

SUPPORTING STATEMENT FOR FORM 3, FORM 4, AND FORM 5

This submission, pursuant to the Paperwork Reduction Act of 1995, 44 U.S.C. Section 3501 et seq.

A. Justification

1. Necessity of Information Collection

Pursuant to Section 16(a) of the Securities Exchange Act of 1934 (“Exchange Act”), directors, officers and ten percent holders (“reporting persons”) of a company with Section 12 registered securities are required to file initial statements of beneficial ownership of their companies’ equity securities on Form 3. Form 3 must be filed within ten days after the event by which the person becomes a reporting person. Form 4 is used by reporting persons after the end of the month to indicate changes in beneficial ownership and must be filed before the end of the second business day following the day on which a transaction resulting in a change in beneficial ownership has been executed. Finally, Form 5 is used by reporting persons as an annual statement of beneficial ownership of securities and must be filed on or before the 45th day after the end of the company’s fiscal year end.

Congress enacted Section 16 in 1934 to combat the many abuses of insider trading. Congress also updated the Section 16 reporting requirements through the Sarbanes-Oxley Act of 2002. Congress found evidence of officers, directors, and major shareholders who manipulated stock prices and profited from information at their disposal. The section was intended to be a defense to curb such abuses through disclosure and short-swing profit recovery.

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

The principal function of the Commission’s forms and rules under the disclosure provisions of the federal securities laws is to make information available to the securities market. Moreover, the information required by the Commission permits verification of compliance with securities law requirements and assures the public availability and dissemination of such information. The Commission uses little of the collected information itself (except on an occasional basis in the enforcement of the securities laws). In this respect, these information collections differ significantly from most other federal information collections that are primarily used for the benefit of the collecting agency.

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

The Commission requires the electronic filing of Forms 3, 4 and 5 through the Electronic Data Gathering and Retrieval (EDGAR) computerized filing system.

4. Effort to Identify Duplication

We are not aware of any rules that conflict with or completely duplicate the amended rules, although some of the reporting requirements may overlap with Form 144 and Schedule 13D and 13G reporting requirements.

5. Effect on Small Entities

Only reporting persons of small entities that have securities registered under Exchange Act Section 12 are subject to the information collection requirements of Forms 3, 4, and 5. The amendment to Rule 16a-1 would affect foreign institutions and therefore should not have an effect on small entities.

6. Consequences of Less Frequent Collection

The amendments will slightly reduce the collection of information on Forms 3 and 4 for certain foreign institutions. The reduction in the information collection should not harm investors as similar information regarding the foreign institutions will continue to be available on Schedules 13D or 13G.

7. Inconsistencies with Guidelines in 5 CFR 1320.6

Not applicable.

8. Consultations Outside the Agency

The amendment to Rule 16a-1, and the corresponding reduction in the collection of information on Forms 3 and 4, was proposed for public comment. No estimate regarding a reduction in Form 5 was made. No comments were received on these requests during the 45-day comment period prior to OMB's review of these submissions.

9. Payment or Gift to Respondent

Not applicable.

10. Assurances of Confidentiality

Forms 3, 4 and 5 are public documents.

11. Sensitive Questions

Not applicable.

12. Estimate of Respondent Reporting Burden

The amendment to Rule 16a-1 will allow certain foreign institutions to exclude from 10 percent beneficial ownership calculations the securities they hold for the benefit of third parties or in customer or fiduciary accounts in the ordinary course business, without the purpose or

effect of changing control of the issuer, nor in connection with or an a participant in any transaction that has such a purpose or effect. The amendment will exempt certain foreign institutions from Section 16(a) reporting.

Form 3 is filed by approximately 29,000 insiders annually and it takes approximately .50 hours to prepare for a total 14,500 annual burden hours. We estimate that the amendment will reduce the number of Form 3 filers by three respondents, which will reduce the incremental burden by .5 hours per filer, or 1.5 total hours. We calculate this figure in the following manner: $14,500 \text{ hours} / 29,000 \text{ filers} = .5 \text{ hours reporting burden per filer}$; $.5 \text{ hours per filer} \times 3 \text{ filers} = 1.5 \text{ total hours}$.

Form 4 is filed by approximately 225,000 insiders annually and it takes approximately .50 hours to prepare for a total of 112,500 annual burden hours. The estimates account for one Form 4 filing per year. We estimate that the amendment will reduce the number of Form 4 filings by 3 filings, which will reduce the incremental burden by .5 hours per filing, or 1.5 total hours. We calculate this figure in the following manner: $112,500 \text{ hours} / 225,000 \text{ filings annually} = .5 \text{ hours reporting burden per filing}$; $.5 \text{ hours per filer} \times 3 \text{ filers} = 1.5 \text{ total hours}$.

The prior estimates for Form 5 are not affected. Form 5 is filed by approximately 9,000 insiders annually and takes approximately one hour to prepare for a total of 9,000 annual burden hours.

13. Estimate of Total Annualized Cost Burden

Our burden estimates do not include an annual cost estimates because we believe that Forms 3, 4 and 5 are generally prepared by the filer or by corporate counsel as opposed to outside counsel.

14. Estimate of cost to the Federal Government

The estimated cost to the government is approximately \$50,000 a year to administer Forms 3, 4, and 5. This estimate is solely for purposes of the Paperwork Reduction Act and is not derived from a comprehensive or even a representative survey or study of the cost of Commission rules and forms.

15. Explanation of Changes in Burden

As stated in Items 12-13, the amendment would decrease the reporting burden for Form 3 by 1.5 hours and Form 4 by 1.5 hours. The amendment would not affect the cost.

16. Information Collections Planned for Statistical Purposes

Not applicable.

17. Explanation as to Why Expiration Date Will Not Be Displayed

Not applicable.

18. Exception to Certification

Not applicable.

B. Collection of Information Employing Statistical Methods

Not applicable.