

SUPPORTING STATEMENT
FOR THE PAPERWORK REDUCTION ACT SUBMISSION FOR A CURRENT
INFORMATION COLLECTION

“ELECTRONIC DATA COLLECTION SYSTEM”

Justification

1. Circumstances Making the Collection of Information Necessary

The Securities and Exchange Commission (“Commission”) is designing a new Electronic Data Collection System (the “Database”) for the receipt, collection and analysis of tips, complaints and referrals (“tips”). An individual wishing to provide the Commission with information regarding an alleged violation of the federal securities laws may elect to submit information through the Database.

The first phase of the Database was released as a pilot program in March 2011. The Commission expects that the final version of the Database will be released in the Fall of 2011. The public interface to the Database is available using the agency’s [Tips, Complaints and Referrals Portal](#).

2. Purpose and Use of the Information Collection

The information in the Database will provide the ability for the SEC to review and respond promptly and appropriately to information provided by the general public. In particular, the Database will: (i) provide a simple, easy-to-use and convenient medium for individuals to provide tips to the Commission; (ii) increase the likelihood that individuals will provide essential, relevant information regarding their tips; (iii) allow the Commission to collect relevant information regarding tips more effectively and efficiently (compared to information provided in hard-copy); and (iv) allow the Commission to evaluate and analyze information regarding tips more effectively and efficiently.

The information collected will primarily be used 1) to determine individuals and entities to investigate or examine for potential securities laws violations; 2) for analysis to identify trends in tips and complaints to highlight areas of risk; and 3) to identify patterns in behavior of securities laws violators to discover other potential violators. The Database will also be used throughout the Commission as a source of information for other Commission functions including informing policy, helping on registration requests, and evaluation of required filings among others.

3. Consideration Given to Information Technology

The Database will be an e-filed dynamic report based on current technology. Based on initial information provided by an individual submitting a tip (e.g., the nature of alleged violation

or the characteristics of the persons or entities involved in the alleged violations), the Database will pre-populate certain data fields and will determine the appropriate additional questions to elicit relevant information regarding the tip. Pre-populating the answers to the questions reduces burden and alleviates the need to enter a response to every question. The information collection is voluntary.

4. Duplication of Information

There is no other collection instrument available to collect the information necessary to meet the purposes described in item 2 above.

5. Reducing the Burden on Small Businesses

The burden of compliance with the information collection requirement does not impact small businesses or other small entities.

6. Consequences of Not Requiring Collection

Without this database, the SEC will not have timely information to review and respond promptly to information provided by the general public. The information specified in the complaint database is needed in order for the agency to determine whether the tips and related allegations (i) are credible; (ii) indicate a potential violation of the federal securities laws, and (iii) should be investigated further as well as for additional analyses consistent with the agency's overall mission and responsibilities.

7. Inconsistencies with Guidelines in 5 CFR 1320.8(d)

There are no special circumstances. This collection is consistent with the guidelines in 5 CFR 1320.8(d).

8. Consultations Outside the Agency

We have published the required Federal Register Notice allowing public comment. The Commission will review and consider any public suggestions or recommendations regarding the Database that are received during the pilot phase.

9. Payment or Gift to Respondents

There are no such gifts or payments to respondents.

10. Assurance of Confidentiality

The extent of confidentiality of information submitted to the Database by individuals may depend upon whether the individual elects to participate in the Commission's Whistleblower Program, which is soon to be established pursuant to provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. No. 11-203, H.R. 4173).

a. Information submitted by individuals not participating in the Whistleblower Program.

Individuals not participating in the Whistleblower Program who submit information to the Commission may request that their identities be held in confidence. Absent compelling cause, the Commission ordinarily does not disclose the identities of these persons. The Freedom of Information Act (5 U.S.C. 552(b)(7)(D)), and the Privacy Act of 1974 (5 U.S.C. 552a(k)(5)) permit agencies to withhold the identity of a confidential source. However, there may be circumstances in which disclosure will nonetheless be legally required or will be essential for the protection of the public interest. For example, in litigation a court may order disclosure, or the Commission may have to present a bounty claimant as a witness in order to assure the success of an enforcement action. Thus, while the Commission and its staff will give serious consideration to requests for confidentiality of identity, no guarantees of confidentiality are possible.

b. Information submitted by individuals participating in the Whistleblower Program.

For information collected by individuals participating in the Whistleblower Program, the information will not be made publicly available, except as provided by Section 21F(h)(2) of the Exchange Act. That provision states that, except as expressly provided:

[T]he Commission and any officer or employee of the Commission shall not disclose any information, including information provided by a whistleblower to the Commission, which could reasonably be expected to reveal the identity of a whistleblower, except in accordance with the provisions of section 552a of title 5, United States Code, unless and until required to be disclosed to a defendant or respondent in connection with a public proceeding instituted by the Commission [or certain specific entities listed in subparagraph (C) of Section 21F(h)(2)].

Section 21F(h)(2) also allows the Commission to share information received from whistleblowers with certain domestic and foreign regulatory and law enforcement agencies. However, the statute requires the domestic entities to maintain such information as confidential, and requires foreign entities to maintain such information in accordance with such assurances of confidentiality as the Commission deems appropriate.

11. Sensitive Questions

No questions will be asked that are of a personal or sensitive nature.

12. Estimate of Respondent Reporting Burden

The Commission anticipates that the burdens imposed by the Database will vary greatly depending on the complexity of the alleged violations that are the subject of the tip and the amount of information possessed by the individual submitting the tip. With that in mind, the Commission estimates the burdens as follows:

Estimated number of annual responses = 25,000

Estimated annual reporting burden = 12,500 hours (30 minutes per submission)

13. Estimate of Total Annualized Cost Burden

There are no costs associated with this information collection.

14. Estimate of Cost to Federal Government

The estimated cost to the government that includes contract cost, design, development and operations is \$ 3,240,000. This estimate is solely for purposes of the Paperwork Reduction Act.

15. Explanation of Changes in Burden

This is a new collection of information.

16. Information Collections Planned for Statistical Purposes

Not applicable. The information collected is not used for tabulation, statistical analysis or publication.

17. Display of OMB Approval Date

We request authorization to omit the expiration date on the electronic version of this database for design and web development scheduling reasons. The OMB control number will be displayed.

18. Exceptions to Certification

This collection complies with the requirements in 5 CFR 1320.9.