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November 12, 2020

The Honorable Mike Crapo
Chairman
The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Frank Pallone, Jr.
Chairman
The Honorable Greg Walden
Ranking Member
Committee on Energy and Commerce
House of Representatives

Subject: *Securities and Exchange Commission: Publication or Submission of
Quotations Without Specified Information*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Securities and Exchange Commission (SEC) entitled "Publication or Submission of Quotations Without Specified Information" (RIN: 3235-AM54). We received the rule on October 7, 2020. It was published in the *Federal Register* as a final rule on October 27, 2020. 85 Fed. Reg. 68124. The effective date of the final rule is December 28, 2020.

According to SEC, it is adopting amendments to 17 C.F.R. § 240.15c2-11 (Rule 15c2-11) under the Securities Exchange Act of 1934, ch. 404, 48 Stat. 881 (June 6, 1934), 15 U.S.C. §§ 78a–78qq (the "Exchange Act"), which governs the publication of quotations for securities in a quotation medium other than a national securities exchange, for example, over-the-counter ("OTC") securities. SEC asserts that the amendments are designed to modernize Rule 15c2-11, promote investor protection, and curb incidents of fraud and manipulation by, among other things: requiring information about issuers to be current and publicly available for broker-dealers to quote their securities in the OTC market; narrowing reliance on certain exceptions from the Rule's requirements, including the piggyback exception; adding new exceptions for the quotations of securities that may be less susceptible to fraud and manipulation; removing obsolete provisions; adding new definitions; and making technical amendments.

Enclosed is our assessment of SEC's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Shari Brewster, Assistant General Counsel, at (202) 512-6398.

A handwritten signature in black ink, reading "Shirley A. Jones". The signature is written in a cursive, flowing style.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Vanessa Countryman
Secretary
Securities and Exchange Commission

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
SECURITIES AND EXCHANGE COMMISSION
ENTITLED
“PUBLICATION OR SUBMISSION OF QUOTATIONS
WITHOUT SPECIFIED INFORMATION”
(RIN: 3235-AM54)

(i) Cost-benefit analysis

The Securities and Exchange Commission (SEC) conducted an economic analysis of this final rule. This analysis included a background section, the identification of affected parties, and the establishment of a baseline. SEC used the established baseline for its analysis of the final rule’s economic effects and reasonable alternatives. The analysis of the final rule’s economic effects included a discussion about the effects of the amendments to 17 C.F.R. § 240.15c2-11 (Rule 15c2-11) on certain entities and the impact of the amendments on efficiency, competition, and capital formation.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603-605, 607, and 609

SEC certified that the amendments to Rule 15c2-11 will not have a significant economic impact on a substantial number of small entities for purposes of RFA.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

As an independent regulatory agency, SEC is not subject to the Act.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On October 30, 2019, SEC published a proposed rule called, *Publication or Submission of Quotations Without Specified Information*, 84 Fed. Reg. 58206 (Proposed Rule). SEC received comments on the Proposed Rule, which it discussed generally in this final rule, noting support or opposition to certain provisions in the Proposed Rule. SEC also provided specific responses to comments about certain provisions in the Proposed Rule in its discussion of the final amendments in this final rule.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501-3520

SEC determined that this final rule contains information collection requirements under the Act. SEC submitted the information collection requirements for the proposed amendments to Rule 15c2-11 to the Office of Management and Budget (OMB) for review and solicited comments in the Proposed Rule. The title for this information collection is “Publication or submission of quotations without specified information” and the OMB control number is 3235-0202. SEC provided an analysis that identified affected parties and separate totals for the burden hours imposed by each of the several provisions that impose information collection requirements.

SEC stated its estimates of the collection of information for the amendments, as adopted, have been updated from the estimates included in the Proposed Rule, as appropriate.

Statutory authorization for the rule

SEC promulgated this final rule pursuant to sections 78c, 78j, 78o, 78q, 78w, and 78mm of title 15, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

As an independent regulatory agency, SEC is not subject to the Order.

Executive Order No. 13132 (Federalism)

As an independent regulatory agency, SEC is not subject to the Order.