

**SUPPORTING STATEMENT FOR THE PAPERWORK REDUCTION ACT  
INFORMATION COLLECTION SUBMISSION FOR PROPOSED AMENDMENTS  
TO SMALLER REPORTING COMPANY DEFINITION**

**A.**

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

The Securities Act of 1933,<sup>1</sup> as amended (the “Securities Act”), generally requires that a registration statement be filed with the Securities and Exchange Commission (the “Commission”) disclosing prescribed information before securities may be offered for sale to the public. In addition, the Securities Exchange Act of 1934,<sup>2</sup> as amended (the “Exchange Act”), empowers the Commission to require periodic reporting of information by certain companies. These disclosure requirements are contained in Regulation S-K<sup>3</sup> and Regulation S-X<sup>4</sup> and are imposed through Commission forms and schedules that are subject to the requirements in those regulations.

The Commission’s disclosure system provides accommodations in the form of scaled disclosure requirements for certain categories of smaller registrants, including those qualifying as “smaller reporting companies,” as defined in Securities Act Rule 405,<sup>5</sup> Exchange Act Rule 12b-2,<sup>6</sup> and Item 10(f) of Regulation S-K.<sup>7</sup> Substantively, the three definitions are identical. Smaller reporting companies generally are registrants with:

- less than \$75 million in public float as of the last business day of their most recently completed second fiscal quarter; or
- zero public float and annual revenues of less than \$50 million during the most recently completed fiscal year for which audited financial statements are available.

In Release No. 33-10107, the Commission proposed amendments to the definition of “smaller reporting company” to expand the number of registrants that would qualify as smaller reporting companies and would be eligible to rely on the scaled disclosure requirements. Under the proposed amendments, registrants with less than \$250 million in public float would qualify, as would registrants with zero public float if their revenues were below \$100 million in the previous year.

---

<sup>1</sup> 15 USC 77a *et seq.*

<sup>2</sup> 15 USC 78a *et seq.*

<sup>3</sup> 17 CFR 229.10 *et seq.*

<sup>4</sup> 17 CFR 210.1-01 *et seq.*

<sup>5</sup> 17 CFR 230.405.

<sup>6</sup> 17 CFR 240.12b-2.

<sup>7</sup> 17 CFR 229.10(f).

The proposed amendments contain “collection of information” requirements within the meaning of the Paperwork Reduction Act of 1995.<sup>8</sup> The titles of the collections of information are:

- (1) “Regulation S-K” (OMB Control No. 3235-0071);
- (2) “Regulation C” (OMB Control No. 3235-0074);
- (3) “Regulation 12B” (OMB Control No. 3235-0062);
- (4) “Form 10-K” (OMB Control No. 3235-0063);
- (5) “Form 10-Q” (OMB Control No. 3235-0070);
- (6) “Schedule 14A” (OMB Control No. 3235-0059);
- (7) “Schedule 14C” (OMB Control No. 3235-0057);
- (8) “Form 10” (OMB Control No. 3235-0064);
- (9) “Form S-1” (OMB Control No. 3235-0065);
- (10) “Form S-3” (OMB Control No. 3235-0073);
- (11) “Form S-4” (OMB Control No. 3235-0324); and
- (12) “Form S-11” (OMB Control No. 3235-0067).

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

The purpose of the new collection of information is to make scaled disclosure accommodations available to a larger number of registrants in order to promote capital formation and reduce compliance costs for smaller registrants while maintaining investor protections. The proposed amendments should decrease the disclosure requirements for some registrants with a calculable public float of less than \$250 million or zero public float, but less than \$100 million in revenues.

## **3. CONSIDERATION GIVEN TO INFORMATION TECHNOLOGY**

Reports on Form 10-K and Form 10-Q, proxy statements on Schedule 14A, information statements on Schedule 14C, and registration statements on Form 10, Form S-1, Form S-3, Form S-4, and Form S-11, subject to temporary and continuing hardship exemptions available under Regulation S-T,<sup>9</sup> are required to be filed electronically with the Commission using the Commission’s Electronic Data Gathering, Analysis and Retrieval (“EDGAR”) system.

---

<sup>8</sup> 44 USC 3501 *et seq.*

<sup>9</sup> 17 CFR 223.201 and 223.202.

#### **4. DUPLICATION OF INFORMATION**

The Commission makes every effort to coordinate with other regulatory entities when necessary or appropriate in the public's interest and for the protection of investors and to streamline regulations to enhance the production of capital. We are not aware of any forms or rules that conflict with or substantially duplicate the requirements of Form 10-K, Form 10-Q, Schedule 14A, Schedule 14C, Form 10, Form S-1, Form S-3, Form S-4, or Form S-11.

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

The proposed amendments would amend the definition of smaller reporting company to capture a greater number of registrants. We estimate that some issuers that would newly qualify as smaller reporting companies under the proposed definition would be classified as a "small business" or "small organization" under 17 CFR 230.157. The proposed amendments may decrease existing collection of information total burden estimates, or not affect them at all, for some reports on Form 10-K and Form 10-Q, some proxy statements on Schedule 14A, some information statements on Schedule 14C, and some registration statements on Form 10, Form S-1, Form S-3, Form S-4, and Form S-11, filed by small businesses or small organizations that meet the definition of smaller reporting company as we propose to revise it.

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

The regulations and forms set forth the disclosure requirements for registration periodic and current reports filed by companies to help investors make informed investment. Not conducting this 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 the associated paperwork burdens. A copy of the proposing release is attached. In response to the solicitation for comment in the proposing release, registrants, investors, and other market participants provide comments. In addition, the Commission and staff participate in ongoing dialogue with representatives of various market participants through public conferences, roundtables and meetings. All comments received on the proposal are available at <https://www.sec.gov/comments/s7-12-16/s71216.htm>. The Commission will consider all comments received prior to publishing the final rules as required by 5 CFR 1320.11(f).

## **9. PAYMENT OR GIFT TO RESPONDENTS**

Not applicable.

## **10. CONFIDENTIALITY**

The proposed rules do not prevent requests for confidential treatment from being made under the Commission's existing rules. Otherwise, the collections of information are public documents.

## **11. SENSITIVE QUESTIONS**

No information of a sensitive nature would be required under the following collections of information in connection with these rulemaking amendments: Regulation S-K, Regulation C and Regulation 12B. The information collection does not collect personally identifiable information (PII). The agency has determined that a system of records notice (SORN) and privacy impact assessment (PIA) are not required in connection with the collection of information.

No information of a sensitive nature would be required under the following collections of information in connection with these rulemaking amendments: Regulation 14A and Schedule 14A, Regulation 14C and Schedule 14C, Form S-1, Form S-3, Form S-4, Form S-11, Form 10, Form 10-Q, and Form 10-K. The information collection collects basic Personally Identifiable Information (PII) that may include a name and job title. However, the agency has determined that the information collection does not constitute a system of record for purposes of the Privacy Act. Information is not retrieved by a personal identifier. In accordance with Section 208 of the E-Government Act of 2002, the agency has conducted a Privacy Impact Assessment (PIA) of the EDGAR system, in connection with this collection of information. The EDGAR PIA, published on January 29, 2016, is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

## **12. AND 13. ESTIMATES OF HOUR AND COST BURDENS**

The estimated burden hours and cost burden are made solely for the purposes of the Paperwork Reduction Act and represent the average burden for all issuers. The cost burden is not derived from a comprehensive or even a representative survey of the costs of Commission rules and forms. The estimates include burden estimates for smaller reporting companies. In addition, for quarterly and annual reports and for proxy and information statements, we estimate that 75% of the burden of preparation is carried by the registrant internally and that 25% of the burden is carried by outside professionals retained by the registrant at an average cost of \$400 per hour. For registration statements, we estimate that 25% of the burden of preparation is carried by the registrant internally and that 75% of the burden is carried by outside professionals retained by the registrant at an average cost of \$400 per hour. In addition, the paperwork burden from Regulation S-K, Regulation C and Regulation 12B is imposed through the forms that are subject to the requirements in those regulations and is reflected in the analysis of those forms. To avoid a PRA inventory

reflecting duplicative burdens and for administrative convenience each regulation is assigned one administrative hour.

For purposes of the Paperwork Reduction Act, it is estimated that if the proposed amendments were adopted, the total decrease in burden hours for Form 10-K, Form 10-Q, Schedule 14A, Schedule 14C, Form 10, Form S-1, Form S-3, Form S-4, and Form S-11 would be approximately 220,358 burden hours, and the total decrease in external costs would be approximately \$35,691,649. We estimate that over a three-year period, the annual aggregate decreased burden resulting from the proposed amendments would average:

- 142,068 hours and \$18,943,168 of external costs for Form 10-K;
- 71,937 hours and \$9,594,201 of external costs for Form 10-Q;
- 432 hours and \$57,600 of external costs for Schedule 14A;
- 7 hours and \$880 of external costs for Schedule 14C;
- 9 hours and \$11,100 of external costs for Form 10;
- 3,477 hours and \$4,172,314 of external costs for Form S-1;
- 37 hours and \$43,920 of external costs for Form S-3;
- 2,140 hours and \$2,567,578 of external costs for Form S-4; and
- 251 hours and \$300,888 of external costs for Form S-11.

#### Form 10-K

We estimate that approximately 782 registrants would become newly eligible to use scaled disclosure for smaller reporting companies or have a new opportunity to assess whether to avail themselves of scaled disclosure for their annual reports and could experience burden and cost savings if these proposed amendments are adopted. We estimate that if these registrants use all of the scaled disclosure requirements, they would save 177,584 burden hours and an aggregate cost of \$23,678,960. However, we assume that a portion of these newly eligible smaller reporting companies either (1) would not elect to rely on all of the available scaled disclosure accommodations or (2) would already qualify as emerging growth companies, which are eligible to rely on certain scaled disclosure requirements for a limited period, including some of the scaled requirements available to smaller reporting companies. Accordingly, we estimate that approximately 80% of these savings would be realized. As a result, we estimate that the aggregate decrease in burden for Form 10-K would be 142,068 internal burden hours (80% x 227.09 internal hours saved per response x 782 responses) and costs of \$18,943,168 (80% x 75.70 professional hours saved per response x \$400 per hour x 782 responses).

## Form 10-Q

We assume that the same approximately 782 registrants would become newly eligible to use scaled disclosure for purposes of their quarterly reports. We estimate that if these registrants use all of the scaled smaller reporting company requirements, they would save 29,974 burden hours and an aggregate cost of \$3,997,584. Assuming that newly eligible registrants realize approximately 80% of these savings, we estimate that the aggregate decrease in burden for Form 10-Q would be 23,979 internal burden hours per quarter (80% x 38.33 internal hours saved per response x 782 responses) and costs of \$3,198,067 per quarter (80% x 12.78 professional hours saved per response x \$400 per hour x 782 responses).

## Schedule 14A

We estimate that registrants newly eligible to use scaled disclosure would file approximately 720 definitive proxy statements on Schedule 14A. We estimate that if these registrants use all of the scaled smaller reporting company requirements, they would save 540 burden hours and an aggregate cost of \$72,000. Assuming that newly eligible registrants realize approximately 80% of these savings, we estimate that the aggregate decrease in burden for Schedule 14A would be 432 internal burden hours (80% x 0.75 internal hours saved per response x 720 responses) and costs of \$57,600 (80% x 0.25 professional hours saved per response x \$400 per hour x 720 responses).

## Schedule 14C

We estimate that registrants newly eligible to use scaled disclosure would file approximately 11 definitive information statements on Schedule 14C. We estimate that if these registrants use all of the scaled smaller reporting company requirements, they would save eight burden hours and an aggregate cost of \$1,100. Assuming that newly eligible registrants realize approximately 80% of these savings, we estimate that the aggregate decrease in burden for Schedule 14C would be seven internal burden hours (80% x 0.75 internal hours saved per response x 11 responses) and costs of \$880 (80% x 0.25 professional hours saved per response x \$400 per hour x 11 responses).

## Form 10

We estimate that registrants newly eligible to use scaled disclosure would file one registration statement on Form 10. We estimate that if this registrant uses all of the scaled smaller reporting company requirements, it would save nine burden hours and an aggregate cost of \$11,100 (27.75 professional hours x \$400 per hour). Due to the low number of Form 10 filers, the reduced number of scaled disclosure accommodations available to emerging growth companies for purposes of Form 10, and rounding considerations, we assume that any newly eligible registrant would realize the full extent of these savings.

### Form S-1

We estimate that registrants newly eligible to use scaled disclosure would file approximately 52 registration statements on Form S-1. We estimate that if these registrants use all of the scaled smaller reporting company requirements, they would save 4,346 burden hours and an aggregate cost of \$5,215,392. Assuming that newly eligible registrants realize approximately 80% of these savings, we estimate that the aggregate decrease in burden for Form S-1 would be 3,477 internal burden hours (80% x 83.58 internal hours saved x 52 filings) and costs of \$4,172,314 (80% x 250.74 professional hours saved x \$400 per hour x 52 filings).

### Form S-3

We estimate that registrants newly eligible to use scaled disclosure would file approximately 183 registration statements on Form S-3. We estimate that if these registrants use all of the scaled smaller reporting company requirements, they would save 46 burden hours and an aggregate cost of \$54,900. Assuming that newly eligible registrants realize approximately 80% of these savings, we estimate that the aggregate decrease in burden for Form S-3 would be 37 internal burden hours (80% x 0.25 internal hours saved x 183 filings) and costs of \$43,920 (80% x 0.75 professional hours saved x \$400 per hour x 183 filings).

### Form S-4

We estimate that registrants newly eligible to use scaled disclosure would file approximately 32 registration statements on Form S-4. We estimate that if these registrants use all of the scaled smaller reporting company requirements, they would save 2,675 burden hours and an aggregate cost of \$3,209,472. Assuming that newly eligible registrants realize approximately 80% of these savings, we estimate that the aggregate decrease in burden for Form S-4 would be 2,140 internal burden hours (80% x 83.58 internal hours saved x 32 filings) and costs of \$2,567,578 (80% x 250.74 professional hours saved x \$400 per hour x 32 filings).

### Form S-11

We estimate that registrants newly eligible to use scaled disclosure would file approximately three registration statements on Form S-11. We estimate that if these registrants use all of the scaled smaller reporting company requirements, they would save 251 burden hours (83.58 internal hours saved x 3 filings) and an aggregate cost of \$300,888 (250.74 professional hours saved x \$400 per hour x 3 filings). Due to the low number of Form S-11 filers and rounding considerations, we assume that the newly eligible registrants would realize the full extent of these savings.

Table 1 illustrates the current and proposed burdens under the proposed amendments for each report or statement affected:

Table 1. Decrease in Paperwork Burden under the proposed amendments for annual reports; quarterly reports; and current reports

	Current Burden Hours (A)	Decrease in Burden Hours (B)	Proposed Burden Hours (C)=(A)-(B)	Current Professional Costs (D) (\$)	Decrease in Professional Costs (E) (\$)	Proposed Professional Costs (F)=(D)-(E) (\$)
Form 10-K	14,596,183	142,068	14,454,115	\$1,946,859,390	18,943,168	\$1,927,916,222
Form 10-Q	3,220,037	71,937	3,148,100	\$429,368,808	9,594,201	\$419,774,607
Schedule 14A	546,814	432	546,382	\$72,908,472	57,600	\$72,850,872
Schedule 14C	55,881	7	55,874	\$7,451,624	880	\$7,450,744
Form 10	11,621	9	11,612	\$13,945,651	11,100	\$13,934,551
Form S-1	150,242	3,477	146,765	\$180,290,100	4,172,314	\$176,117,786
Form S-3	127,806	37	127,769	\$153,367,008	43,920	\$153,323,088
Form S-4	564,731	2,140	562,591	\$677,677,104	2,567,578	\$675,109,526
Form S-11	12,465	251	12,214	\$14,957,568	300,888	\$14,656,680

#### 14. COSTS TO FEDERAL GOVERNMENT

We estimate the cost of preparing the amendments will be approximately \$150,000.

#### 15. REASON FOR CHANGE IN BURDEN

Tables 2A and 2B below illustrate the changes to the total annual compliance burden of the collection of information in hours and cost per response, respectively. The total estimated burdens were calculated by deducting the incremental burden savings from the existing burdens. Then, the requested burdens and costs per response were calculated by dividing the requested burden estimates by the number of annual responses, which is not expected to change as a result of the proposed amendments.

Table 2A. Calculation of Burden Hours per Response

	Annual Responses (A)	Current Burden Hours per Response (B)	Current Burden Hours (C)=(A)*(B)	Decrease in Burden Hours (D)	Proposed Burden Hours (E)=(C)-(D)	Proposed Burden Hours per Response (F)=(E)/(A)
Form 10-K	8,137	1,793.804	14,596,183	142,068	14,454,115	1,776.3445
Form 10-Q	22,907	140.57	3,220,037	71,937	3,148,100	137.4296
Schedule 14A	5,586	97.89	546,814	432	546,382	97.8127
Schedule 14C	569	98.21	55,881	7	55,874	98.197
Form 10	216	53.80	11,621	9	11,612	53.76
Form S-1	901	166.75	150,242	3,477	146,765	162.8912
Form S-3	1,082	472.48	511,224	37	511,077	472.34
Form S-4	551	1,024.92	564,731	2,140	562,591	1,021.036
Form S-11	64	194.765	12,465	251	12,214	190.84



Table 2B. Calculation of Costs per Response

	Annual Responses (A)	Current Cost per Response (B) (\$)	Current Cost (C)=(A)*(B) (\$)	Decrease in Cost (D) (\$)	Proposed Cost (E)=(C)-(D) (\$)	Proposed Cost per Response (F)=(E)/(A) (\$)
Form 10-K	8,137	200,500.1843	1,946,859,390	18,943,168	1,927,916,222	236,932.0661
Form 10-Q	22,907	18,744	429,368,808	9,594,201	419,774,607	18,325.1673
Schedule 14A	5,586	13,052	72,908,472	57,600	72,850,872	13,042
Schedule 14C	569	13,096	7,451,624	880	7,450,744	13,094
Form 10	216	64,563	13,945,651	11,100	13,934,551	64,511.81
Form S-1	901	200,100	180,290,100	4,172,314	176,117,786	195,469.240
Form S-3	1,082	141,744	153,367,008	43,920	153,323,088	141,703
Form S-4	551	1,229,904	761,310,576	2,567,578	758,742,998	1,225,756.055
Form S-11	64	233,712	14,957,568	300,888	14,656,680	229,010.62

**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 EDGAR 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.