

SUPPORTING STATEMENT FOR THE PAPERWORK REDUCTION ACT
INFORMATION COLLECTION SUBMISSION FOR FORM 1-SA

A. JUSTIFICATION

1. CIRCUMSTANCES MAKING THE COLLECTION OF INFORMATION NECESSARY

The Securities Act of 1933, 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. While the Securities Act already authorizes the Commission to exempt certain securities and transactions from registration, Section 401 of the Jumpstart Our Business Startups Act added Section 3(b)(2) to the Securities Act, creating a new exemption from registration. The Commission has adopted various rules (collectively, “Regulation A”) establishing a limited offering exemption from the registration requirements of the Securities Act. Regulation A provides an exemption for offerings that satisfy certain conditions, such as filing an offering statement with the Commission, limiting the dollar amount of the offering and, in certain instances, filing ongoing reports with the Commission. Form 1-SA is filed with the Commission under Regulation A.

2. PURPOSE AND USE OF THE INFORMATION COLLECTION

The purpose of Forms 1-SA is to better inform the public about companies that have conducted Tier 2 offerings under Regulation A. Form 1-SA provides semiannual, interim financial statements and information about the issuer’s liquidity, capital resources and operations after the issuer’s second fiscal quarter. The Commission will use very little of the collected information itself, except on an occasional basis in the enforcement of federal securities laws.

3. CONSIDERATION GIVEN TO INFORMATION TECHNOLOGY

Forms 1-SA will be filed electronically using the Commission’s Electronic Data Gathering, Analysis and Retrieval System (“EDGAR”).

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 1-SA.

5. REDUCING THE BURDEN ON SMALL ENTITIES

Regulation A is an exemption from Securities Act registration relating to small issues and small issuers. Regulation A provides an exemption to small issuers while allowing them to conduct larger offerings that are exempt from Securities Act registration. We believe that many of the issuers in Regulation A offerings are small entities, but we currently do not collect information on total assets of companies that use Regulation A to determine if they are small entities.

6. CONSEQUENCES OF NOT CONDUCTING COLLECTION

The information required by Regulation A and its offering statement are used by public investors and serve the purpose of protecting our financial markets from fraud, which helps to instill investor confidence. The information required by Regulation A is also intended to ensure the adequacy of information to investors regarding offerings pursuant to that exemption. The exemption from Securities Act registration made in reliance on the amendments would not be available without this collection of information.

7. SPECIAL CIRCUMSTANCES

Not applicable.

8. CONSULTATIONS WITH PERSONS OUTSIDE THE AGENCY

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

Rule (§ 230.251(e)) allows for requests for confidential treatment to be made under existing Rule 406 (§ 230.406) for information required to be filed with the Commission and existing Rule 83 (§ 230.86) for information not required to be filed with the Commission. The collections of information required by Regulation A and its offering statement are public documents.

11. SENSITIVE QUESTIONS

No information of a sensitive nature, including social security numbers, will be required under this collection of information. The information collection collects basic Personally Identifiable Information (PII) that may include: name, address and zip code. 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. ESTIMATE OF RESPONDENT REPORTING BURDEN

We estimate that approximately 55 issuers annually file Form 1-SA. We further estimate that 85% of the 187.43 hours per response (159.32 hours) is prepared by the issuer for an annual reporting burden of 8,763 hours (159.32 hours per response x 55 responses). 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 issuers based on the nature of their operations. For administrative convenience, the presentation of the totals related to the paperwork burden hours have been rounded to the nearest whole number. The burden estimate for the hours is made solely for the purpose of the Paperwork Reduction Act.

13. ESTIMATE OF TOTAL ANNUALIZED COST BURDEN

We estimate that 15% of the 187.43 hours per response (28.11 hours) is prepared by outside counsel. We estimate that it will cost \$400 per hour (\$400 x 28.11 hours per response x 55) for total of \$618,420. 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. 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 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

We estimate that the cost of reviewing and processing Form 1-SA is approximately \$100,000.

15. REASON FOR CHANGE IN BURDEN

The decrease of 21,189 reporting burden hours and the decrease of (\$1,495,452) in cost burden is due to an adjustment in number of issuers filing Forms 1-SA with the Commission.

16. INFORMATION COLLECTION PLANNED FOR STATISTICAL PURPOSES

Not applicable.

17. APPROVAL TO OMIT EXPIRATION DATE

We request authorization to omit the expiration date on the electronic version of the forms. 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.