

## SUPPORTING STATEMENT FOR FORM D

### A. JUSTIFICATION

#### 1. Circumstances Making the Collection of Information Necessary

The Securities Act of 1933 (the “Securities Act”) requires that a registration statement be filed with the Commission disclosing prescribed information before securities may be offered for sale to the public. The securities cannot be sold to the public until the registration statement becomes effective. In addition, prospective investors must be furnished a prospectus containing the most significant information in the registration statement. Congress, however, recognized that there are certain situations where there is no practical need for registration or where the public benefits derived from registration are too remote. Accordingly, a number of exemptions to the registration requirements are contained in the Securities Act. The exemptions that small businesses most typically rely on are those provided by Section 3(b) and 4(a)(2).

The Commission is authorized under Section 3(b) of the Securities Act to exempt securities from registration if it finds that registration for these securities is not necessary in the public interest or for the protection of investors because of the small amount involved or the limited character of the public offering. Section 4(a)(2) of the Securities Act exempts transactions by an issuer not involving any public offering. Pursuant to this authority, the Commission has adopted various rules (collectively “Regulation D”) establishing several small issues or limited offering exemptions from the registration requirements of Securities Act. The rules provide exemptions for offerings that are limited in the type and number of investors as well as for those limited in dollar amount.

For all Regulation D offerings, Form D must be filed with the Commission no later than 15 days after the first sale of securities in the offering. The Form D is a simple notice that provides certain information about the issuer and the offering.

#### 2. Purposes and Use of the Information Collection

An important purpose of the notice is to collect empirical data, which provides a continuing basis for action by the Commission either in terms of amending existing rules and regulations or proposing new ones. Further, the Form allows the Commission to elicit information necessary in assessing the effectiveness of Regulation D and Section 4(a)(5) as capital-raising devices for small businesses.

#### 3. Consideration Given to Information Technology

Form D is filed using the Commission’s electronic filing system.

4. Duplication of Information

There is no public source for the information provided on Form D.

5. Reducing the Burden on Small Entities

Regulation D is a comprehensive set of exemptions from registrations relating to small issues and small issuers. Regulation D was designed to simplify and clarify existing exemptions and to expand their availability to small issuers.

6. Consequences of Not Conducting Collection

The purpose of collecting Form D information is to provide small businesses with an avenue to offer and sell securities without incurring the costs and burdens traditionally associated with full registration under the Securities Act. As a result, this provides the public with the necessary information to make sound investment decisions when planning their financial futures.

7. Special Circumstances

No special circumstances at this time.

8. Consultations with Persons Outside the Agency

Form D was proposed for public comment. No comments were received during the 60-day comment period prior to OMB's review.

9. Payment or Gift to Respondents

Not applicable.

10. Confidentiality

Not applicable.

11. Sensitive Questions

No information of a sensitive nature is required.

12. Estimate of Respondent Reporting Burden

Form D takes approximately 4 hours per response to prepared and is filed by 25,000 issuers annually. We estimate that 25% of the 4 hours per response (1 hour) is prepared by the issuer for an annual reporting burden of 25,000 hours (1 hour per response x 25,000 responses). The estimated burden hours are made solely for the purposes of the Paperwork Reduction Act.

13. Estimate of Total Annualized Cost Burden

We estimate that 75% of the 4 hours per response (3 hours) is prepared by outside counsel. We estimate the law firm cost to be \$400 per hour (\$400 per hour x 3 hours per response x 25,000 responses) for a total cost burden of \$30,000,000. The estimated cost burden is made solely for purposes of the Paperwork Reduction Act. The cost burden is not derived from a comprehensive or even a representative survey of the costs of Commission rules and forms.

14. Costs to Federal Government

There is no information readily available to estimate the cost to the federal government. However, Form D is an electronically filed notice and we believe the cost to the federal government is minimal.

15. Reason for Change in Burden

No change in burden at this time.

16. Information Collections Planned for Statistical Purposes

The information collection is not used for statistical purposes.

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. Exception to Certification for Paperwork Reduction Act Submissions

Not applicable.

B. Statistical Methods

Not applicable.