

**SUPPORTING STATEMENT FOR FINAL RULES
UNDER THE SECURITIES ACT OF 1933 AND THE 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 the following attachments:

- A. Statutory Authority
- B. Adopting Release (Release No. 33-9330)

A. JUSTIFICATION

1. CIRCUMSTANCES MAKING THE COLLECTION OF INFORMATION NECESSARY

On June 20, 2012, the Securities and Exchange Commission (the “Commission”) adopted new Rule 10C-1 under Securities Exchange Act of 1934 (the “Exchange Act”), and amendments to Item 407¹ of Regulation S-K² to implement Section 952 of the Dodd-Frank Act Wall Street Reform and Consumer Protection Act of 2010, which added Section 10C to the Exchange Act. Section 10C requires the Commission to adopt rules directing the national securities exchanges and national securities associations (collectively, the “exchanges”) to adopt listing standards with respect to compensation committees and compensation advisers. Section 10C also requires the Commission to adopt new disclosure rules concerning the use of compensation consultants and related conflicts of interest. The titles for the collection of information are:

- Regulation 14A and Schedule 14A (OMB Control No. 3235-0059);
- Regulation 14C and Schedule 14C (OMB Control No. 3235-0057); and
- Regulation S-K (OMB Control No. 3235-0071).³

2. PURPOSE AND USE OF THE INFORMATION COLLECTION

The purpose of the information collection is to implement Section 10C of the Exchange Act. The rule amendments will require issuers to provide certain disclosures in their proxy or information statements regarding their use of compensation consultants and how they address compensation consultant conflicts of interest.

¹ 17 CFR 229.407.

² 17 CFR 229.10 et al.

³ The paperwork burden from Regulation S-K is imposed through the forms and schedules that are subject to the disclosure requirements in Regulation S-K and is reflected in the analysis of these documents. To avoid a Paperwork Reduction Act inventory reflecting duplicative burdens, for administrative convenience we estimate the burden imposed by Regulation S-K to be a total of one hour.

3. CONSIDERATION GIVEN TO INFORMATION TECHNOLOGY

The collection of information requirements of the amendments will be set forth in Schedules 14A and 14C. These 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 substantially duplicate, overlap, or conflict with the amendments.

5. REDUCING THE BURDEN ON SMALL ENTITIES

Exchange Act Rule 10C-1 directs the exchanges to prohibit the listing of the equity securities of any issuer that does not comply with Section 10C's compensation committee and compensation adviser requirements. Rule 10C-1 will not impose any reporting or recordkeeping obligations on the exchanges, or any issuers with equity securities listed on an exchange. In addition, smaller reporting companies are exempted from the requirements of the rule. We do not believe the new rule will have a significant impact on small entities because the listing requirements will apply only to issuers that have equity securities listed on an exchange and that are not smaller reporting companies. The substantial majority of small entities are not listed on an exchange but are quoted on the OTC Bulletin Board or the OTC Markets Group. Rule 10C-1 will not apply to the OTC Bulletin Board or the OTC Markets Group. Furthermore, Rule 10C-1 provides the exchanges the express authority to exempt particular categories of issuers from the requirements of Section 10C taking into account the potential impact of the requirements on smaller issuers.

We anticipate that the amendments to Regulation S-K will increase the burdens and costs for all companies that would be subject to the proposed amendments. Item 407 of Regulation S-K already requires reporting companies to discuss the role played by compensation consultants in determining or recommending the amount or form of executive and director compensation, including the nature and scope of their assignment and the material elements of the instructions or directions governing their performance under the engagement. The amendments to Item 407 will require disclosure of whether a compensation consultant's work has raised a conflict of interest, the nature of the conflict, and how the conflict is being managed. The amendments will increase costs for reporting companies to the extent that a company uses a compensation consultant in determining executive or director compensation. Although the preparation and review of the required disclosures will likely involve multiple parties, issuers (including small entities) should not have to incur significant additional costs given the incremental nature of the newly required disclosure.

6. CONSEQUENCES OF NOT CONDUCTING COLLECTION

Regulation S-K and Schedules 14A and 14C set forth the disclosure requirements for 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 has issued a proposing release soliciting comment on the new collection of information requirements and associated paperwork burdens. In response to the solicitation for comment in the proposing release, registrants, investors, and other interested parties provided comments on the proposing release. The Commission considered all comments received prior to publishing the final rule as required by 5 CFR 1320.11(f). The comments are available at <http://www.sec.gov/comments/s7-13-11/s71311.shtml>.

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

We have revised the PRA burden and cost estimates for the amendments that were originally submitted to the OMB in connection with the proposed rules. In response to comments on the proposals, we have made modifications to the amendments that will reduce the compliance burden on issuers. We derived our new burden hour and cost estimates by estimating the total amount of time it would take a company to prepare and review the information collections contained in the final rules. This estimate represents the average burden for all companies.

The final rule amendments to Item 407 of Regulation S-K will require additional disclosure in proxy or information statements filed on Schedule 14A or Schedule 14C of whether the work of a compensation consultant that has played any role in determining or

recommending the amount or form of executive and director compensation, with certain exceptions, has raised a conflict of interest, and, if so, the nature of the conflict and how the conflict is being addressed.

In deriving our estimates, we assumed that the burden hours of the amendments would be comparable to the burden hours related to similar disclosure requirements under existing reporting requirements. These estimates include the time and the cost of collecting the required information, preparing and reviewing responsive disclosure, and retaining records. We estimate that the amendments would impose an average of two incremental burden hours per issuer. Our estimates, as well as their reasonableness, were presented to the public for consideration, and we received no alternative burden hour or cost estimates in response.

The table below shows the total annual compliance burden, in hours and in costs, of the collection of information pursuant to the final amendments to Item 407 of Regulation S-K. For convenience, the estimated hour and cost burdens in the table have been rounded to the nearest whole number. 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 adopted 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 PRA, 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. Estimated incremental paperwork burden under the final rules for Schedules 14A and 14C.

	Number of responses (A)	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	2	14,600	10,950	3,650	\$1,460,000
Sch. 14C	680	2	1,360	1,020	340	\$ 136,000
Total	7,980		15,960	11,970	3,990	\$1,596,000

14. COSTS TO FEDERAL GOVERNMENT

The estimated cost of preparing the amendments was approximately \$150,000.

15. REASON FOR CHANGE IN BURDEN

We anticipate that the amendments will increase the burdens and costs for U.S. companies. The amendments will require issuers to disclose whether the work of a compensation consultant that has played any role in determining or recommending the amount or form of executive and director compensation, with certain exceptions, has raised a 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 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 2:⁴

	Current Burden		New Burden		Program Change	
	Burden Hours (A)	Cost (B)	Burden Hours (C)	Costs (D)	Burden Hours (E)	Cost (F)
Sch. 14A	703,636	\$84,204,277	714,586	\$85,664,277	10,950	\$1,460,000
Sch. 14C	65,764	\$7,816,549	66,784	\$7,952,549	1,020	\$136,000

16. INFORMATION COLLECTION 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.

⁴ Figures in Table 2 have been rounded to the nearest whole number.