

**SUPPORTING STATEMENT
FORM 13F**

A. JUSTIFICATION

1. Necessity for the Information Collection

In 1968, Congress directed the Securities and Exchange Commission to make a study of the purchase, sale, and holding of securities by institutional investors to determine the effect of those activities upon the maintenance of fair and orderly securities markets, the stability of those markets, and the interests of issuers of securities and of the public. As a result of that study, in 1975, as part of the Securities Acts Amendments of 1975, Congress adopted Section 13(f) of the Securities Exchange Act of 1934 (the "1934 Act"). The reporting system required by Section 13(f) of the 1934 Act is intended, among other things, to create in the Commission a central repository of historical and current data about the investment activities of certain institutional investment managers and to improve the body of factual data available in order to facilitate consideration of the influence and impact of institutional investment managers on the securities markets as well as the public policy implications of that influence.

Section 13(f) of the 1934 Act empowers the Commission to: (1) adopt rules that create a reporting and disclosure system to collect specific information; and (2) disseminate such information to the public. Pursuant to this statutory mandate, the Commission adopted Rule 13f-1 under the 1934 Act (17 CFR 240.13f-1), which requires institutional investment managers that exercise investment discretion over accounts -- having in the aggregate a fair market value of at least \$100,000,000 of exchange-traded or NASDAQ-quoted equity securities -- to file quarterly reports with the Commission on Form 13F.

2. Purpose of the Information Collection

The purpose of Form 13F is twofold: (1) to provide a reporting and disclosure system to collect information about the equity security holdings of institutional money managers; and (2) to disseminate such information to the public.

3. Role of Improved Information Technology

The Commission's electronic filing system (Electronic Data Gathering, Analysis, and Retrieval System, or "EDGAR") is designed to automate the filing, processing and dissemination of disclosure filings. Using the EDGAR system, publicly held companies generally transmit their filings to the Commission directly over the Internet. *See* Rulemaking for EDGAR System, Release No. 33-7855 (April 24, 2000) (as part of the modernization of EDGAR). Such automation has increased the speed, accuracy and availability of information, generating benefits to investors and financial markets.

4. Efforts to Identify Duplication

The Commission consults with other regulatory agencies requiring information about the institutions reporting on Form 13F to attempt to achieve uniform, unduplicated reporting by -- and to minimize the compliance burden on -- institutional investment managers.

5. Effect on Small Entities

Not applicable. The requirements of Form 13F are the same for all potential filers. An institutional investment manager is not subject to Form 13F reporting unless it exercises investment discretion over, in the aggregate, at least \$100,000,000 in certain equity securities.

6. Consequences of Less Frequent Collection

See Item 1, above. Not collecting the information would eliminate disclosure about the equity security holdings of institutional money managers currently available to the Commission and the public.

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

Not applicable.

8. Consultation Outside the Agency

The Commission requested public comment on the information collection requirements in Form 13F before it submitted this request for extension and approval to the Office of Management and Budget. The Commission received no comments in response to its request.

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality

Section 13(f)(3) of the 1934 Act (15 U.S.C. 78m(f)(3)) authorizes the Commission, upon request, to delay or prevent public disclosure of any information filed under Section 13(f) for public interest reasons or to protect investors. It also prohibits the Commission from disclosing to the public information identifying securities held by the account of a natural person or any estate or trust (other than a business trust or investment company).

11. Sensitive Questions

Not applicable.

12. Estimate of Hour Burden

An estimated 3,378 institutional investment managers file Form 13F reports each calendar quarter. An estimated 336 investment managers file amendments to Form 13F each quarter. Accordingly, an estimated 1,344 amendments per year are expected going forward. Amendments are filed: (1) to correct an error or omission; (2) after a confidential treatment request is denied; or (3) when confidential treatment expires.

Each Form 13F filer spends an average of 98.8 hours/year preparing Form 13F reports. Managers that file the above-referenced amendments spend an average of 4 hours/year on their submissions. This is an estimated average based on consultations with a representative sample of filers. The number of burden hours may vary considerably, depending, for example, on the number of equity positions and accounts reflected on a manager's Form 13F report. For the 2006 calendar year, the total estimated burden hours for all filers is 335,090.

The estimated cost, per filer, to submit the report for the 2006 calendar year is \$5,236. In addition, the estimated annual cost to file an amendment is \$848. (The preparation of Form 13F is done by data entry. The cost of data entry is estimated at \$53.00 per hour, including overhead). For the 2006 calendar year, the estimated aggregate cost for all filers is \$17,972,136.¹

13. Estimate of Total Annual Cost Burden

Not applicable.

14. Estimate of Cost to the Federal Government

¹ The cost of data entry at \$53.00 per hour for a Compliance Clerk is an estimate from the SIA Report on Office Salaries in the Securities Industry 2005, modified to account for an 1800-hour work-year and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead. Part of the increase in estimated cost per filer and in the estimated aggregate cost for all filers is due to a change in the method of estimating costs.

The majority of forms are now received electronically, via the Commission's EDGAR system. Notwithstanding the electronic filing requirement, the Commission (Secretary's Office and Filer Support II) still processes incoming Form 13F confidential treatment requests -- which are filed in paper. The Division of Investment Management reviews these confidential treatment requests and, acting pursuant to delegated authority from the Commission, may grant, deny, or revoke confidential treatment of Form 13F. The Commission's Public Reference Room maintains copies of these paper filings for approximately 60 days after a confidential treatment request is denied or when confidential treatment expires.

At no cost to the Commission, Interactive Data Services, Inc. provides the Commission with access to a computer database, updated quarterly, that contains a list of Section 13(f) securities and their CUSIP numbers. The Commission incurs the cost of printing and mailing the list to reporting institutional investment managers.

The annual cost to the Commission of processing Form 13F is approximately \$658,635.81.

15. Explanation of Changes in Burden

The estimated total annual burden hours increased by 89,681, from 245,409 to 335,090. The increase is due to an increase of the total number of annual submissions from 11,064 to 14,856. This increase is primarily explained by the increase in the number of respondents and an increase in the number of amendments.

16. Information Collection Planned for Statistical Purposes

Not applicable.

17. Approval to not Display Expiration Date

Not applicable.

18. Exceptions to Certification Statement

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.