

SUPPORTING STATEMENT  
FOR THE PAPERWORK REDUCTION ACT INFORMATION COLLECTION  
SUBMISSION FOR FORM SD

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

The Securities and Exchange Commission (“Commission”) Rule 13p-1 under the Securities Exchange Act of 1934 (“Exchange Act”) and Exchange Act Form SD implement Exchange Act Section 13(p). Section 1502 (“Conflict Minerals Statutory Provision”) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) amends the Exchange Act by adding Section 13(p), which relates to disclosure and reporting obligations by issuers concerning “conflict minerals” that originated in the Democratic Republic of the Congo (“DRC”) or an adjoining country (together with the DRC, the “Covered Countries”). Conflict minerals are defined by the Dodd-Frank Act as columbite-tantalite, cassiterite, gold, wolframite, or their derivatives. Exchange Act Section 13(p) requires the Commission to promulgate disclosure and reporting regulations regarding the use of conflict minerals from the Covered Countries.

Exchange Act Section 13(p) requires that a “person described” disclose annually whether any “conflict minerals” that are “necessary to the functionality or production of a product manufactured by such person” originated in the Covered Countries, and make that disclosure publicly available on the issuer’s Internet website. If such a person’s conflict minerals originated in the Covered Countries, that person must submit a report (“Conflict Minerals Report”) to the Commission that includes a description of the measures taken by the person to exercise due diligence on the minerals’ source and chain of custody.

Under Exchange Act Section 13(p), the measures taken to exercise due diligence “shall include an independent private sector audit” of the Conflict Minerals Report that is conducted according to standards established by the Comptroller General of the United States, in accordance with the promulgated rules, in consultation with the Secretary of State. The person submitting the Conflict Minerals Report must also identify the independent private sector auditor and certify the independent private sector audit. Further, according to Exchange Act Section 13(p), the Conflict Minerals Report must include “a description of the products manufactured or contracted to be manufactured that are not DRC conflict free,” the facilities used to process the conflict minerals, the country of origin of the conflict minerals, and “the efforts to determine the mine or location of origin with the greatest possible specificity.”

2. Purpose and Use of the Information Collection

The purpose of the regulation is to implement Section 1502 of the Dodd-Frank Act that, as discussed above, added Section 13(p) to the Exchange Act. Exchange Act Section 13(p) requires the Commission to promulgate rules requiring issuers with conflict minerals that are necessary to the functionality or production of a product manufactured by such person to disclose

annually whether any of those minerals originated in the Covered Countries. Exchange Act Rule 13p-1 and Form SD require reporting issuers that manufacture products or contract to have products manufactured that contain conflict minerals necessary to the functionality or production of those products to conduct a reasonable inquiry into the origin of those conflict minerals. Based on this inquiry, an issuer may have to conduct a more extensive inquiry that requires the exercise of due diligence on the source and chain of custody of its conflict minerals. Depending on the results of the due diligence, the issuer may have to describe the products containing conflict minerals that have not been found to be “DRC conflict free” in a Conflict Minerals Report that is filed as an exhibit to Form SD, a specialized disclosure form, and obtain an independent private sector audit of the Conflict Minerals Report. The information collected on Form SD may be used by interested parties to determine whether an issuer’s products contain conflict minerals and, if so, the source and chain of custody of an issuer’s conflict minerals.

### 3. Consideration Given to Information Technology

Form SD is filed electronically with the Commission using the Commission’s Electronic Data Gathering and Retrieval (“EDGAR”) system.

### 4. Duplication of Information

The Commission is not aware of any rules that conflict with or substantially duplicate the final regulation.

### 5. Reducing the Burden on Small Entities

Form SD can be used by all issuers that file reports with the Commission pursuant to Exchange Act Sections 13(a) or 15(d) that have conflict minerals that are necessary to the functionality or production of a product manufactured by the issuer or contracted by the issuer to be manufactured. Generally, the requirements of the final regulation do not vary based on the size of the issuer. Smaller reporting companies, however, are permitted to use the temporary “DRC conflict undeterminable” transition period, if applicable, for four years instead of the two-year transition period for all other issuers. The Commission believes that the final regulation would affect small entities with necessary conflict minerals.

### 6. Consequences of Not Conducting Collection

To accomplish the goal of helping end the human rights abuses in the DRC caused by the conflict, Congress chose to use the securities laws disclosure requirements to bring greater public awareness of the source of issuers’ conflict minerals and to promote the exercise of due diligence on conflict mineral supply chains. By doing so, the Commission understands Congress’s main purpose to have been to attempt to inhibit the ability of armed groups in the Covered Countries to fund their activities by exploiting the trade in conflict minerals. Reducing the use of such conflict minerals is intended to help reduce funding for the armed groups contributing to the conflict and thereby put pressure on such groups to end the conflict. The Congressional object is to promote peace and security in the Covered Countries. Section 1502 amended the Exchange Act by adding Section 13(p), which requires the Commission to promulgate disclosure and

reporting regulations regarding the use of conflict minerals from the Covered Countries. The rule and form implement Exchange Act Section 13(p) by setting forth the conflict minerals disclosure requirements for issuers. Failure to require the collection of information would frustrate the statutory intent of Exchange Act Section 13(p) and Section 1502 of the Dodd-Frank Act.

7. Special Circumstances

None

8. Consultations with Persons Outside the Agency

Before it was adopted, Form SD was proposed for public comment. No comments were received on this request during the 60-day comment period prior to OMB's review of this extension request.

9. Payment or Gift to Respondents

Not applicable.

10. Confidentiality

Not applicable.

11. Sensitive Questions

No information of a sensitive nature would be required under this collection of information. The information collection collects basic Personally Identifiable Information (PII) that may include name, business address, and residential address (for sole proprietor only), telephone/cellular/facsimile number, email address, and Tax ID Number (TIN). The information collection is covered under the System of Records Notices (SORN), which may be found at the following link: <http://www.sec.gov/about/privacy/sorn/secorn6.pdf>. The Privacy Impact Assessment (PIA) is provided as a supplemental document.

12. Estimate of Respondent Reporting Burden

For purposes of the Paperwork Reduction Act ("PRA"), we estimate that Form SD takes approximately 480.61 hours per response to comply with the collection of information requirements and is filed by 864 issuers. We derived our burden hour estimates by estimating the average number of hours it would take an issuer to compile the necessary information and data, prepare and review disclosure, file documents and retain records. In connection with rule amendments to the form, we occasionally receive PRA estimates from public commenters about incremental burdens that are used in our burden estimates. We believe that the actual burdens will likely vary among individual companies based on the size and complexity of their organization and the nature of their operations. We further estimate that 75% of the collection of information burden is carried by the issuer internally and that 25% of the burden of preparation is

carried by outside professionals retained by the company to assist in the preparation of the form. Based on our estimates, we calculated the total reporting burden to be 311,437 hours (360.46 hours per response x 864 responses). For administrative convenience, the presentation of the totals related to the paperwork burden hours have been rounded to the nearest whole number and the cost totals have been rounded to the nearest dollar. The estimated burden hours are made solely for the purpose of the Paperwork Reduction Act.

13. Estimate of Total Annualized Cost Burden

We estimate that 25% of the 480.61 hours per response (120.15 outside hours) is prepared by the issuer's outside professionals. We estimate an hourly cost of \$400 for outside legal and accounting services used in connection with public company reporting. This estimate is based on our consultations with registrants and professional firms who regularly assist registrants in preparing and filing disclosure documents with the Commission. Based on this estimate, we calculated that total burden cost to be \$41,523,840 (\$400 x 120.15 hours per response x 864 responses). Our estimates reflect average burdens, and therefore, some companies may experience costs in excess of our estimates and some companies may experience costs that are lower than our estimates. For administrative convenience, the presentation of the totals related to the paperwork burden hours have been rounded to the nearest whole number and the cost totals have been rounded to the nearest dollar. The cost estimate is made solely for the purpose of the Paperwork Reduction Act.

14. Costs to Federal Government

The Commission estimates the cost to review and process Form SD is approximately \$50,000.

15. Reason for Change in Burden

The decrease in the burden hours of 2,246,000 and the decrease in the cost burden of (\$1,238,817,727) are due to an adjustment. The decrease in burden hours and cost burden reflects a decrease in the number of respondents filing Form SD with the Commission due to fewer than expected filings under Rule 13p-1 and due to the Commission's rules under Section 1504 of the Dodd-Frank Act, which also required filings using Form SD, being vacated in 2013.

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.