

SUPPORTING STATEMENT FOR PROPOSED RULES UNDER THE SECURITIES ACT OF 1933

This submission, pursuant to the Paperwork Reduction Act of 1995, 44 U.S.C. §3501, et seq., consists of this supporting statement and Release No. 33-8828 (Aug. 3, 2007)

A. JUSTIFICATION

1. Necessity for the Information Collection

In Release No. 33-8828, the Securities and Exchange Commission proposed rules and amendments that contain “collection of information” requirements within the meaning of the Paperwork Reduction Act of 1995. The title for the collection of information is:

- “Form D” (OMB Control No. 3235-0076).¹

We adopted Regulation D and Form D as part of the establishment of a series of exemptions for offerings and sales of securities under the Securities Act. The information collection requirements related to the filing with the Commission of Form D are mandatory to the extent that an issuer elects to make an offering of securities in reliance on the relevant exemption. The revisions provide guidelines for relying on regulatory exemptions under Regulation D. Reliance on Regulation D is required to be reported on Form D. The collection of information on Form D is necessary for the Commission to carry out its responsibilities under the Securities Act of 1933.

2. Purpose of the Information Collection

In Release 33-8828, the Commission proposed amendments to Regulation D. The proposed amendments would:

- Create a new exemption from the registration provisions of the Securities Act for offers and sales of covered securities to “large accredited investors”;
- Revise the definition of the term “accredited investor” to clarify it and reflect developments since its adoption;
- Shorten the timing required by the integration safe harbor for Regulation D offerings; and
- Prove uniform disqualification provisions to apply throughout Regulation D.

The notice provided on Form D assists state and federal regulators in monitoring exempt securities offerings and the individuals involved in such offerings.

¹

Form D was adopted pursuant to Sections 2(a)(15), 3(b), 4(2), 19(a) and 19(c)(3) of the Securities Act (15 U.S.C. 77b(15), 77c(b), 77d(2), 77s(a) and 77s(c)(3)).

3. Role of Improved Information Technology

Currently, Form D is not filed using the Commission's electronic filing system (Electronic Data Gathering, Analysis and Retrieval or "EDGAR"). In a companion release, Release No. 33-8814 (Jun. 29, 2007), the Commission proposed changes to Form D that would require Form D to be filed electronically.

4. Efforts to Identify Duplication

We are not aware of any rules that conflict with or duplicate the proposed rules.

5. Effect on Small Entities

The proposed rules would apply equally to all companies regardless of size. With respect to exempting small entities from coverage of these proposed rules, we believe such changes would be impracticable. These proposed rules are designed to facilitate an issuer's access to capital, regardless of the size of the issuer. We have endeavored throughout these proposed amendments and rules to minimize the regulatory burden on all issuers, including small entities, while meeting our regulatory objectives.

6. Consequence of Less Frequent Collection

With the proposed rules, the frequency with which information from Form D is collected would not change. Failure to require a notice filing on Form D would adversely affect enforcement activities and monitoring of the private offering market by both federal and state regulators. It would also adversely affect the Commission's collection of empirical data on the private offering market, which provides a continuing basis for action by the Commission either in terms of amending existing rules and regulations or proposing new ones.

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

The Commission currently requires filing of multiple copies of the Form D because they must be distributed to several different offices, including the File Desk whose copy goes to the contractor and is key punched into a Form D database; the Public Reference Room, the appropriate Regional Office; the contractor responsible for microfiche copies of Commission Documents; and the Office of Small Business Policy in the Division of Corporation Finance. As previously mentioned, the Commission has proposed changes to Form D that would require Form D to be filed electronically avoiding the filing of multiple copies in Release No. 33-8814 (Jun. 29, 2007).

8. Consultation Outside the Agency

The Commission has issued a release soliciting comment on the new "collection of information" requirements and the associated paperwork burdens. A copy of this release is attached. Comments on Commission releases are generally received from

registrants, investors and other market participants. In addition, the Commission and staff of the Division of Corporation Finance participate in an ongoing dialogue with representatives of various market participants through public conferences, meetings, and informal exchanges. The Commission will consider all comments received.

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality

Not applicable.

11. Sensitive Questions

Not applicable.

12. and 13. Estimates of Hour and Cost Burden

The paperwork burden estimates associated with the proposal include the time and the cost of preparing and reviewing disclosure, filing documents or otherwise publicizing information, and retaining records. These estimates represent the average burden for all companies, both large and small.

We propose to amend Form D to add a check box to indicate an offering relying on the proposed Rule 507 exemption. We do not believe the proposed change will have any effect on the paperwork burden of the form. We estimate that, over a three- year period, the average burden estimate will be four hours per Form D. This burden is reflected as a one-hour burden of preparation on the company and a cost of \$1,200 per filing. Our burden estimates represent the average burden for all issuers. For Form D notices, we estimate that 25 percent of the burden of preparation is carried by the company internally and that 75 percent of the burden of preparation is carried by outside professionals retained by the issuer at an average cost of \$400 per hour.²

According to the Commission's Office of Filings and Information Services, the annual number of Form D filings rose from 17,390 in 2002 to 25,239 in 2006 for an average increase of approximately 2,000 Form D filings per year. Assuming the number of Form D filings continues to increase by 2,000 filings per year for each of the next three years, the average number of Form D filings in each of the next three years would be about 29,300. Based on the new data, we are adjusting our estimated number of Form D filings from 17,500 to 29,300.

² In our prior submission, we estimated the average cost to be \$300 per hour. We have subsequently increased the cost estimate by \$100 since our last estimate provided to OMB for Regulation 13D based on our consultations with several registrants and law firms and other persons who regularly assist registrants in preparing and filing with the Commission. We are therefore increasing our estimated cost of outside professionals to \$400 per hour.

For purposes of the Paperwork Reduction Act, we estimate the proposed amendments would increase the number of Form D filings by five percent, or approximately 1,500 filings. The portion of the burden carried by outside professionals is reflected as a cost, while the portion of the burden carried by the company internally is reflected in hours. Accordingly, we estimate the proposed rules would incrementally increase the annual aggregate information collection burden under Form D by 1,500 hours of company personnel time (25% of the total burden) and \$1,800,000 for the services of outside professionals (75% of the total burden).

Based on the adjustment and the increased number of filings we estimate from the proposed amendments, we estimate that the annual compliance burden in the proposed collection of information requirements in hours for issuers making Form D filings will be an aggregate of 30,800 hours of company personnel time and \$36,960,000 for the services of outside professionals per year.

The estimated cost burden is solely for purposes of the Paperwork Reduction Act and is not derived from a comprehensive or even a representative survey of the costs of the Commission rules and forms.

14. Estimate of Cost to the Federal Government

The estimated cost of preparing the proposed amendments is approximately \$50,000.

15. Explanation of Changes in Burden

The table below illustrates the changes in cost and hour burdens from the burden estimates currently approved by OMB. Columns (A) and (B) represent the total hour and cost burden estimates for the form under the proposed rules. Columns (C) and (D) represent the previous burden estimates most recently submitted to OMB. Columns (E) and (F) represent the change in burden from the previous estimates. Columns (G) and (H) represent the incremental hour and cost burden under the proposed rules. Columns (I) and (J) represent the adjustment, which encompasses any change in burden that is not attributable to the proposed rules.

Requested Burdens		Current Burden		Change in Burden		Program Change		Adjustment	
Burden Hours	Cost	Burden Hours	Cost	Burden Hours	Cost	Burden Hours	Cost	Burden Hours	Cost
(A)	(B)	(C)	(D)	(E)=(A)-(C)	(F)=(B)-(D)	(G)	(H)	(I)=(A)-(C)-(G)	(J)=(B)-(D)-(H)
30,800	\$36,960,000	17,500	\$15,750,000	13,300	\$21,210,000	1,500	\$1,800,000	11,800	19,410,000

Explanation of Changes in Burden in Form D

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.