

**SUPPORTING STATEMENT FOR INTERIM FINAL RULES  
UNDER 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. JUSTIFICATION**

**1. CIRCUMSTANCES MAKING THE COLLECTION OF INFORMATION NECESSARY**

On June 1, 2016, the Securities and Exchange Commission (the “Commission”) adopted an interim final amendment to Form 10-K under Securities Exchange Act of 1934 (the “Exchange Act”). The interim amendment implements Section 72001 of the FAST Act,<sup>1</sup> which became law on December 4, 2015. Section 72001 of the FAST Act directs the Commission, not later than 180 days after the date of enactment, to issue regulations to permit “issuers” to submit a “summary page” on Form 10-K, but only if each item on such summary page includes a cross-reference (by electronic link or otherwise) to the material contained in Form 10-K to which such item relates. A copy of Commission Release No. 34-77969, which contains the interim amendment, is attached.

**2. PURPOSE AND USE OF THE INFORMATION COLLECTION**

The interim final amendment amends Form 10-K to explicitly allow a registrant, at its option, to include a summary in its Form 10-K. Each disclosure topic included in the summary is required to contain a hyperlink to the related, more detailed disclosure item in the Form 10-K.

**3. CONSIDERATION GIVEN TO INFORMATION TECHNOLOGY**

The collection of information requirements of the amendment is set forth in Form 10-K. This form is filed electronically with the Commission using the Commission’s Electronic Data Gathering, Analysis and Retrieval system.

**4. DUPLICATION OF INFORMATION**

The amendment does not duplicate, overlap, or conflict with other federal rules.

**5. REDUCING THE BURDEN ON SMALL ENTITIES**

The amendment may potentially affect all registrants subject to Section 13 or 15(d) of the Exchange Act that are required to file an annual report on Form 10-K.

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<sup>1</sup> Pub. L. No. 114-94, 129 Stat. 1312 (Dec. 4, 2015).

However, given that current Commission rules do not prohibit a registrant from voluntarily preparing a summary, the Commission expects that registrants that do not currently include a summary in their Form 10-Ks will not likely begin to do so in response to the amendment. Accordingly, the amendment should not have a significant economic impact on small entities.

## **6. CONSEQUENCES OF NOT CONDUCTING COLLECTION**

Form 10-K was adopted under the Exchange Act and sets forth the disclosure requirements for annual reports filed by registrants to help investors make informed investment 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 amended Form 10-K several times since its adoption. The Commission did not solicit comment on the amendment.

## **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: <https://www.sec.gov/about/privacy/sorn/secorn6.pdf>. The Privacy Impact Assessment (PIA) is provided as a supplemental document.

## **12. and 13. ESTIMATE OF HOUR AND COST BURDENS**

The interim amendment will increase the burdens and costs for registrants that elect to prepare a summary. We derived our burden hour and cost estimates by estimating the average amount of time it would take a registrant to prepare and review the

summary, as well as the average hourly rate for outside professionals who assist with such preparation. We estimate that the average incremental burden for a registrant to prepare a summary would be 50 hours. This estimate represents the average burden for all registrants, both large and small. Based on an analysis of two samples of Form 10-K filings, it appears that the use of a summary in Form 10-Ks is currently extremely limited, and we anticipate that registrants that do not currently include a summary in their Form 10-Ks will not likely begin to do so in response to the amendment. For purposes of the Paperwork Reduction Act analysis we estimate that 10% of Form 10-K filers would elect to prepare a summary. However, the exact number of registrants that would choose to prepare a summary is uncertain.

The table below shows the total annual compliance burden, in hours and in costs, of the collection of information resulting from the interim final amendment.<sup>2</sup> The burden estimates were calculated by multiplying the estimated number of responses by the estimated average amount of time it would take a registrant issuer to prepare and review a Form 10-K summary. 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 Form 10-K is carried by the registrant internally and that 25% of the burden of preparation is carried by outside professionals retained by the registrant at an average cost of \$400 per hour.<sup>3</sup>

Table 1. Incremental Paperwork Burden under the interim final amendment.

	Estimated number of affected responses (A)	Incremental Burden Hours/Form (B)	Total Incremental Burden Hours (C)=(A)*(B)	75% Company (D)=(C)*0.75	25% Professional (E)=(C)*0.25	Professional Costs (F)=(E)*\$400
Form 10-K Summary	814	50	40,700	30,525	10,175	\$4,070,000

#### 14. COSTS TO FEDERAL GOVERNMENT

The estimated cost of preparing the proposed amendments was approximately \$75,000.

<sup>2</sup> For convenience, the estimated hour and cost burdens in the table have been rounded to the nearest whole number.

<sup>3</sup> We recognize that the costs of retaining outside professionals may vary depending on the nature of the professional services, but for purposes of this PRA analysis we estimate that such costs will be an average of \$400 per hour. This estimate is based on consultations with several registrants, law firms and other persons who regularly assist registrants in preparing and filing reports with the Commission.

**15. REASON FOR CHANGE IN BURDEN**

The interim amendment will increase the burdens and costs for registrants that elect to prepare a summary in their Form 10-K. 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 interim amendment. Columns (E) and (F) represent the program change, which encompasses the change in the burden estimates attributable to the interim amendment.

Table 2:<sup>4</sup>

	Current Burden		Change in Burden		Program Change	
	Burden Hours (A)	Cost (B)	Burden Hours (C)	Costs (D)	Burden Hours (E)	Cost (F)
10-K	12,198,095	\$1,627,400,000	12,228,620	\$1,631,470,000	30,525	\$4,070,000

**16. INFORMATION COLLECTION PLANNED FOR STATISTICAL PURPOSES**

Not applicable.

**17. APPROVAL TO OMIT OMB EXPLANATION 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.

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<sup>4</sup> Figures in Table 2 have been rounded to the nearest whole number.