

SUPPORTING STATEMENT FOR REGULATION FD-FAIR DISCLOSURE

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

The Commission adopted Regulation FD to address the issue of companies' selective disclosure of material nonpublic information to those who would reasonably be expected to trade securities on the basis of the information or provide others with advice about securities trading. The regulation provides that when an issuer, or person acting on its behalf, discloses material nonpublic information to certain enumerated persons (such as, securities market professionals and holders of the issuer's securities who may well trade on the basis of the information), it must make public disclosure of that information. The timing of the required public disclosure depends on whether the selective disclosure was intentional or non-intentional; for an intentional selective disclosure, the issuer must make public disclosure simultaneously; for non-intentional disclosure, the issuer must make public disclosure promptly. Under the regulation, Form 8-K may be used to file or furnish the required public disclosure, or the company can rely on another method or combination of methods that are reasonably designed to effect broad, non-exclusionary distribution of the information to the public.

2. Purposes and Use of the Information Collection

The purpose of Regulation FD is to require: (1) an issuer that intentionally discloses material information, to do so through public disclosure, not selective disclosure; and (2) an issuer that learns that it has made non-intentional material selective disclosure, to make prompt public disclosure of that information. The Commission believes that the practice of selective disclosure leads to a loss of investor confidence in the integrity of our capital markets. Investors who see a security price change dramatically and only later are given access to the information responsible for that move rightly question whether they are on a level playing field with market insiders. Also, Regulation FD is designed to address another threat to the integrity of our markets: the potential for corporate management to treat material information as a commodity to be used to gain or maintain favor with particular analysts or investors. Finally, the Commission has provided several methods by which issuers can comply with Regulation FD, such as press releases, Internet web casting and teleconferencing.

3. Consideration Given to Information Technology

The Commission has provided many methods for issuers to comply with Regulation FD – these include, but are not limited to, filing Form 8-K using the Commission's EDGAR system. Also, issuers may use press releases, teleconferences, and the Internet as means of communicating material information to the investing public.

4. Duplication of Information

There are no other public sources for the information.

5. Reducing the Burden on Small Entities

Regulation FD impacts small entities. Regulation FD's "public disclosure" requirement provides issuers, including small entity issuers, flexibility in how to disseminate information so that they have the freedom to select the method of public disclosure that best suits their business operations and that minimizes burdens on their operations.

6. Consequences of Not Conducting Collection

Regulation FD does not require the issuer to make a certain number of public disclosures by filings or other means. The timing and frequency of public disclosure of material information pursuant to Regulation FD is largely within the control of the issuer.

7. Special Circumstances

No special circumstances at this time.

8. Consultations With Persons Outside the Agency

Regulation FD was proposed for public comment. No comments were received during the 60-day comment period prior to OMB approval.

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

We estimate that approximately 13,000 issuers make Regulation FD disclosures approximately five times a year for a total of 58,000 submissions annually, not including an estimated 7,000 Forms 8-K filed to comply with Regulation FD. We estimate that 25% of the 5 hours per response (1.25 hours) is prepared by the issuer for an annual reporting burden of 72,500 hours (58,000 responses x 1.25 hours). The estimated burden hours are made solely for purposes of the Paperwork Reduction Act.

13. Estimate of Total Annualized Cost Burden

Regulation FD – The remaining 75% of the 5 hours per response (3.75 hours) is prepared outside the company. We estimate the law firm cost to be \$400 per hour (\$400 per hour x 3.75 hours per response x 58,000 responses) for a total cost burden of \$87,000,000. 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 or study of the costs of Commission rules and forms.

14. Costs to Federal Government

The estimated cost to the federal government of developing Regulation FD was \$100,000.

15. Reason for Change in Burden

No change in burden at this time.

16. Information Collections 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.

B. Statistical Methods

Not applicable.