

## SUPPORTING STATEMENT FOR REGULATION 14N AND SCHEDULE 14N

### A. JUSTIFICATION

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

Regulation 14N sets forth the requirements for filings required to be made by certain nominating shareholders on Schedule 14N. Schedule 14N requires the filing of certain information with the Commission by shareholders who submit, for inclusion in a company's proxy materials, nominees for director pursuant to applicable state or foreign law, or a company's governing documents.

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

Schedule 14N provides notice to the company of the intent of a shareholder or group of shareholders to require the company to include that shareholder's or group's nominee or nominees for director in the company's proxy materials. The shareholder notice on Schedule 14N also is filed with the Commission. Schedule 14N contains disclosures intended to assist shareholders in making an informed voting decision with regard to any nominee or nominees put forth by a nominating shareholder or group by allowing shareholders to gauge the nominating shareholder's interest in the company, longevity of ownership, and intent with regard to continued ownership in the company.

#### 3. Consideration Given to Information Technology

Schedule 14N is filed electronically with the Commission using the Commission's Electronic Data Gathering and Retrieval (EDGAR) system.

#### 4. Duplication of Information

We are not aware of any rules that conflict with or substantially duplicate Schedule 14N.

#### 5. Reducing the Burden on Small Entities

Regulation 14N applies to all companies subject to the proxy rules, including small entities, to the extent that applicable state or foreign laws, or a company's governing documents allow for the inclusion in a company's proxy materials of a shareholder's or group's nominees for director. The amendments may affect each of these issuers that may be considered small entities, to the extent companies and shareholders take advantage of the proposed rules. The disclosure standards do not vary based on the size of the issuer.

6. Consequences of Not Conducting Collection

If information was not collected on Schedule 14N, shareholders would have less information about nominating shareholders and their nominees for director when making their voting decisions.

7. Special Circumstances

There are none.

8. Consultations with Persons Outside the Agency

Schedule 14N was proposed for public comment. No comments were received during the 60-day comment period prior to OMB's review of this submission.

9. Payment or Gift to Respondents

Not applicable.

10. Confidentiality

Schedule 14N is a public document.

11. Sensitive Questions

No information of a sensitive nature is required under this collection of information. The information collection collects basic Personally Identifiable Information (PII) that may include name, business address or residential address, and telephone/cellular/facsimile number.

12. Estimate of Respondent Reporting Burden

We estimate that Schedule 14N will be filed by approximately 42 respondents each year. We estimate that Schedule 14N will be filed by approximately 30 shareholders or shareholder groups of reporting companies annually and by approximately 12 nominating shareholders or shareholder groups of investment companies. We estimate that each response will take approximately 40 hours to prepare and that 75% of the 40 hours per response (30 hours) will be prepared internally by the shareholder or shareholder group.

We estimate that the total combined burden for Schedule 14N is 1, 260 hours (30 hours x 42 respondents) which is 75% of the total burden hours. The estimated burden hours are made solely for the purpose of the Paperwork Reduction Act. They are not derived from a comprehensive or even a representative survey or study of the cost of Commission rules and forms.

13. Estimate of Total Annualized Cost Burden

We estimate approximately 42 nominating shareholders or groups will file Schedule 14N each year and that 25% of the 40 hours per response (10 outside hours) will be prepared by outside professionals hired by these filers at a cost of approximately \$400 per response. We estimate that the total cost burden for Schedule 14N is \$168,000 (\$400 per hour x 10 hours per response x 42 respondents), which is 25% of the total burden. The estimated cost burden is made solely for the purposes of the Paperwork Reduction Act. The cost is not derived from a comprehensive or even a representative survey or study of the cost of Commission rules and forms.

14. Costs to Federal Government

The estimated cost to the federal government is \$1,000.

15. Reason for Change in Burden

The decrease of 6,610 annual burden hours and the decrease of \$881,300 are due to an adjustment in the number of respondents that we estimate will file Schedule 14N.

16. Information Collection Planned for Statistical Purposes

Not applicable.

17. Approval to Omit OMB Expiration Date

We request authorization to omit the expiration date on the electronic version of the form. Including the expiration date on the electronic version of the form will result in increased costs, because the need to make changes to the form may not follow the application's scheduled version release dates. The OMB control number will be displayed.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

Not applicable.

B. STATISTICAL METHODS

Not applicable.