

**SUPPORTING STATEMENT FOR PROPOSED RULES
UNDER THE SECURITIES ACT OF 1933 AND SECURITIES EXCHANGE ACT
OF 1934**

This submission, pursuant to the Paperwork Reduction Act of 1995, 44 U.S.C. §3501, et seq., consists of this supporting statement and Securities Act Release No. 33-9199.

A. JUSTIFICATION

1. CIRCUMSTANCES MAKING THE INFORMATION COLLECTION NECESSARY

In Securities Act Release No. 33-9199, the Commission proposed new Rule 10C-1 under the Securities Exchange Act of 1934 (the “Exchange Act”),¹ and amendments to Item 407² of Regulation S-K.³ The new rule and rule amendments implement provisions of Section 952 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”), which added Section 10C to the Exchange Act. Section 10C requires the Commission to direct the exchanges, by rule, to adopt listing standards regarding independence requirements for compensation committee members, as well as listing standards relating to, among other things, the committee’s authority to retain or obtain the advice of compensation advisers, the committee’s responsibility for the appointment, compensation and work of any compensation adviser, and the committee’s consideration of specific independent factors identified by the Commission before selecting any compensation adviser. In addition, Section 10C(c)(2) requires each issuer to disclose in any proxy consent solicitation material for an annual meeting of shareholders, in accordance with Commission regulations, whether the issuer’s compensation committee retained or obtained the advice of a compensation consultant; whether the work of the compensation consultant has raised any conflict of interest; and, if so, the nature of the conflict and how the conflict is being addressed.

2. PURPOSE AND USE OF THE INFORMATION COLLECTION

The proposed amendments implement Section 10C of the Exchange Act as added by Section 952 of the Dodd-Frank Act. The proposals would direct the exchanges to prohibit the listing of equity securities of any issuer that does not comply with Section 10C’s compensation committee and compensation adviser requirements. Our proposed amendments would also require issuers to provide certain disclosures regarding their

¹ 15 U.S.C. 78a et seq.

² 17 CFR 229.407.

³ 17 CFR 229.10 et seq. The paperwork burden from Regulation S-K is imposed through the forms that are subject to the disclosures in Regulation S-K and is reflected in the analysis of those forms. To avoid a Paperwork Reduction Act inventory reflecting duplicative burdens, for administrative convenience, we estimate the burdens imposed by each of Regulation S-K to be a total of one hour.

compensation committee's use of compensation consultants and management of compensation consultant conflicts of interest.

3. CONSIDERATION GIVEN TO INFORMATION TECHNOLOGY

Responses to the proposed amendments to Item 407 of Regulation would appear in Schedules 14A and 14C. Schedules 14A and 14C are filed electronically with the Commission using the Commission's Electronic Data Gathering and Retrieval ("EDGAR") system.

4. DUPLICATION OF THE INFORMATION

The proposed disclosure would not duplicate, overlap, or conflict with other federal rules.

5. REDUCING THE BURDEN ON SMALL ENTITIES

We anticipate that the proposals will impose some costs on small entities in order to comply with the new listing standards and to collect, record and report the disclosures that we propose to require. Our existing disclosure rules require small entities to disclose information regarding any compensation consultant that plays a role in determining or recommending the amount and form of executive and director compensation in proxy and information statements. The additional information concerning compensation consultants that would be required under the proposals should be readily available to these small entities. Also, we believe that many small entities do not use the services of a compensation consultant, which would significantly minimize the impact of the reporting and recordkeeping requirements under the proposals on small entities. In addition, we believe that the impact of the proposals on small entities will be lessened because most aspects of the proposals apply only to listed issuers, and quantitative listing standards applicable to issuers listing securities on an exchange, such as market capitalization, minimum revenue, and shareholder equity requirements, will serve to limit the number of small entities that would be affected. We request comment in the proposing release on several alternatives that could minimize the burden on small entities, such as an exemption from any of the proposed disclosure requirements or using different compliance requirements or timetables for small entities.

6. CONSEQUENCES OF NOT CONDUCTING COLLECTION

The regulations and schedules set forth the disclosure requirements for proxy and information statements filed by issuers to help investors make informed investment and voting decisions. Less frequent collection would deprive investors to access of information that is important to their voting and investment decisions.

7. SPECIAL CIRCUMSTANCES

Not applicable.

8. CONSULTATIONS WITH PERSONS OUTSIDE THE AGENCY

The Commission has issued a proposing release soliciting comment on the new collection of information requirements and associated paperwork burdens. A copy of the proposing release is attached. In response to the solicitation for comments in the proposing release, registrants, investors, and other market participants provide comments. In addition, the Commission and staff participate in ongoing dialogue with representatives of various market participants through public conferences, roundtables and meetings. The Commission will consider all comments received prior to publishing the final rule as required by 5 CFR 1320.11(f). Interested persons can review comments at <http://www.sec.gov/comments/s7-13-11/s71311.shtml>.

9. PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

10. CONFIDENTIALITY

Responses to the proposed information collections will not be kept confidential.

11. SENSITIVE QUESTIONS

Not applicable.

12. and 13. ESTIMATES OF HOUR AND COST BURDENS

The proposed amendments would require, if adopted, additional disclosure in proxy or information statements filed on Schedule 14A or Schedule 14C relating to an annual meeting of shareholders (or a special meeting in lieu of an annual meeting) at which directors are to be elected and would increase the burden hour and cost estimates for each of those forms. We estimated the average number of hours a company would spend collecting the required information and preparing the disclosure. These estimates include the time and the cost of collecting the information, preparing and reviewing disclosure, filing documents, and retaining records. In deriving our estimates, we assumed that the burden hours of the proposed disclosure requirements would be comparable to the burden hours related to similar disclosure requirements under our current rules regarding compensation consultants (in which we estimated the average incremental disclosure burden to be three hours).

The table below shows the total annual compliance burden, in hours and in costs, of the collection of information pursuant to the proposed amendments to proxy and information statements and to Regulation S-K.⁴ The burden estimates were calculated by multiplying the estimated number of responses by the estimated average amount of time it would take an issuer to prepare and review the proposed disclosure requirements. The portion of the burden carried by outside professionals is reflected as a cost, while the portion of the burden carried by the issuer internally is reflected in hours. For purposes of the Paperwork Reduction Act analysis, we estimate that 75% of the burden of preparation of Schedules 14A and 14C is carried by the issuer internally and that 25% of the burden of preparation is carried by outside professionals retained by the issuer at an average cost of \$400 per hour. There is no change to the estimated burden of the collections of information under Regulation S-K because the burdens that this regulation imposes are reflected in our burden estimates for Schedules 14A and 14C.

Table 1. Incremental Paperwork Burden under the proposed amendments for Schedules 14A and 14C.

| | Number of responses (A) ⁵ | Incremental burden hours/form (B) | Total incremental burden hours (C)=(A)*(B) | Internal company time (D) | External professional time (E) | Professional costs (F)=(E)*\$400 |
|----------|--------------------------------------|-----------------------------------|--|---------------------------|--------------------------------|----------------------------------|
| Sch. 14A | 7,300 | 4 | 29,200 | 21,900 | 7,300 | \$2,920,000 |
| Sch. 14C | 680 | 4 | 2,720 | 2,040 | 680 | \$272,000 |
| Total | 7,980 | | 31,920 | 23,940 | 7,980 | \$3,192,000 |

14. COST TO FEDERAL GOVERNMENT

The estimated cost of preparing the proposed amendments was approximately \$75,000.

15. REASON FOR CHANGES IN BURDEN

The proposed amendments would increase existing burdens by requiring issuers to make additional disclosures of whether the issuer’s compensation committee (or another board committee performing similar functions) retained or obtained the advice of a compensation consultant; whether the work of the compensation consultant has raised any conflict of interest; and, if so, the nature of the conflict and how the conflict is being addressed.

Table 2 below illustrates the changes in cost and hour burdens from the burden estimates currently approved by OMB. Columns (A) and (B) represent the most recent burden estimates submitted to OMB. Columns (C) and (D) represent the new burden

⁴ For convenience, the estimated hour and cost burdens in the table have been rounded to the nearest whole number.

⁵ The number of responses reflected in the table equals the actual number of schedules filed with the Commission during the 2010 fiscal year.

estimates under the proposed amendments. Columns (E) and (F) represent the program change, which encompasses the change in the burden estimates attributable to the proposed amendments.

Table 2.⁶

| | Current Annual Time and Cost Burdens | | Change in Annual Time and Cost Burdens | | Program Change | |
|----------|--------------------------------------|--------------|--|--------------|------------------|-------------|
| | Burden Hours (A) | Cost (B) | Burden Hours (C) | Costs (D) | Burden Hours (E) | Cost (F) |
| Sch. 14A | 703,636 | \$84,204,277 | 725,536 | \$87,124,277 | 21,900 | \$2,920,000 |
| Sch. 14C | 65,764 | \$7,816,549 | 67,804 | \$8,088,549 | 2,040 | \$272,000 |

16. INFORMATION COLLECTIONS PLANNED FOR STATISTICAL PURPOSES

Not applicable.

17. DISPLAY OF OMB APPROVAL DATE

Not applicable.

18. EXCEPTIONS TO CERTIFICATION FOR PAPERWORK REDUCTION ACT SUBMISSIONS

Not applicable.

B. STATISTICAL METHODS

Not applicable.

⁶ Figures in Table 2 have been rounded to the nearest whole number.