products. The description should include the following:** 1. **The means of access to the System.** 2. **Procedures governing entry and display of quotations and orders in the System.**	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 (Exhibits 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**
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.**			
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:** 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.**	☐ 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	☐ 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.	☐ 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**	☐ In lieu of filing {entity} certifies that the information may be obtained below and is accurate as of the publication date: Name of Publication:	☐ In lieu of filing {entity} certifies that the information requested under this exhibit is kept up to date and is available to the	☐ In lieu of filing {entity} certifies that the information requested under this exhibit is available at the internet website

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits F, H, I) and Triennial (Exhibits 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**
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 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: **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.**	Name Address Telephone # Price of Publication $___ Date of Publication: mm/dd/yyyy	Commission and the public upon request.	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 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.**			
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:** 1. **Name** 2. **If a member, participant, subscriber, or other user is an individual, the name of the entity with which such**	☐ 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	☐ In lieu of filing {entity} certifies that the information requested under this exhibit is kept up to date and is available to the Commission	☐ 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

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits F, H, I) and Triennial (Exhibits 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**
individual is associated and the relationship of such individual to the entity (e.g., partner, officer, director, employee, etc.). 3. **Brief description of the type of activities primarily engaged in by the member, participant, subscriber, or other user. 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 activities or functions, identify each type and state the number of members, participants, subscribers, or other users in each.** 4. **The class of membership, participation, subscription, or other access.**	Telephone # Price of Publication $___ Date of Publication: mm/dd/yyyy	and the public upon request.	the date of this filing and is free and accessible (without any encumbrances or restrictions) by the general public URL(s):
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.**	☐ 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	☐ 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.	☐ 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

Information Required by the Exhibit	Alternative Means of Filing Certain Exhibits in Annual (Exhibits F, H, I) and Triennial (Exhibits 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**
			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 web page 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 Composing 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 web page 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—Form X-17A-5

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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 SBSD (other than OTC Derivatives Dealer)
Broker-Dealer MSBSP

Calculation of Excess Tentative Net Capital (If Applicable)

1. Tentative net capital	$	3640
2. Minimum tentative net capital requirement	$	12055
3. Excess tentative net capital (difference between Lines 1 and 2)	$	12056
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. 6⅔% of total aggregate indebtedness (Line Item 3840)	$	3756
B. 2% of aggregate debit items as shown in the Formula for Reserve Requirements pursuant to Rule 15c3-3	$	3870
C. Percentage of risk margin amount computed under 17 CFR 240.15c3-1(a)(7)(i) or (a)(10), if applicable	$	12058
D. Minimum ratio net capital requirement ([Line 5A or 5B, as appliable] plus Line 5C)	$	12060
6. Fixed-dollar minimum net capital requirement	$	3880
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 5D and Line 6)	$	3760
9. Excess net capital (Item 3750 minus Item 3760)	$	3910
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	$	3920

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 *after* 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, *after* 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

* * * * *

REVENUE

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)	$	12841
F. Commissions on commodity transactions	$	3991
G. All other commissions	$	12842
H. Total commissions (sum of Lines 1E, 1F, and 1G)	$	3940

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FOCUS Report Part II

COMPUTATION FOR DETERMINATION OF CUSTOMER RESERVE REQUIREMENTS

Items on this page to be reported by a: Stand-Alone Broker-Dealer, Broker-Dealer SBSD, Broker-Dealer MSBSP

CREDIT BALANCES

1. Free credit balances and other credit balances in customers' security accounts (see Note A)	$	4340
2. Monies borrowed collateralized by securities carried for the accounts of customers (see Note B)	$	4350
3. Monies payable against customers' securities loaned (see Note C)	$	4360
4. Customers' securities failed to receive (see Note D)	$	4370
5. Credit balances in firm accounts which are attributable to principal sales to customers	$	4380
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days	$	4390
7. **Market value of short security count differences over 30 calendar days old	$	4400
8. **Market value of short securities and credits (not to be offset by longs or by debits) in all suspense accounts over 30 calendar days	$	4410
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days	$	4420
10. Other (List: _____)	$	4425
11. TOTAL CREDITS (sum of Lines 1-10)	$	4430

DEBIT BALANCES

12. **Debit balances in customers' cash and margin accounts, excluding unsecured accounts and accounts doubtful of collection (see Note E)	$	4440
13. Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver	$	4450
14. Failed to deliver of customers' securities not older than 30 calendar days	$	4460
15. Margin required and on deposit with the Options Clearing Corporation for all option contracts written or purchased in customer accounts (see Note F)	$	4465
16. Margin required and on deposit with a clearing agency registered with the Commission under section 17A of the Exchange Act (15 U.S.C. 78q-1) or a derivatives clearing organization registered with the Commodity Futures Trading Commission under section 5b of the Commodity Exchange Act (7 U.S.C. 7a-1) related to the following types of positions written, purchased or sold in customer accounts: (1) security futures products and (2) futures contracts (and options thereon) carried in a securities account pursuant to an SRO portfolio margining rule (see Note G)	$	4467
17. Margin required and on deposit with a clearing agency registered with the Commission under section 17A of the Exchange Act (15 U.S.C. 78q-1) resulting from the following types of transactions in U.S. Treasury securities in customer accounts that have been cleared, settled, and novated by the clearing agency: (1) purchases and sales of U.S. Treasury securities; and (2) U.S. Treasury securities repurchase and reverse repurchase agreements (see Note H)	$	12843
18. Other (List: _____)	$	4469

19. **Aggregate debit items (sum of Lines 12-18) ..... $ _____ 4470

20. **Less 3% (for alternative method only – see Rule 15c3-1(a)(1)(ii)) (3% x Line Item 4470) ..... $ _____ 4471

21. **TOTAL DEBITS (Line 19 less Line 20) ..... $ _____ 4472

RESERVE COMPUTATION

22. Excess of total debits over total credits (Line 21 less Line 11) ..... $ _____ 4480

23. Excess of total credits over total debits (Line 11 less Line 21) ..... $ _____ 4490

24. If computation is made monthly as permitted, enter 105% of excess of total credits over total debits ..... $ _____ 4500

25. Amount held on deposit in "Reserve Bank Account(s)," including $ _____ 4505 value of qualified securities, at end of reporting period ..... $ _____ 4510

26. Amount of deposit (or withdrawal) including $ _____ 4515 value of qualified securities ..... $ _____ 4520

27. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including $ _____ 4525 value of qualified securities ..... $ _____ 4530

28. Date of deposit (MM/DD/YY) ..... $ _____ 4540

FREQUENCY OF COMPUTATION

29. Daily _____ 4332 Weekly _____ 4333 Monthly _____ 4334

**In the event the net capital requirement is computed under the alternative method, this reserve formula must be prepared in accordance with the requirements of paragraph (a)(1)(ii) of Rule 15c3-1.

References to notes in this section refer to the notes to 17 CFR 240.15c3-1a.

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FOCUS Report Part II

COMPUTATION FOR DETERMINATION OF PAB REQUIREMENTS

Items on this page to be reported by a: Stand-Alone Broker-Dealer; Broker-Dealer SBSD; Broker-Dealer MSBSP

CREDIT BALANCES

1. Free credit balances and other credit balances in PAB security accounts (see Note A) ..... $ _____ 2110

2. Monies borrowed collateralized by securities carried for the accounts of PAB (see Note B) ..... $ _____ 2120

3. Monies payable against PAB securities loaned (see Note C) ..... $ _____ 2130

4. PAB securities failed to receive (see Note D) ..... $ _____ 2140

5. Credit balances in firm accounts which are attributable to principal sales to PAB ..... $ _____ 2150

6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days ..... $ _____ 2152

7. **Market value of short security count differences over 30 calendar days old ..... $ _____ 2154

8. **Market value of short securities and credits (not to be offset by longs or by debits) in all suspense accounts over 30 calendar days ..... $ _____ 2156

9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days ..... $ _____ 2158

10. Other (List: _____) ..... $ _____ 2160

11. TOTAL PAB CREDITS (sum of Lines 1-10) ..... $ _____ 2170

DEBIT BALANCES

12. Debit balances in PAB cash and margin accounts, excluding unsecured accounts and accounts doubtful of collection (see Note E) ..... $ _____ 2180

13. Securities borrowed to effectuate short sales by PAB and securities borrowed to make delivery on PAB securities failed to deliver ..... $ _____ 2190

14. Failed to deliver of PAB securities not older than 30 calendar days ..... $ _____ 2200

15. Margin required and on deposit with Options Clearing Corporation for all option contracts written or purchased in PAB accounts (see Note F) ..... $ _____ 2210

16. Margin required and on deposit with a clearing agency registered with the Commission under section 17A of the Exchange Act (15 U.S.C. 78q-1) or a derivatives clearing organization registered with the Commodity Futures Trading Commission under section 5b of the Commodity Exchange Act (7 U.S.C. 7a-1) related to the following types of positions written, purchased or sold in PAB accounts: (1) security futures products and (2) futures contracts (and options thereon) carried in a securities account pursuant to an SRO portfolio margining rule (see Note G) ..... $ _____ 2215

17. Margin required and on deposit with a clearing agency registered with the Commission under section 17A of the Exchange Act (15 U.S.C. 78q-1) resulting from the following types of transactions in U.S. Treasury securities in customer accounts that have been cleared, settled, and novated by the clearing agency: (1) purchases and sales of U.S. Treasury securities; and (2) U.S. Treasury securities repurchase and reverse repurchase agreements (see Note H) ..... $ _____ 12844

18. Other (List: _____) ..... $ _____ 2220

19. TOTAL PAB DEBITS (sum of Lines 12-18) ..... $ _____ 2230

RESERVE COMPUTATION

20. Excess of total PAB debits over total PAB credits (Line 19 less Line 11) ..... $ _____ 2240

21. Excess of total PAB credits over total PAB debits (Line 11 less Line 19) ..... $ _____ 2250

22. Excess debits in customer reserve formula computation ..... $ _____ 2260

23. PAB reserve requirement (Line 21 less Line 22) ..... $ _____ 2270

24. Amount held on deposit in Reserve Bank Account(s) including $ _____ 2275 value of qualified securities, at end of reporting period ..... $ _____ 2280

25. Amount of deposit (or withdrawal) including $ _____ 2285 value of qualified securities ..... $ _____ 2290

26. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including $ _____ 2295 value of qualified securities ..... $ _____ 2300

27. Date of deposit (MM/DD/YY) ..... _____ 2310

FREQUENCY OF COMPUTATION

28. Daily _____ 2315 Weekly _____ 2320 Monthly _____ 2330

* See notes regarding PAB Reserve Bank Account Computation (Notes 1-10).

** In the event the net capital requirement is computed under the alternative method, this reserve formula must be prepared in accordance with the requirements of paragraph (a)(1)(ii) of Rule 15c3-1.

References to notes in this section refer to the notes to 17 CFR 240.15c3-1a.

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FOCUS Report Part II

COMPUTATION OF CFTC MINIMUM CAPITAL REQUIREMENTS

Items on this page to be reported by: Futures Commission Merchant (FCM)
Swap Dealer (SD)
CFTC Introducing Broker

ADJUSTED NET CAPITAL REQUIRED

A. Risk-based capital requirement

i. Amount of customer risk

Maintenance margin ..... $ _____ 7415

ii. Enter 8% of Line A.i ..... $ _____ 7425

iii. Amount of non-customer risk

Maintenance margin ..... $ _____ 7435

iv. Enter 8% of Line A.iii ..... $ _____ 7445

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 ..... $ _____ 7455

B. Minimum dollar amount requirement ..... $ _____ 7465

C. Other NFA requirement ..... $ _____ 7475

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) ..... $ _____ 12845

F. Excess adjusted net capital (Item 3750 minus Line E) ..... $ _____ 12846

G. CFTC early warning level –

i. If an FCM, or an FCM also registered as an SD, enter the greatest of 110% of Line A.vii, 150% of Line B, or 150% of Line C ..... $ _____ 7495

ii. If an SD not also registered as an FCM, enter the greatest of 120% of Line A.vii, Line B, or Line C ..... $ _____ 12847

H. CFTC Adjusted Net Capital in excess of early warning level (Item 3750 minus Line G.i or Line G.ii, as applicable) ..... $ _____ 12848

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FORM X-17A-5 PART II (FOCUS Report) GENERAL INSTRUCTIONS
* * * * *

Computation of CFTC Minimum Capital Requirements

This section must be prepared by broker-dealers, nonbank SBSDs, 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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FOCUS Report Part IIC

BALANCE SHEET (INFORMATION AS REPORTED ON FFIEC FORM 031 – SCHEDULE RC)

Items on this page to be reported by a: Bank SBSD
Bank MSBSP

Assets		**Totals**	
1. Cash and balances due from depository institutions (from FFIEC Form 031's Schedule RC-A)			
A. Noninterest-bearing balances and currency and coin		$	0081b
B. Interest-bearing balances		$	0071b
2. Securities			
A. Held-to-maturity securities		$	JJ34b
B. Available-for-sale debt securities		$	1773b
C. Equity securities with readily determinable fair values not held for trading		$	JA22b
3. Federal funds sold and securities purchased under agreements to resell			
A. Federal funds sold in domestic offices		$	B987b
B. Securities purchased under agreements to resell		$	B989b
4. Loans and lease financing receivables (from FFIEC Form 031's Schedule RC-C)			
A. Loans and leases held for sale		$	5369b
B. Loans and leases held for investment	$ B528b		
C. LESS: Allowance for loan and lease losses	$ 3123b		
D. Loans and leases held for investment, net of allowance (Line 4B minus Line 4C)		$	B529b
5. Trading assets (from FFIEC Form 031's Schedule RC-D)		$	3545b
6. Premises and fixed assets (including capitalized leases)		$	2145b
7. Other real estate owned (from FFIEC Form 031's Schedule RC-M)		$	2150b
8. Investments in unconsolidated subsidiaries and associated companies		$	2130b
9. Direct and indirect investments in real estate ventures		$	3656b
10. Intangible assets (from FFIEC Form 031's Schedule RC-M)		$	2143b
11. Other assets (from FFIEC Form 031's Schedule RC-F)		$	2160b
12. Total assets (sum of Lines 1 through 11)		$	2170b

FOCUS Report Part IIC

BALANCE SHEET (INFORMATION AS REPORTED ON FFIEC FORM 031 – SCHEDULE RC)

Items on this page to be reported by a: Bank SBSD
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		$	B993b
B. Securities sold under agreements to repurchase		$	B995b
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		$	B530b
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)		$	G105b
29. Total liabilities and equity capital (sum of Lines 21 and 28)		$	3300b

FOCUS Report Part IIC

REGULATORY CAPITAL (INFORMATION AS REPORTED ON FFIEC FORM 031 – SCHEDULE RC-R)

Items on this page to be reported by a: Bank SBSD
Bank MSBSP

Capital	**Totals**	
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	$	3792b
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.)	**Column A**	**Column B**
7. 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

FOCUS Report Part IIC

INCOME STATEMENT (INFORMATION AS REPORTED ON FFIEC FORM 031 – SCHEDULE RI)

Items on this page to be reported by a: Bank SBSD
Bank MSBSP

	Totals	
1. Total interest income	$	4107b
2. Total interest expense	$	4073b
3. Total noninterest income	$	4079b
4. Total noninterest expense	$	4093b
5. Realized gains (losses) on held-to-maturity securities	$	3521b
6. Realized gains (losses) on available-for-sale debt securities	$	3196b
7. Income (loss) before applicable income taxes and discontinued operations	$	4301b
8. Net income (loss) attributable to bank	$	4340b
9. Trading revenue (from cash instruments and derivative instruments)		
A. Interest rate exposures	$	8757b
B. Foreign exchange exposures	$	8758b
C. Equity security and index exposures	$	8759b
D. Commodity and other exposures	$	8760b
E. Credit exposures	$	F186b
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 (year-to-date changes)		
i. Gross credit valuation adjustment (CVA)	$	FT36b
ii. CVA hedge	$	FT37b
G. Impact on trading revenue of changes in the creditworthiness of the bank on the bank's derivative liabilities (year-to-date changes)		
i. Gross debit valuation adjustment (DVA)	$	FT38b
ii. DVA hedge	$	FT39b
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	$	C889b
B. Net gains (losses) on credit derivatives held for purposes other than trading	$	C890b
11. Credit losses on derivatives	$	A251b

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OATH OR AFFIRMATION

I, _____, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of _____, as of _____, 2___, is true and correct. I further swear (or affirm) that neither the company 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.

Signature:

_____

Title:

_____

This filing contains (check all applicable boxes):**

* * * * *

Appendix 4—Form X-17A-19

FORM X-17A-19

* * * * *

1. Identify the self-regulatory organization filing this report.

☐AMEX ☐BSE ☐CBOE ☐CSE ☐CHX ☐ISE ☐NASD ☐NYSE ☐PCX ☐PHLX ☐ Other:_____

* * * * *

4. The subject is also a member of the:

☐AMEX ☐BSE ☐CBOE ☐CSE ☐CHX ☐ISE ☐NASD ☐NYSE ☐PCX ☐PHLX ☐ Other:_____

5. The examining authority and SIPC collection agent prior to this change in membership status is:

☐AMEX ☐BSE ☐CBOE ☐CSE ☐CHX ☐ISE ☐NASD ☐NYSE ☐PCX ☐PHLX ☐ Other:_____

* * * * *

GENERAL INSTRUCTIONS

* * * * *

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.

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Appendix 5—Form 15A

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
    - o 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

This space left intentionally blank

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 bylaws, 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 ☐ **Check if information has not changed since previous filing**

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 Exchange 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 Composing 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 bylaws, 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 6—Form 19b-4

* * * * *

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 EFFS. 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 EFFS, 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 (https://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 7—Form CA-1

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))

 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.	

<table>
<tr><td>Item 4:
Other Arrangements</td><td>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?

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.</td><td>Yes/
No</td></tr>
<tr><td>Item 5:
Insurance Information</td><td>a) With respect to clearing agency activities, please provide the following information regarding the type of insurance carried or provided:

<table>
<tr><th>Type of Insurance</th><th>Yes</th><th>No</th><th>Amount of Coverage</th><th>Amount of Deductible</th></tr>
<tr><td>1. Blanket Bond</td><td>☐</td><td>☐</td><td>$</td><td>$</td></tr>
<tr><td>2. Fidelity</td><td>☐</td><td>☐</td><td>$</td><td>$</td></tr>
<tr><td>3. Errors and Omissions</td><td>☐</td><td>☐</td><td>$</td><td>$</td></tr>
<tr><td>4. Mail Policy</td><td>☐</td><td>☐</td><td>$</td><td>$</td></tr>
<tr><td>5. Air Courier</td><td>☐</td><td>☐</td><td>$</td><td>$</td></tr>
<tr><td>6. Lost Instrument</td><td>☐</td><td>☐</td><td>$</td><td>$</td></tr>
<tr><td>7. Other (Specify):</td><td>☐</td><td>☐</td><td>$</td><td>$</td></tr>
</table></td><td></td></tr>
<tr><td></td><td>b) If any of registrant's clearing activities are not covered by insurance, has provision been made for self-insurance?

If yes, indicate the provisions made for self-insurance (e.g., accounting reserve or funded reserve) and the amount thereof.</td><td>Yes/
No</td></tr>
<tr><td></td><td>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?

If yes, describe the operational, organizational or other rules, procedures or practices (citing rules if applicable) which result in registrant's exposure to loss.</td><td>Yes/
No</td></tr>
</table>

	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? 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.	Yes/ No
Item 6: Audit Information	a) Is registrant audited by an independent accountant? b) If registrant is audited by an independent accountant, does the audit include a review of internal controls related to clearing agency activities? c) Fiscal year-end of registrant: mm/yyyy	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	a) How many employees does registrant have engaged in clearing agency activities? ##### b) How many years has registrant performed clearing agency activities? #####	
Item 9: Other Regulatory	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? If yes, specify the name of the agency, state or political subdivision:	Yes/ No
	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? If yes, specify the name of the agency, state or political subdivision:	Yes/ No

Exhibit No.	**Section IV: Business Organization** 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.
Exhibit A:	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.

Exhibit B:	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: (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:	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.
Exhibit D:	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.
Exhibit E:	Attach a copy of the currently effective constitution, articles of incorporation or association, bylaws, 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.
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.

Exhibit No.	**Section V: Financial Information** 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.

Exhibit No.	**Section VI: Operational Capacity** 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.

Exhibit No.	**Section VII: Access to Services** 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)(l2) 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, bylaws, 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, if one exists, 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 composed 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 Composing 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.