

**SUPPORTING STATEMENT  
FOR THE PAPERWORK REDUCTION ACT SUBMISSION FOR AN EXTENSION  
OF A CURRENT INFORMATION COLLECTION  
“REGULATION S-X”**

A. Justification

1. Necessity of Information Collection

Issuers of securities are required under the securities laws listed above to include financial statements in certain registration statements, periodic reports and other documents filed with the Securities and Exchange Commission (“Commission” or “SEC”). The SEC has the statutory authority to prescribe the form in which the required information will be set forth in the financial statements, the items to be shown in the balance sheet, earnings and cash flow statements, and the methods to be followed in the preparation of accounts, the determination of income, and the valuation of assets and liabilities. The SEC adopted Regulation S-X in 1940 to implement certain segments of this authority, and it has been updated and amended over the years. The regulation provides guidance as to the form and content of required financial statements and specifies the footnotes and schedules that should be included in or filed with the financial statements. It also addresses the qualifications of accountants, including their independence from audit clients, and the content of their audit reports on financial statements.

Regulation S-X, however, does not require the filing of financial statements. Rather, those forms and rules under the federal securities laws that do require financial statements refer to Regulation S-X for guidance in the preparation of such statements.

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

The principal function of SEC forms and rules under the securities laws’ disclosure provisions is to make information available to the securities markets. The SEC uses very 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 for the use and benefit of the collecting agency.

The information required to be filed with the Commission permits verification of compliance with securities law requirements and assures the public availability and dissemination of such information. Private contractors reproduce much of the filed information and provide it to private parties, and many other persons obtain information directly from the Commission’s public files. This information is needed by security holders, investors, brokers, dealers, investment banking firms, professional securities analysts and others in evaluating securities and making investment and voting decisions with respect to them.

Regulation S-X lays the foundation for financial statement presentations in SEC forms and rules. It assures the comparability and uniformity of financial information necessary for investment and corporate governance analysis. This regulation, therefore, is the core of the SEC's financial reporting system.

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

Retrieval of Regulation S-X is completed by using the [GPO Access e-CFR website](#).

4. Efforts to Identify Duplication

The Commission consistently seeks to identify duplicative private sector accounting standards. Regulation S-X incorporates or modifies the information prepared under generally accepted accounting principles ("GAAP") for use in filings with the Commission.

The SEC oversees and works closely with private sector organizations, such as the Financial Accounting Standards Board ("FASB"), to establish accounting standards. The FASB maintains the Accounting Standards Codification ("Codification"), which the Commission has recognized as GAAP. The FASB engages in a lengthy, deliberative process before issuing any updates to the Codification. The Commission often cannot wait until the completion of this process to take a position on a new accounting practice. The SEC may adopt a rule in Regulation S-X to address the practice before the FASB is able to consider it. After the Codification is amended, the Commission evaluates the amendment and determines whether the S-X rule remains necessary. If the Codification amendment and the related rule in Regulation S-X are duplicative, the SEC may rescind its rule in order to avoid confusion.

Not all of the rules in Regulation S-X, however, are in anticipation of pending action by the FASB. As noted above, these rules also supplement or clarify GAAP, including the Codification, for Commission registrants. These rules generally elicit financial information that, although not incorporated into GAAP, is in the opinion of the Commission material to decisions made by investors and shareholders.

In addition, Regulation S-X does not duplicate other federal collections of information. The information required by Regulation S-X is not available from other sources. Maintaining Regulation S-X as a uniform source of standards across multiple Commission filings helps protect against duplication within the Commission.

5. Effect on Small Entities

The Commission has taken several steps to lessen the impact of accounting and financial statement requirements on small entities. The Commission has adopted Regulations A and D, and certain scaled disclosure requirements in Regulation S-K and S-X, which reduce the reporting requirements for certain small issuers in terms of both the number of years for which there must be audited financial statements and the Commission's accounting rules that apply to small offerings.

6. Consequences of Less Frequent Collection

If the information were collected less frequently than currently required, investors and security holders would be unable to evaluate the performance and financial position of registrants on a timely basis and their ability to make investment and voting decisions would be hindered accordingly.

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

Issuers may be required to file financial statements that comply with Regulation S-X more often than quarterly, such as upon the offer and sale of securities or upon the acquisition of a business. However, under the Commission's integrated disclosure system, the financial statements of previously filed annual and quarterly reports typically are incorporated by reference into the filings related to the sale of securities.

The remainder of factors under this item are not applicable.

8. Consultations Outside the Agency

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

Over the years, each time the Commission has amended the specific rules within Regulation S-X, it has sought the advice of public commenters. These comments consistently have been helpful in addressing the practical impact of the rule proposals, the costs versus the benefits of such proposals, and additional recordkeeping that would be required by registrants if such proposals were adopted.

In addition, the Commission staff also meets periodically with the staffs of the FASB, various committees of the American Institute of Certified Public Accountants ("AICPA"), and the Public Company Accounting Oversight Board to discuss matters of mutual interest, including the Commission's accounting requirements. The Commission staff also periodically meets with representatives of the business community, including investors, registrants, and auditors, to discuss, among other things, the Commission's accounting and disclosure requirements. Topics discussed may include the availability of financial data, how frequently that data should be collected and reported, the clarity of the rules in Regulation S-X, and the recordkeeping, disclosure, reporting formats, and data elements to be reported and disclosed.

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality

Not applicable.

11. Sensitive Questions

Not applicable.

12. Estimate of Respondent Reporting Burden

Regulation S-X is the repository for rules regarding the form and content of the financial statements filed with the Commission. It, however, does not direct registrants to file such financial statements or to collect financial data. Regulation S-X merely indicates what should be in the financial statements and how such statements should be presented when they are required to be filed by other rules and forms under the federal securities laws. Because Regulation S-X does not require any information to be filed with the SEC, only one burden hour is assigned to cover incidental reading of the regulation.

13. Estimate of Total Annualized Cost Burden

To avoid double-counting, costs associated with the preparation of financial statements are assigned to the forms and rules that require those financial statements be filed with the Commission, and not to Regulation S-X. In the context of this submission, therefore, there are no costs to respondents assigned to Regulation S-X.

14. Estimate of Cost to the Federal Government

Annualized cost to the federal government should be negligible, consisting mostly of electronic storage for maintaining filings made through the EDGAR system. Again, however, the requirement to make these filings is not contained in Regulation S-X itself.

15. Explanation of Changes in Burden

Not applicable.

16. Information Collections Planned for Statistical Purposes

Not applicable.

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

Not applicable.

B. Collection of Information Employing Statistical Methods

Not applicable.