

Commission examiners, as well as other regulatory authority examiners, during inspections of the broker-dealer.

The collection of information included in Rule 17a-3 is necessary to provide Commission, self-regulatory organization, and State examiners to conduct effective and efficient examinations to determine whether broker-dealers are complying with relevant laws, rules, and regulations. If broker-dealers were not required to create these baseline, standardized records, Commission, self-regulatory organization, and State examiners could be unable to determine whether broker-dealers are in compliance with the Commission's antifraud and anti-manipulation rules, financial responsibility program, and other Commission, self-regulatory organization, and State laws, rules, and regulations.

As of July 30, 2007 there were 5,850 broker-dealers registered with the Commission. The Commission estimates that these broker-dealer respondents incur a total burden of 2,984,760 hours per year to comply with Rule 17a-3. Approximately 1,524,210 of those hours are attributable to Rule 17a-3(a)(17), and about 1,460,550 hours are attributable to the rest of Rule 17a-3. Rule 17a-3(a)(17) contains requirements to provide customers with account information (approximately 975,809 hours) and requirements to update customer account information (approximately 548,401 hours).

In addition, Rule 17a-3 contains ongoing operation and maintenance costs for broker-dealers including the cost of postage to provide customers with account information, and costs for equipment and systems development. The Commission estimates that under Rule 17a-3(a)(17), approximately 36,365,553 customers will need to be provided with information regarding their account on a yearly basis. The Commission estimates that the postage costs associated with providing those customers with copies of their account record information would be approximately \$8,176,435 per year ( $28,390,400 \times \$0.288$ ).<sup>1</sup> Based on comments provided in response to the 2001 Amendments (as adjusted to account for inflation), the staff believes that the ongoing equipment and systems development costs relating to Rule 17a-3 for the industry would be about \$23,362,847 per year. Consequently, the total cost burden associated with Rule

17a-3 would be approximately \$31,539,282 per year.

Rule 17a-3 does not contain record retention requirements. Compliance with the rule is mandatory. The required records are available only to the staffs of the Commission, self-regulatory organizations of which the broker-dealer is a member, and the States during examinations, inspections and investigations. 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.

Comments should be directed to (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503 or by sending an e-mail to: [Alexander\\_T.\\_Hunt@omb.eop.gov](mailto:Alexander_T._Hunt@omb.eop.gov); and (ii) R. Corey Booth, Director/Chief Information Officer, Securities and Exchange Commission, c/o Shirley Martinson, 6432 General Green Way, Alexandria, VA 22312 or send an e-mail to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov). Comments must be submitted within 30 days of this notice.

Dated: November 19, 2007.

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

### Proposed Collection; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Investor Education and Advocacy, Washington, DC 20549-0213

*Extension:* Rule 203-3, Form ADV-H; SEC File No. 270-481; OMB Control No. 3235-0538

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) the Securities and Exchange Commission ("Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

The title for the collection of information is "Rule 203-3 and Form ADV-H under the Investment Advisers Act of 1940." Rule 203-3 (17 CFR

275.203-3) under the Investment Advisers Act of 1940 (15 U.S.C. 80b) establishes procedures for an investment adviser to obtain a hardship exemption from the electronic filing requirements of the Investment Advisers Act. Rule 203-3 requires every person requesting a hardship exemption to file Form ADV-H (17 CFR 279.3) with the Commission. The purpose of this collection of information is to permit advisers to obtain a hardship exemption, on a continuing or temporary basis, to not complete an electronic filing. The temporary hardship exemption permits advisers to make late filings due to unforeseen computer or software problems, while the continuing hardship exemption permits advisers to submit all required electronic filings on hard copy for data entry by the operator of the IARD.

The respondents to the collection of information are all investment advisers that are registered with the Commission. The Commission has estimated that compliance with the requirement to complete Form ADV-H imposes a total burden of approximately 1 hour for an adviser. Based on our experience with hardship filings, we estimate that we will receive 11 Form ADV-H filings annually. Based on the 60 minute per respondent estimate, the Commission estimates a total annual burden of 11 hours for this collection of information.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to R. Corey Booth, Director/Chief Information Officer, Securities and Exchange Commission, C/O Shirley Martinson, 6432 General Green Way, Alexandria, VA 22312; or send an e-mail to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: November 19, 2007.

**Florence E. Harmon,**

*Deputy Secretary.*

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<sup>1</sup> Estimates of postage costs are derived from past conversations with industry representatives and have been adjusted to account for inflation.