

**SUPPORTING STATEMENT FOR FINAL RULES UNDER THE
SECURITIES ACT OF 1933,
SECURITIES EXCHANGE ACT OF 1934,
DODD-FRANK WALL STREET REFORM AND
CONSUMER PROTECTION ACT**

This supporting statement is part of a submission under the Paperwork Reduction Act of 1995, 44 U.S.C. §3501, et seq.

A. JUSTIFICATION

1. CIRCUMSTANCES MAKING THE COLLECTION OF INFORMATION NECESSARY

In Release No. 33-9245,¹ the Securities and Exchange Commission (the “Commission”) adopted amendments to certain rules and form requirements in light of Section 939A of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“the Act”). These amendments replace rule and form requirements under the Securities Act of 1933 and the Securities Exchange Act of 1934 for securities offering or issuer disclosure rules that rely on, or make special accommodations for, security ratings (for example, Forms S-3 and F-3 eligibility criteria) with alternative requirements.

The proposed amendments contain “collection of information” requirements within the meaning of the Paperwork Reduction Act of 1995. The titles for the collections of information contained by the proposed amendments are:²

“Form S-1” (OMB Control No. 3235-0065) ;
“Form S-3” (OMB Control No. 3235-0073);
“Form F-1” (OMB Control No. 3235-0258);
“Form F-3” (OMB Control No. 3235-0256);
“Form F-9” (OMB Control No. 3235-0377)³; and
“Form F-10” (OMB Control No. 3235-0380).

2. PURPOSE AND USE OF THE INFORMATION COLLECTION

The purpose of the collections of information is to replace rule and form requirements under the Securities Act of 1933 and the Securities Exchange Act of 1934 for securities

¹ Security Ratings, Release No. 33-9245 (July 27, 2011) [76 FR 46603].

² Although the amendments include revisions to Form S-4, Form F-4 and Schedule 14A, the Commission does not anticipate any changes to the reporting burden or cost burdens associated with these forms, or the number of respondents as a result of the proposed amendments.

³ The Commission has rescinded Form F-9, which eliminates this as a title for the collection of information effective December 31, 2012.

offering or issuer disclosure rules that rely on, or make special accommodations for, security ratings (for example, Forms S-3 and F-3 eligibility criteria) with alternative requirements.

3. CONSIDERATION GIVEN TO INFORMATION TECHNOLOGY

The collection of information requirements of the amendments will be set forth in Form S-1, Form S-3, Form F-1, Form F-3 and Form F-10.⁴ These forms and schedules are filed electronically with the Commission using the Commission's Electronic Data Gathering, Analysis and Retrieval system.

4. DUPLICATION OF INFORMATION

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

5. REDUCING THE BURDEN ON SMALL ENTITIES

We anticipate that the amendments will result in a net decrease in the burdens and costs for companies that would be subject to the proposed amendments. We are not aware of any issuers that currently rely on the rules or any issuers that would be eligible to register under the affected rules that is a small entity, however. In this regard, we note that credit rating agencies rarely, if ever, rate the securities of small entities. We further note most security ratings are obtained and used by the issuer. For these reasons, the amendments should not have a significant economic impact on small entities.

6. CONSEQUENCES OF NOT CONDUCTING COLLECTION

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

7. SPECIAL CIRCUMSTANCES

Not applicable.

8. CONSULTATIONS WITH PERSONS OUTSIDE THE AGENCY

The Commission previously issued a proposing release soliciting comment on the new "collection of information" requirements and associated paperwork burdens.⁵ In

⁴ The Commission has rescinded Form F-9, which eliminates the collection of information for that form effective December 31, 2012.

⁵ Security Ratings, Release No. 33-9186 (Feb. 9, 2011) [76 FR 8946].

response to the solicitation for comment in the proposing release, registrants, investors, and other market participants provided comments. The public can review the comments at <http://www.sec.gov/comments/s7-18-08/s71808.shtml>.

Some commentators believed that our estimates in the proposing release understated the number of companies that would no longer be eligible under the proposals.⁶ One commentator reviewed data from March 2008 to March 2011 in the utility industry and believed that at least 60 utility companies would no longer have been eligible to use Form S-3 or Form F-3 over that three year period.⁷ One commentator believed the potential number of utility companies who would lose eligibility may have been understated because utility companies did not make offerings due to market conditions.⁸ Another commentator believed that our PRA figures were “way off” because there are “far more S-1, S-3, F-1 and F-3 filings” than described in the release, although the commentator did not provide any additional data.⁹ We believe the changes we have made to the proposals will reduce the number of currently eligible issuers that would no longer be eligible to use Form S-3 and Form F-3, particularly utility companies. Our PRA estimates reflect the expected impact of the final rules.

In addition to soliciting comments from the public in the proposing release, the Commission and staff participate in ongoing dialogue with representatives of various market participants through public conferences, roundtables and meetings.

9. PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

10. CONFIDENTIALITY

Not applicable.

11. SENSITIVE QUESTIONS

Not applicable.

12. AND 13. ESTIMATES OF HOUR AND COST BURDENS

The Commission expects that under the amendments, the number of companies in a 12-month period eligible to register on Form S-3 or Form F-3 for primary offerings of non-

⁶ See letters from Securities Industry and Financial Markets Association (SIFMA), Entergy Services, Inc. (Entergy) and Edison Electric Institute.

⁷ See letter from SIFMA.

⁸ See letter from Entergy.

⁹ See letter from John W. Chang.

convertible securities, other than common equity, for cash will increase by approximately four issuers for Form S-3 and one issuer for Form F-3. The Commission expects that the issuers filing on Form S-1 and F-1 will decrease by the same amounts.

In addition, because these amendments relate to eligibility requirements, rather than disclosure requirements, the Commission does not expect that the revisions adopted will impose any new material recordkeeping or information collection requirements. Issuers may be required to ascertain the aggregate principal amount of non-convertible securities, other than common equity, issued or outstanding that were issued in registered primary offerings for cash, but the Commission believes that this information should be readily available and easily calculable.

The Commission is also rescinding Form F-9, which is the form used by qualified Canadian issuers to register investment grade securities. Because of Canadian regulatory developments, the Commission no longer believes that keeping Form F-9 as a distinct form would serve a useful purpose. In addition, Canadian issuers have infrequently used Form F-9. As a result of the rescission of Form F-9, the Commission believes there would be an additional six filers on Form F-10.¹⁰ The Commission does not believe that the burden of preparing Form F-10 will change (though the number of respondents will increase) because the information required by Form F-10 is substantially the same as that required by Form F-9, and the requirements of Form F-10 are not changing.

The Commission estimates that there will be no annual incremental increase in the paperwork burden for issuers to comply with the collection of information requirements. The Commission does estimate, however, that the number of respondents on Forms S-3, F-3 and F-10 will increase as a result of the amendments. As a result, the aggregate burden hour and professional cost numbers will increase for those forms due to the additional number of respondents. The Commission also expects that the number of respondents will decrease for Forms S-1 and F-1, which will reduce the aggregate burden hour and professional costs for those forms. These estimates represent the average burden for all companies, both large and small. For each estimate, the Commission calculates that 25% of the burden will be carried by the company internally, and 75% will be carried by outside professionals retained by the company. The portion of the burden carried by the company internally is reflected in hours, while the portion of the burden carried by outside professionals retained by the company is reflected as a cost. The Commission estimates these costs to be \$400 per hour. A summary of the changes is included in the table below.

¹⁰ Based on a review of Commission filings, since January 1, 2007, only 22 issuers have filed on Form F-9. As a result, the Commission estimates that over a 12-month period, approximately six additional Form F-10s will be filed.

Table 1: Calculation of Incremental PRA Burden Estimates

	Current Annual Responses (A)	Estimated Annual Responses (B)	Current Burden Hours (C)	Increase/(Decrease) in Burden Hours (D)	Estimated Burden Hours (E) =C+D	Current Professional Costs (F)	Increase/(Decrease) in Professional Costs (G)	Estimated Professional Costs =F+G (H)
Form S-1	768	764	186,687	(972)	185,715	\$224,024,000	(\$1,166,792)	\$222,857,208
Form S-3	2,065	2,069	243,927	472	244,399	\$292,711,500	\$566,996	\$293,278,496
Form F-1	42	41	18,975	(452)	18,523	\$22,757,400	(\$541,843)	\$22,215,557
Form F-3	106	107	4,426	42	4,468	\$5,310,600	\$50,100	\$5,360,700
Form F-10	75	81	469	36	505	\$562,500	\$45,000	\$607,500
Total				(874)			(\$1,046,539)	

To calculate the increase or reduction in burden hours, we divided the current burden hours (Column C) by the current number of annual responses (Column A) to arrive at the current burden hours per response (C/A = current burden hours per response). We then took that number and multiplied it by the estimated number of annual responses (Column B) to arrive at the estimated burden hours (Column E) (current burden hours per response x B = E). To calculate the increase or reduction in professional costs, we divided the current professional costs (Column F) by the current number of annual responses (Column A) to arrive at the current professional costs per response (F/A = current professional costs per response). We then took that number and multiplied it by the estimated annual responses (Column B) to arrive at the estimated professional costs (Column H) (current professional costs per response x B = H).

14. COSTS TO FEDERAL GOVERNMENT

We estimate that the cost of preparing the amendments was approximately \$50,000.

15. REASON FOR CHANGE IN BURDEN

The Commission estimates that there will be no annual incremental increase in the paperwork burden for issuers to comply with the collection of information requirements. The Commission does estimate, however, that the number of respondents on Forms S-3, F-3 and F-10 will increase as a result of the amendments. As a result, the aggregate burden hour and professional cost numbers will increase for those forms due to the additional number of respondents. The Commission also expects that the number of respondents will decrease for Forms S-1 and F-1, which will reduce the aggregate burden hour and professional costs for those forms.

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 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 2:¹¹

	Current Burden		Change in Burden		Program Change	
	Burden Hours (A)	Professional Costs (B)	Proposed Burden Hours (C)	Proposed Professional Costs (D)	Increase/(Decrease) in Burden Hours (E)	Increase/(Decrease) in Professional Costs (F)
Form S-1	186,687	\$224,024,000	185,715	\$222,857,208	(972)	(\$1,166,792)
Form S-3	243,927	\$292,711,500	244,399	\$293,278,496	472	\$566,996
Form F-1	18,975	\$22,757,400	18,523	\$22,215,557	(452)	(\$541,843)
Form F-3	4,426	\$5,310,600	4,468	\$5,360,700	42	\$50,100
Form F-10	469	\$562,500	505	\$607,500	36	\$45,000
Total					(874)	(\$1,046,539)

16. INFORMATION COLLECTION PLANNED FOR STATISTICAL PURPOSES

Not applicable.

17. DISPLAY OF OMB APPROVAL DATE

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

18. EXCEPTIONS TO CERTIFICATION FOR PAPERWORK REDUCTION ACT SUBMISSIONS

Not applicable.

B. STATISTICAL METHODS

Not applicable.

¹¹ Figures in Table 2 have been rounded to the nearest whole number.