

## SUPPORTING STATEMENT FOR SECURITIES ACT REGULATION S

This submission pursuant to the Paperwork Reduction Act of 1995, 44 U.S.C. Section 3501 et seq., consists of this supporting statement and the following exhibits:

- A -- Section 5 of the Securities Act of 1933
- B -- Regulation S

### A. Justification

#### 1. Necessity of Information Collection

The Securities Act of 1933 (the “Securities Act”) was enacted to require full and fair disclosure in connection with the offer and sale of securities. Under Section 5 of the Securities Act, no offer or sale of securities involving a means of interstate commerce may be made unless the securities are registered with the Securities and Exchange Commission. Registration under Section 5 entails, inter alia, filing a registration statement with the Commission and delivering a prospectus to investors. The purpose of registration is not to gather information for the Commission’s use but rather to provide disclosure of material information to investors.

The registration requirements of Section 5 apply virtually to any offer or sale of a security involving a means of U.S. interstate commerce or use of the U.S. mails. However, in 1964, the Commission recognized that the application of Section 5 should be more restricted than the Securities Act’s full jurisdictional reach. In Release 33-4708, the Commission stated that it would not take any enforcement action for failure to register securities of U.S. corporations distributed abroad solely to foreign nationals even though the means of interstate commerce are used if the distribution is effected in a manner designed to ensure that the securities come to rest abroad. Although Release 33-4708 mentions only securities of domestic companies, the staff has applied the release concepts to offerings of foreign issuers as well.

Regulation S further clarifies the extraterritorial application of the registration provisions of the Securities Act. The Regulation adopted consists of a General Statement of applicability of the registration provision (“General Statement”) and two safe harbor provisions. The General Statement provides that Section 5 of the Securities Act does not apply to offers or sales of securities that occur outside the United States. The first Regulation S safe harbor applies to offers and sales by issuers, securities professionals involved in the distribution process pursuant to contract, their respective affiliates and any person acting on behalf of any of the foregoing. The second safe harbor applies to resales by other persons, certain officers and directors. These individuals are affiliates of the issuer or a distributor solely by virtue of their positions. An offer, sale or resale of securities that satisfies all conditions of the applicable safe harbor is deemed to be outside the United States with the meaning of the General Statement, and thus not subject to the registration requirements of Section 5 of the Securities Act.

Two general conditions apply to the safe harbors. First, any offer or sale of securities must be made in an offshore transaction. Second, in no event could a directed selling effort be made in the United States in connection with an offer or sale of securities.

2. Purposes of, and Consequences of Not Requiring, the Information Collection

Regulation S does not involve the collection of any information by the Commission. Regulation S simply constitutes a clarification of the extent to which Section 5 of the Securities Act applies to sales and resales of securities outside the jurisdiction of local law.

3. Role of Improved Information Technology and Obstacles to Reducing Burden

Regulation S does not create any filing obligations but, rather, clarifies that securities sold offshore do not have to be registered with the Commission.

4. Efforts to Identify Duplication

One of the purposes of Regulation S is to reduce duplication between the requirements of domestic and foreign laws.

5. Effect on Small Entities

Regulation S does not involve the collection of any information from small or large entities. Any company or person is able to rely on the provisions of the General Statement in offering and selling securities offshore.

6. Consequences of Less Frequent Collection

Not applicable.

7. Inconsistencies with Guidelines in 5 CFR 1320.5

Not applicable.

8. Consultations Outside the Agency

Regulation S was proposed for public comment. No comments were received on this request during the 60-day comment period prior to OMB's review of this submission.

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality

No assurance of confidentiality has been given for information reported.

11. Sensitive Questions

Not applicable.

12. Estimate of Respondent Reporting Burden

Regulation S is assigned one burden hour for administrative convenience because the regulation only clarifies the extent to which Section 5 of the Securities Act applies to sales and resales of securities outside the jurisdiction of local law.

13. Estimate of Total Annualized Cost Burden

Not applicable.

14. Estimate of Cost to the Federal Government

The estimated cost to the Federal Government of administering Regulation S is approximately \$60,000.

15. Explanation of Change in Burden

Not applicable.

16. Information Collection Planned for Statistical Purposes

Not applicable.

17. Explanation as to Why The Expiration Date Will Not be Displayed

Not applicable.

18. Exceptions to Certification

Not applicable.

B. Collection of Information Employing Statistical Methods

Not applicable.