



May 4, 2026

***Via Electronic Mail***

The Hon. Paul Atkins  
Chairman  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**Re: Data Supporting the Modernization of the Communications Retention Requirements**

Dear Chairman Atkins,

The Securities Industry and Financial Markets Association<sup>1</sup> and its Asset Management Group<sup>2</sup> (collectively, “SIFMA”) are submitting data to supplement our October 15, 2025 letter<sup>3</sup> regarding the Securities and Exchange Commission’s (“SEC” or “Commission”) communications recordkeeping requirements. The survey data now available confirms what SIFMA previously warned: the current framework is driving massive over-retention, extraordinary costs, and operational inefficiencies that far outweigh any perceived investor protection benefits.

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<sup>1</sup> SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's one million employees, we advocate on legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).

<sup>2</sup> SIFMA’s Asset Management Group (SIFMA AMG) brings the asset management community together to provide views on U.S. and global policy and to create industry best practices. SIFMA AMG’s members represent U.S. and global asset management firms that manage more than 50% of global AUM. The clients of SIFMA AMG member firms include, among others, tens of millions of individual investors, registered investment companies, endowments, public and private pension funds, UCITS and private funds such as hedge funds and private equity funds. For more information, visit <http://www.sifma.org/amg>.

<sup>3</sup> SIFMA letter to Chairman Atkins re: Modernizing Communications and Record Retention Rules for Broker-Dealers, Investment Advisers, and Security-Based Swap Dealers (Oct. 15, 2025). <https://www.sifma.org/advocacy/letters/modernizing-communications-and-record-retention-rules-for-broker-dealers-investment-advisers-and-security-based-swap-dealers-sifma-and-sifma-amg>

To support this conclusion, SIFMA conducted small informal surveys of both broker-dealers and investment advisers representing a broad cross-section of the industry. Respondents included broker-dealers and dual registrants, firms ranging from fewer than 500 employees to more than 20,000 employees, firms with registered person populations ranging from fewer than 250 to more than 10,000 registered persons, and investment advisers with assets under management ranging from less than \$500 billion to more than \$1 trillion. The results are consistent across both populations and confirm that the current communications retention framework is producing the same distortions across the securities industry.

### **A. The Current Rules Drive Systemic Over-Retention**

Firms reported retaining high volumes of communications of all types. Large firms reported retaining 28 million communications on ONE typical weekday, with several smaller firms reporting volumes in the hundreds of thousands to over 1 million daily communications. This means that smaller firms may be retaining over 250 million communications per year and large firms are retaining over 1 trillion communications per year. These volumes include large amounts of content that are not required records but are nevertheless retained due to ambiguity and enforcement risk. This is reflected in firm behavior: 44% of firms reported that they have not permanently deleted communications that the firm determined were not required to be retained, even where the firm had a document destruction policy. That result is not surprising. In the current environment, firms often conclude that the operational and regulatory risk of deleting communications is far greater than the cost of retaining them.

The result is a regime that encourages defensive over-retention rather than principled, risk-based records management. That outcome does not improve regulatory oversight; it increases the amount of low-value data that firms, regulators, and litigants must search, review, and process.

Investment adviser responses confirm that these dynamics are not limited to broker-dealers. Advisers reported retaining approximately 96,000 to 1 million communications per day, with one adviser reporting approximately 8 million emails daily in addition to 70,000 Zoom and Teams messages. These volumes mirror broker-dealer volumes, reinforcing that the current framework is driving systemic over-retention across regulated entities, not just for broker-dealers.

### **B. The Financial Burden Is Enormous**

Annual communications retention storage costs reported by broker-dealers and dual-registrants ranged from \$80,000 to approximately \$37 million per firm, with multiple firms reporting multi-million-dollar annual spend. Investment adviser responses reflect similarly significant cost burdens. Advisers reported annual storage costs ranging from approximately \$502,168 to more than \$10 million, with other respondents reporting approximately \$1.8 million and \$1.9 million.

This is not a marginal compliance cost. It is a structural reallocation of resources away from higher-value compliance activities - including supervision, surveillance, training, and controls - toward storing, processing, reviewing, and producing vast quantities of low-value data.

### **C. The Current Framework Forces Fragmented, Vendor-Heavy Architectures**

To meet the requirements for communications retention, firms often rely on third-party vendors to help firms retain communications across multiple formats. Firms reported relying on anywhere from 3 to over 50 third-party vendors to capture employee communications across email, text, chat, instant messaging, direct messaging, video call chats, and other tools. This fragmented vendor environment is a direct consequence of applying legacy recordkeeping obligations to a rapidly expanding and constantly changing communications ecosystem. Further, the large quantity of retained communications drives up the complexity and cost of changing vendors when warranted.

This architecture increases cost and complexity, creates duplicative systems, and introduces operational risk. It also makes firms dependent on vendor capabilities that may not map neatly onto the Commission's recordkeeping expectations. The result is not a more coherent compliance program; it is a patchwork of tools designed to capture more data than the rules should reasonably require.

### **D. The Operational Burden Is Significant and Expanding as AI Use Grows**

Firms reported dedicating substantial internal resources to compliance with communications retention requirements, separate from surveillance and supervision. Reported estimates range from 2,000 hours for smaller firms, 24,000 hours for one mid-size firm, and 42,320 hours annually for a large firm. Several firms reported expanding their headcount in the last few years specifically to address the increasing compliance burden of retaining communications.

The burden is also growing as technology changes. Firms are now devoting time and resources to issues involving generative AI applications and AI-generated documents, including outside counsel consultations, compliance analysis, and senior executive time. One respondent reported that senior leaders spend 10-15% of their time at times on these issues. A regime that is already overbroad will become even more difficult to administer as technology evolves.

### **E. Targeted Reforms Would Deliver Immediate, Measurable Benefits**

The broker-dealer and investment adviser survey results together demonstrate that relatively modest, targeted changes to the scope of required communications retention would produce significant and immediate reductions in both data volume and compliance costs - without impairing the Commission's ability to oversee regulated activity. Importantly, these benefits are not theoretical; both broker-dealers and advisers were able to quantify concrete operational and financial impacts associated with each proposed change.

Narrowing the scope of required retention to communications sent to or from registered persons would produce the most significant and consistent benefits across firms. This approach is also better aligned with the purpose of the broker-dealer communications recordkeeping framework because it focuses retention on communications involving individuals engaged in regulated securities activities.

Respondents indicated that this change would reduce retained communications by 15-45%, depending on firm size and business model. Cost savings were also significant – ranging from approximately \$50,000 for small firms to half a million dollars for mid-size firms and \$3.5-5.5 million for the largest firm responding to the survey.

Respondents similarly reported that narrowing internal communications retention requirements would yield measurable reductions in data volume and associated costs. Under this approach, firms would be required to retain internal communications only where the communication is between two or more natural persons and at least one participant is a registered person. This would exclude automated messages, bot-generated content, internal communications among unregistered persons, and one-to-one internal communications between a registered person and one other person.

Firms estimated that this change would eliminate between 10-45% of communications sent or received by the firm. These reductions are particularly important because internal communications often include operational, administrative, duplicative, or system-generated content that is not central to the Commission’s regulatory objectives. Annual storage savings was also significant and in line with the savings outlined above.

#### **F. Implementation Costs Are Manageable and Outweighed by Ongoing Savings**

The survey also shows that the one-time costs of implementing targeted reforms would be manageable relative to the ongoing costs of the current regime. Firms estimated one-time implementation costs ranging from approximately \$6,250 to over \$500,000, depending on the size and business model of the firm. Primary cost drivers included internal IT resources, vendor configuration changes, testing, compliance project teams, and technology adjustments.

The adviser survey also demonstrates the importance of aligning retention periods with regulatory need. Advisers indicated that reducing the retention period from six years in practice to three years could generate meaningful annual savings of up to 50%.

Taken together, these targeted reforms would materially reduce unnecessary data retention, lower compliance costs, and improve the speed and quality of regulatory responses - while preserving, and in many cases enhancing, the Commission’s ability to access communications that are most relevant to its oversight responsibilities.

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We appreciate the Commission's continued commitment to efficiency and innovation and the opportunity to advocate on behalf of our members. We are happy to meet again on these issues at any time. If you have any questions or require additional information, please do not hesitate to contact Melissa MacGregor at 202-962-7385, or Kevin Ehrlich at 202-962-7336.

Sincerely,

*Melissa MacGregor*

Melissa MacGregor  
Deputy General Counsel & Corporate  
Secretary

*Kevin Ehrlich*

Kevin Ehrlich  
Managing Director, SIFMA Asset  
Management Group

cc: The Honorable Hester M. Peirce, Commissioner  
The Honorable Mark T. Uyeda, Commissioner  
Brian T. Daly, Director, Division of Investment Management  
Jamie Selway, Director, Division of Trading and Markets