

**SUPPORTING STATEMENT FOR PROPOSED RULES RELATING TO
FINANCIAL DISCLOSURES ABOUT GUARANTORS AND ISSUERS OF
GUARANTEED SECURITIES AND AFFILIATES WHOSE SECURITIES
COLLATERALIZE A REGISTRANT’S SECURITIES**

This supporting statement is part of a submission under the Paperwork Reduction Act of 1995 (“PRA”).¹

A. JUSTIFICATION

1. CIRCUMSTANCES MAKING THE COLLECTION OF INFORMATION NECESSARY

On July 24, 2018, the Securities and Exchange Commission (“Commission”) proposed amendments to the financial disclosure requirements for guarantors and issuers of guaranteed securities registered or being registered, and issuers’ affiliates whose securities collateralize securities registered or being registered.² The Commission proposed amendments to the disclosure requirements in Rules 3-10³ and 3-16⁴ of Regulation S-X.⁵ Rule 3-10 requires financial statements to be filed for all issuers and guarantors of securities that are registered or being registered, but also provides several exceptions to that requirement. These exceptions are typically available for individual subsidiaries of a parent company when certain conditions are met, including that the parent company provides certain disclosures in its consolidated financial statements. If the conditions are met, separate financial statements of each qualifying subsidiary issuer and guarantor may be omitted. Rule 3-16 requires a registrant to provide separate financial statements for each affiliate whose securities constitute a substantial portion of the collateral, based on a numerical threshold, for any class of registered securities as if the affiliate were a separate registrant.

The proposal moved part of Rule 3-10 and all of Rule 3-16 to new Rules 13-01 and 13-02 in Regulation S-X, respectively. In addition, the Commission proposed

¹ 44 U.S.C. §3501, *et seq.*

² *Financial Disclosures about Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralize a Registrant’s Securities*, Release No. 33-10526 (July 24, 2018) [83 FR 49630 (Oct. 2, 2018)] (“Proposing Release”).

³ 17 CFR 210.3-10.

⁴ 17 CFR 210.3-16.

⁵ 17 CFR 210.1-01 through 210.12-29.

conforming amendments to Items 504,⁶ 1100,⁷ 1112,⁸ 1114,⁹ and 1115¹⁰ of Regulation S-K;¹¹ Forms F-1,¹² F-3,¹³ 1-A,¹⁴ 1-K,¹⁵ and 1-SA¹⁶ under the Securities Act; and Rule 12h-5¹⁷ and Form 20-F¹⁸ under the Exchange Act. A copy of the Proposing Release, which contains the proposed rule and form amendments, is attached.

The proposed changes are intended to:

- focus disclosures on the information that is material given the specific facts and circumstances;
- make the disclosures easier to understand;
- reduce the cost of compliance for registrants and encourage potential issuers to offer guaranteed or collateralized securities on a registered basis, thereby affording investors protections they may not be provided in offerings conducted on an unregistered basis; and
- facilitate through lower costs and burdens of compliance, issuers' flexibility to include guarantees or pledges of affiliate securities as collateral when they structure debt offerings, which may increase the number of registered offerings that include these credit enhancements and could result in a lower cost of capital and an increased level of investor protection.

The amendments contain "collection of information" requirements within the meaning

⁶ 17 CFR 229.504.

⁷ 17 CFR 229.1100.

⁸ 17 CFR 229.1112.

⁹ 17 CFR 229.1114.

¹⁰ 17 CFR 229.1115.

¹¹ 17 CFR 229.10 through 229.1208.

¹² 17 CFR 239.31.

¹³ 17 CFR 239.33.

¹⁴ 17 CFR 239.90.

¹⁵ 17 CFR 239.91.

¹⁶ 17 CFR 239.92.

¹⁷ 17 CFR 240.12h-5.

¹⁸ 17 CFR 249.220f.

of the PRA.¹⁹ The titles for the collection of information are:²⁰

- “Form S-1”²¹ (OMB Control No. 3235-0065);
- “Form S-4”²² (OMB Control No. 3235-0324);
- “Form S-11”²³ (OMB Control No. 3235-0067);
- “Form F-1” (OMB Control No. 3235-0258);
- “Form 20-F” (OMB Control No. 3235-0288);
- “Form 40-F”²⁴ (OMB Control No. 3235-0381);
- “Form 10-K”²⁵ (OMB Control No. 3235-0063);
- “Form 10-Q”²⁶ (OMB Control No. 3235-0070); and
- “Regulation A (Form 1-A)” (OMB Control No. 3235-0286).²⁷

2. PURPOSE AND USE OF THE INFORMATION COLLECTION

The proposed amendments are intended to provide investors with material information, given the specific facts and circumstances; make the disclosures easier to understand; and reduce the costs and burdens to registrants. In addition, by reducing the costs and burdens of compliance, issuers may be encouraged to offer guaranteed or collateralized securities on a registered basis, thereby affording investors the protection they may not be provided in offerings conducted on an unregistered basis. Further, by making it less burdensome and less costly for issuers to include guarantees or pledges of affiliate securities as collateral when they structure debt offerings, the proposed amendments may increase the number of registered offerings that include these credit enhancements, which could result in a lower cost of capital and an increased level of investor protection.

¹⁹ The paperwork burdens for Forms S-3, F-3 and 8-K are imposed through the forms from which they incorporate by reference and are reflected in the analysis of those forms. Our estimates for Form 10-K take into account the burden that would be incurred by including the proposed disclosures in the annual report directly or incorporating by reference from a proxy or information statement. To avoid a PRA inventory reflecting duplicative burdens, we estimate that the proposed disclosure would not impose an incremental burden for proxy statements on Schedule 14A or information statements on Schedule 14C.

²⁰ The paperwork burdens from Regulation S-K and Regulation S-X are imposed through the forms that are subject to the requirements in those regulations and are reflected in the analysis of those forms. After the Proposing Release was issued, OMB discontinued the OMB Control Numbers for these regulations so that the PRA inventory would not reflect duplicative burdens.

²¹ 17 CFR 239.11.

²² 17 CFR 239.25.

²³ 17 CFR 239.18.

²⁴ 17 CFR 249.240f.

²⁵ 17 CFR 249.310.

²⁶ 17 CFR 249.308a.

²⁷ The amendments to Forms 10, F-4, 1-K, 1-SA, SF-1 and SF-3 are not expected to affect the burdens associated with those forms.

3. CONSIDERATION GIVEN TO INFORMATION TECHNOLOGY

The forms that would require the proposed disclosures are filed electronically with the Commission using the Commission’s Electronic Data Gathering, Analysis and Retrieval (“EDGAR”) system.

4. DUPLICATION OF INFORMATION

We believe that the proposed amendments would not duplicate, overlap, or conflict with other federal rules.

5. REDUCING THE BURDEN ON SMALL ENTITIES

The proposed changes would affect some registrants that are small entities. However, many of the proposed changes would simplify and streamline existing disclosure requirements in ways that are expected to reduce compliance burdens for all registrants, including small entities. Some of the proposed changes could incrementally increase compliance costs for registrants, although we do not expect these additional costs to be significant.

6. CONSEQUENCES OF NOT CONDUCTING COLLECTION

The regulations and forms set forth the disclosure requirements for registration statements, and periodic and current reports filed by companies to help investors make informed investment decisions. Not conducting this collection would deprive investors of access to information that is important to their voting and investment decisions.

7. SPECIAL CIRCUMSTANCES

There are no special circumstances in connection with these amendments.

8. CONSULTATIONS WITH PERSONS OUTSIDE THE AGENCY

The Proposing Release solicits comment on the new “collection of information” requirements and the associated paperwork burdens. 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/s7-19-18/s71918.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

No payment or gift to respondents.

10. CONFIDENTIALITY

All documents submitted to the Commission are available to the public.

11. SENSITIVE QUESTIONS

No information of a sensitive nature would be required under the following collections of information in connection with these rulemaking amendments: Form S-1, Form S-4, Form S-11, Form F-1, Form 20-F, Form 40-F, Form 10-K, Form 10-Q, and Form 1-A. The information collections collect basic personally identifiable information that may include a name and job title. However, the agency has determined that the information collections do 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 act assessment (“PIA”) of the EDGAR system, in connection with these collections 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

Under the proposed amendments, Rule 3-10 would continue to permit the omission of separate financial statements of subsidiary issuers and guarantors when certain conditions are met and the parent company provides supplemental financial and non-financial disclosure about the subsidiary issuers and/or guarantors and the guarantees. Similar to the existing rule, the proposed rule would provide the conditions that must be met in order to omit separate subsidiary issuer or guarantor financial statements. Proposed Rule 13-01, contained in new Article 13 of Regulation S-X, would specify the disclosure requirements for the accompanying proposed disclosures. The proposed amendments would:

- replace the condition that a subsidiary issuer or guarantor be 100% owned by the parent company with a condition that it be consolidated in the parent company’s consolidated financial statements;
- replace condensed consolidating financial information, as specified in existing Rule 3-10, with certain proposed financial and non-financial disclosures. The proposed financial disclosures would consist of summarized financial information, as defined in Rule 1-02(bb)(1) of Regulation S-X, of the issuers and guarantors, which may be presented on a combined basis, and reduce the number of periods presented. The proposed non-financial disclosures, among other matters, would expand the qualitative disclosures about the guarantees and the issuers and guarantors, as well as require disclosure of additional information that would be material to holders of the guaranteed security;
- permit the proposed disclosures to be provided outside the footnotes to the parent company’s audited annual and unaudited interim consolidated financial statements in the registration statement covering the offer and sale of the subject securities and any related prospectus, and in certain Exchange Act reports filed shortly thereafter;

- require that the proposed disclosures be included in the footnotes to the parent company's consolidated financial statements for annual and quarterly reports beginning with the annual report for the fiscal year during which the first bona fide sale of the subject securities is completed; and
- require the proposed financial and non-financial disclosures for as long as the issuers and guarantors have an Exchange Act reporting obligation with respect to the guaranteed securities rather than for as long as the guaranteed securities are outstanding.

The proposed amendments to the disclosure requirements in Rule 3-16 would be amended and relocated to proposed Rule 13-02. Among other things, the proposed amendments would replace the existing requirement to provide separate financial statements for each affiliate whose securities are pledged as collateral with financial and non-financial disclosures about the affiliate(s) and the collateral arrangement as a supplement to the consolidated financial statements of the registrant that issues the collateralized security. The proposed amendments would also permit the proposed financial and non-financial disclosures to be located in filings in the same manner as described above for the disclosures related to guarantors and guaranteed securities. Additionally, the proposed amendments would replace the requirement to provide disclosure only when the pledged securities meet or exceed a numerical threshold relative to the securities registered or being registered with a requirement to provide the proposed financial and non-financial disclosures in all cases, unless they are immaterial to holders of the collateralized security.

We estimate that the existing Rule 3-10 and Rule 3-16 disclosures each require an average of 100 burden hours to prepare and process. Considering the various impacts to the existing collection of information requirements, we estimate that the proposed amendments to Rules 3-10 would reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-10 in any particular filing by approximately 30 hours. Further, we estimate that the disclosure requirements in proposed new Rule 13-02 would also reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-16 in any particular filing by approximately 30 hours, except for quarterly reports on Form 10-Q. Therefore, we estimate that each of the disclosures related to the proposed amendment to Rules 3-10 and proposed Rule 13-02 would require 70 hours to prepare and process.

Existing Rule 3-16 requires registrants to include interim period financial statements that comply with Rule 3-16 when those financial statements are presented in registration statements, but it does not require similar financial statements that comply with Rule 3-16 in quarterly reports on Form 10-Q. Proposed new rule 13-02 would require financial information in quarterly reports on Form 10-Q, which would increase registrants' paperwork burden for that form. We estimate that the proposed amendments related to Rule 3-16 would increase the current paperwork burden by approximately 70 hours for each affected quarterly report on Form 10-Q.

Additionally, although the proposed amendments to Rule 3-10 and proposed rule

13-02 could reduce the paperwork burden for each individual affected form, except for Form 10-Q, they could cause the number of affected forms filed to change over a period of time. We believe proposed amendments to Rule 3-10 would encourage potential issuers to conduct registered debt offerings or private offerings with registration rights instead of conducting those offerings privately or without registration rights. Similarly, we believe that proposed Rule 13-02 would encourage potential issuers to conduct additional registered collateralized debt offerings because the costs of complying with proposed Rule 13-02 could be less than the costs required to comply with existing Rule 3-16. As the number of these registered offerings increases, the number of affected forms filed would also increase over a period of time. Therefore, we believe that the number of registration statements filed on affected forms that would include the disclosures related to the proposed amendments to Rule 3-10 and proposed Rule 13-02 would necessarily increase.

An increase in the number of registration statements filed would typically result in an increase in the number of periodic reports filed as well because some of the new registration statements would presumably be from new registrants. However, the proposed amendments to Rule 3-10 would reduce the ongoing reporting requirements of certain registrants and could result in fewer periodic reports on affected forms with disclosures under Rule 3-10 being filed over a period of time. Overall, we believe the decrease in the number of periodic reports filed on affected forms due to the change in ongoing reporting requirements would be largely mitigated, and perhaps offset, by the number of periodic reports with disclosures under Rule 3-10 that would increase due to the filing of new registration statements. Consequently, to avoid overestimating the paperwork reduction associated with the proposed amendments to Rule 3-10, we are not adjusting our existing estimate for the number of periodic reports filed with that information on affected forms.

Although we are not adjusting our existing periodic report estimate based on the proposed amendments to Rule 3-10, we are adjusting those estimates based on the disclosures related to proposed Rule 13-02. We do not believe that all registrants that file additional registration statements with the proposed Rule 13-02 information would be new registrants, so we believe that, while there would be additional filings on Form 10-K, the increase would not be as great as the increase in the number of registration statements. Estimating the number of additional filings on Form 10-Q requires a separate determination because the proposed amendments would require that the proposed Rule 13-02 information be included in quarterly reports on Form 10-Q. Currently, financial statements under Rule 3-16 are not required in quarterly reports on Form 10-Q. To estimate the number of additional filings on Form 10-Q that would include the proposed Rule 13-02 information, we look to the estimated number of filings on Form 10-K. For every Form 10-K, a registrant would be required to file three quarterly reports on Form 10-Q.

We estimate below the aggregate change in paperwork burden as a result of the proposed amendments, both in terms of the change to existing responses as well as the effect of additional responses. These estimates represent the average burden for all

registrants, both large and small. In deriving our estimates, we recognize that the burdens will likely vary among individual registrants based on a number of factors, including the nature of their business. The burden estimates were calculated by multiplying the estimated number of responses by the estimated average amount of time it would take a registrant to prepare and review disclosure required under the proposed amendments. The portion of the burden carried by outside professionals is reflected as a cost, while the portion of the burden carried by the registrant internally is reflected in hours.

For purposes of the PRA, we estimate that 75% of the burden of preparation of Forms 10-K, 10-Q, and 1-A is carried by the registrant internally and that 25% of the burden of preparation is carried by outside professionals retained by the company at an average cost of \$400 per hour.²⁸ Additionally, we estimate that 25% of the burden of preparation for Forms S-1, S-4, S-11, F-1, 20-F, and 40-F and is carried by the registrant internally and that 75% of the burden of preparation is carried by outside professionals retained by the company at an average cost of \$400 per hour.

Table 1: Calculations of Change in Burden Estimates of Current Responses Due to Proposed Amendments to Rule 3-10

	Number of Current Affected Responses (A)	Burden Hour Change per Current Affected Response (B)	Change in Burden Hours for Current Affected Responses (C) = (A) x (B)	Change in Company Hours for Current Affected Responses (D) = (C) x 0.75, 0.25	Change in Professional Hours for Current Affected Responses (E) = (C) x 0.25, 0.75	Change in Professional Costs for Current Affected Responses (F) = (E) x \$400
10-K	474	(30)	(14,220)	(10,665)	(3,555)	(\$1,422,000)
10-Q	1,252	(30)	(37,560)	(28,170)	(9,390)	(\$3,756,000)
S-1	10	(30)	(300)	(75)	(225)	(\$90,000)
20-F	14	(30)	(420)	(105)	(315)	(\$126,000)
40-F	8	(30)	(240)	(60)	(180)	(\$72,000)
S-4	100	(30)	(3,000)	(750)	(2,250)	(\$900,000)
S-11	5	(30)	(150)	(37.5)	(112.5)	(\$45,000)
F-1	5	(30)	(150)	(37.5)	(112.5)	(\$45,000)
1-A	0	---	---	---	---	---

²⁸ 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 would 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.

Table 2: Calculations of Change in Burden Estimates of Additional Responses Due to Proposed Amendments to Rule 3-10

	Number of Additional Affected Responses (A)	Burden Hour Change per Additional Affected Response (B)	Change in Burden Hours for Additional Affected Responses (C) = (A) x (B)	Change in Company Hours for Additional Affected Responses (D) = (C) x 0.25	Change in Professional Hours for Additional Affected Responses (E) = (C) x 0.75	Change in Professional Costs for Additional Affected Responses (F) = (E) x \$400
10-K	0	---	---	---	---	---
10-Q	0	---	---	---	---	---
S-1	3	70	210	52.5	157.5	\$63,000
20-F	2	70	140	35	105	\$42,000
40-F	0	---	---	---	---	---
S-4	33	70	2,310	577.5	1,732.5	\$693,000
S-11	2	70	140	35	105	\$42,000
F-1	2	70	140	35	105	\$42,000
1-A	0	---	---	---	---	---

Table 3: Calculations of Change in Burden Estimates of Current Responses Due to Proposed Amendments to Rule 3-16

	Number of Current Affected Responses (A)	Burden Hour Change per Current Affected Response (B)	Change in Burden Hours for Current Affected Responses (C) = (A) x (B)	Change in Company Hours for Current Affected Responses (D) = (C) x 0.75, 0.25, 0.85	Change in Professional Hours for Current Affected Responses (E) = (C) x 0.25, 0.75, or 0.15	Change in Professional Costs for Current Affected Responses (F) = (E) x \$400
10-K	7	(30)	(210)	(157.5)	(52.5)	(\$21,000)
10-Q	0	---	---	---	---	---
S-1	0	---	---	---	---	---
20-F	1	(30)	(30)	(7.5)	(22.5)	(\$9,000)
40-F	0	---	---	---	---	---
S-4	0	---	---	---	---	---
S-11	0	---	---	---	---	---
F-1	0	---	---	---	---	---
1-A	0	---	---	---	---	---

Table 4: Calculations of Change in Burden Estimates of Additional Responses Due to Proposed Amendments to Rule 3-16

	Number of Additional Affected Responses (A)	Burden Hour Change per Additional Affected Response (B)	Change in Burden Hours for Additional Affected Responses (C) = (A) x (B)	Change in Company Hours for Additional Affected Responses (D) = (C) x 0.75, 0.25	Change in Professional Hours for Additional Affected Responses (E) = (C) x 0.25, 0.75	Change in Professional Costs for Additional Affected Responses (F) = (E) x \$400
10-K	3	70	210	157.5	52.5	\$21,000
10-Q	18	70	1,260	945	315	\$126,000
S-1	1	70	70	17.5	52.5	\$21,000
20-F	2	70	140	35	105	\$42,000
40-F	0	---	---	---	---	---
S-4	4	70	280	70	210	\$84,000
S-11	1	70	70	17.5	52.5	\$21,000
F-1	1	70	70	17.5	52.5	\$21,000
1-A	1	70	70	52.5	17.5	\$7,000

Table 5: Calculations for Incremental Paperwork Burden under the Proposed Amendments to Rules 3-10 and 3-16 (Current Responses + Additional Responses)

	Number of Total Affected Responses Under Proposed Rule 3-10 (A)	Number of Total Affected Responses Under Proposed Rule 3-16 (B)	Change in Burden Hours for Total Affected Responses Under Proposed Rule 3-10 (C)	Change in Burden Hours for Total Affected Responses Under Proposed Rule 3-16 (D)	Change in Company Hours for Total Affected Responses Under Proposed Rule 3-10 (E)	Change in Company Hours for Total Affected Responses Under Proposed Rule 3-16 (F)	Change in Professional Hours for Total Affected Responses Under Proposed Rule 3-10 (G)	Change in Professional Hours for Total Affected Responses Under Proposed Rule 3-16 (H)	Change in Professional Costs for Total Affected Responses Under Rule 3-10 (I)	Change in Professional Costs for Total Affected Responses Under Rule 3-16 (J)
10-K	474	10	(14,220)	0	(10,665)	0	(3,555)	0	(\$1,422,000)	\$0
10-Q	1,252	18	(37,560)	1,260	(28,170)	945	(9,390)	315	(\$3,756,000)	\$126,000
S-1	13	1	(90)	70	(22.5)	17.5	(67.5)	52.5	(\$27,000)	\$21,000
20-F	16	3	(280)	110	(70)	27.5	(210)	82.5	(\$84,000)	\$33,000
40-F	8	0	(240)	---	(60)	---	(180)	---	(\$72,000)	---
S-4	133	4	(690)	280	(172.5)	70	(517.5)	210	(\$207,000)	\$84,000
S-11	7	1	(10)	70	(2.5)	17.5	(7.5)	52.5	(\$3,000)	\$21,000
F-1	7	1	(10)	70	(2.5)	17.5	(7.5)	52.5	(\$3,000)	\$21,000
1-A	0	1	---	70	---	52.5	---	17.5	---	\$7,000

Table 6: Incremental Paperwork Burden under the Proposed Amendments to Rules 3-10 and 3-16

	Change in Burden Hours of Affected Response (B)	Change in Company Hours (C)	Change in Professional Hours (D)	Change in Professional Costs (E)
10-K	(14,220)	(10,665)	(3,555)	(\$1,422,000)
10-Q	(36,300)	(27,225)	(9,075)	(\$3,630,000)
S-1	(20)	(5)	(15)	(\$6,000)
20-F	(170)	(42.5)	(127.5)	(\$51,000)
40-F	(240)	(60)	(180)	(\$72,000)
S-4	(410)	(102.5)	(307.5)	(\$123,000)
S-11	60	15	45	\$18,000
F-1	60	15	45	\$18,000
1-A	70	52.5	17.5	\$7,000

The table below illustrates the changes in cost and hour burdens from the burdens currently approved by OMB. The total estimated burdens were calculated by adding the incremental burdens to the existing burdens.

Table 7: Requested Paperwork Burden under the Proposed Amendments to Rules 3-10 and 3-16

	Current Burden			Program Change			Requested Change in Burden		
	Current Annual Responses (A)	Current Burden Hours (B)	Current Cost Burden (C)	Number of Affected Responses (D)	Change in Company Hours (E)	Change in Professional Costs (F)	Annual Responses (G) = (A) + (D)	Burden Hours (H) = (B) + (E)	Cost Burden (I) = (C) + (F)
10-K	8,137	14,198,780	\$1,895,224,719	484	(10,665)	(\$1,422,000)	8,621	14,188,115	\$1,893,802,719
10-Q	22,907	3,209,558	\$425,120,754	1,270	(27,225)	(\$3,630,000)	24,177	3,182,333	\$421,490,754
S-1	901	147,208	\$180,319,975	14	(5)	(\$6,000)	915	147,203	\$180,313,975
20-F	725	479,304	\$576,875,025	19	(43)	(\$51,000)	744	479,261	\$576,824,025
40-F	132	14,237	\$17,084,560	8	(60)	(\$72,000)	140	14,177	\$17,012,560
S-4	551	562,465	\$677,378,579	137	(103)	(\$123,000)	688	562,362	\$677,255,579
S-11	64	12,214	\$14,925,768	8	15	\$18,000	72	12,229	\$14,943,768
F-1	63	26,692	\$32,275,375	8	15	\$18,000	71	26,707	\$32,293,375
1-A	179	98,396	\$13,111,912	1	53	\$7,000	180	98,449	\$13,118,912

14. COSTS TO FEDERAL GOVERNMENT

The annual cost of reviewing and processing disclosure documents, including registration statements, post-effective amendments, proxy statements, annual reports and other filings of operating companies amounted to approximately \$102 million in fiscal year 2018, based on the Commission’s computation of the value of staff time devoted to this activity and related overhead for the Division of Corporation Finance.

15. REASON FOR CHANGE IN BURDEN

The proposed amendments would simplify and streamline the disclosure provided to investors about registered transactions and improve transparency in the market to the extent more offerings are registered. The proposed amendments to Rule 3-10 are expected to reduce the cost of compliance for registrants and encourage potential issuers to conduct registered debt offerings or private offerings with registration rights. The proposed amendments to the disclosure requirements in Rule 3-16 are expected to reduce the burden associated with providing guarantees or pledges of affiliate securities as collateral. The table below illustrates the changes in cost and hour burdens from the burdens currently approved by OMB. The total estimated burdens were calculated by adding the incremental burdens to the existing burdens.

Table 8. Summary of Revised Annual Responses, Burden Hours, and Burden Hour Cost Estimates for Each Information Collection

IC Title	Annual Number of Responses			Annual Time Burden (Hours)			Annual Cost Burden (\$)		
	Previously Approved	Requested	Change	Previously Approved	Requested	Change	Previously Approved	Requested	Change
Form 10-K	8,137	8,621	484	14,198,780	14,188,115	(10,665)	\$1,895,224,719	\$1,893,802,719	(\$1,422,000)
Form 10-Q	22,907	24,177	1,270	3,209,558	3,182,333	(27,225)	\$425,120,754	\$421,490,754	(\$3,630,000)
Form S-1	901	915	14	147,208	147,203	(5)	\$180,319,975	\$180,313,975	(\$6,000)
Form 20-F	725	744	19	479,304	479,261	(43)	\$576,875,025	\$576,824,025	(\$51,000)
Form 40-F	132	140	8	14,237	14,177	(60)	\$17,084,560	\$17,012,560	(\$72,000)
Form S-4	551	688	137	562,465	562,362	(103)	\$677,378,579	\$677,255,579	(\$123,000)
Form S-11	64	72	8	12,214	12,229	15	\$14,925,768	\$14,943,768	\$18,000
Form F-1	63	71	8	26,692	26,707	15	\$32,275,375	\$32,293,375	\$18,000
Form 1-A	179	180	1	98,396	98,449	53	\$13,111,912	\$13,118,912	\$7,000
Total	33,659	35,608	1,949	18,748,854	18,710,836	(38,018)	\$3,832,316,667	\$3,827,055,667	(\$5,261,000)

16. INFORMATION COLLECTION PLANNED FOR STATISTICAL PURPOSES

The information collections do not employ statistical methods.

17. APPROVAL TO OMIT OMB EXPIRATION DATE

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

There are no exceptions to certification for the Paperwork Reduction Act submissions.

B. STATISTICAL METHODS

The information collections do not employ statistical methods.

Form 10-K Short Statement

The proposed amendments would revise the disclosure requirements in Rules 3-10 and 3-16 of Regulation S-X to better align those requirements with the needs of investors and to simplify and streamline the disclosure obligations of registrants. These amendments are intended to provide investors with the information that is important given the specific facts and circumstances, make the disclosures easier to understand, and reduce the costs and burdens to registrants. The proposal would amend both rules and relocate part of Rule 3-10 and all of Rule 3-16 to proposed Rules 13-01 and 13-02, respectively.

Considering the various impacts to the existing collection of information requirements, we estimate that the proposed amendments to Rules 3-10 and would reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-10 in any particular filing. Further, we estimate that the proposed amendments to the disclosure requirements in Rule 3-16 would also reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-16 in any particular filing, except for Form 10-Q. The proposed amendments related to Rule 3-16 would require financial information in quarterly reports on Form 10-Q that are not required under existing Rule 3-16.

Although the proposed amendments would reduce the paperwork burden for most of the affected forms, they could cause the number of affected forms filed to increase over a period of time. The proposed amendments to Rule 3-10 could encourage potential issuers to conduct registered debt offerings or private offerings with registration rights instead of conducting those offerings privately or without registration rights. Similarly, the proposed amendments to the disclosure requirements in Rule 3-16 could encourage potential issuers to conduct additional registered collateralized debt offerings because the costs of complying with proposed Rule 13-02 could be less than the costs required to comply with existing Rule 3-16. As the number of these registered offerings increases, the number of affected forms filed would also increase over a period of time, which could mitigate, or offset, any reduction to the paperwork burden for any particular filing.

For Form 10-K, we estimate that the proposed amendments would result in a reduction of approximately 10,665 internal burden hours and a reduction of approximately \$1,422,000 in outside professional costs.

Form 10-Q Short Statement

The proposed amendments would revise the disclosure requirements in Rules 3-10 and 3-16 of Regulation S-X to better align those requirements with the needs of investors and to simplify and streamline the disclosure obligations of registrants. These amendments are intended to provide investors with the information that is important given the specific facts and circumstances, make the disclosures easier to understand, and reduce the costs and burdens to registrants. The proposal would amend both rules and relocate part of Rule 3-10 and all of Rule 3-16 to proposed Rules 13-01 and 13-02, respectively.

Considering the various impacts to the existing collection of information requirements, we estimate that the proposed amendments to Rules 3-10 and would reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-10 in any particular filing. Further, we estimate that the proposed amendments to the disclosure requirements in Rule 3-16 would also reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-16 in any particular filing, except for Form 10-Q. The proposed amendments related to Rule 3-16 would require financial information in quarterly reports on Form 10-Q that are not required under existing Rule 3-16.

Although the proposed amendments would reduce the paperwork burden for most of the affected forms, they could cause the number of affected forms filed to increase over a period of time. The proposed amendments to Rule 3-10 could encourage potential issuers to conduct registered debt offerings or private offerings with registration rights instead of conducting those offerings privately or without registration rights. Similarly, the proposed amendments to the disclosure requirements in Rule 3-16 could encourage potential issuers to conduct additional registered collateralized debt offerings because the costs of complying with proposed Rule 13-02 could be less than the costs required to comply with existing Rule 3-16. As the number of these registered offerings increases, the number of affected forms filed would also increase over a period of time, which could mitigate, or offset, any reduction to the paperwork burden for any particular filing.

For Form 10-Q, we estimate that the proposed amendments would result in a reduction of approximately 27,225 internal burden hours and a reduction of approximately \$3,630,000 in outside professional costs.

Form S-1 Short Statement

The proposed amendments would revise the disclosure requirements in Rules 3-10 and 3-16 of Regulation S-X to better align those requirements with the needs of investors and to simplify and streamline the disclosure obligations of registrants. These amendments are intended to provide investors with the information that is important given the specific facts and circumstances, make the disclosures easier to understand, and reduce the costs and burdens to registrants. The proposal would amend both rules and relocate part of Rule 3-10 and all of Rule 3-16 to proposed Rules 13-01 and 13-02, respectively.

Considering the various impacts to the existing collection of information requirements, we estimate that the proposed amendments to Rules 3-10 and would reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-10 in any particular filing. Further, we estimate that the proposed amendments to the disclosure requirements in Rule 3-16 would also reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-16 in any particular filing, except for Form 10-Q. The proposed amendments related to Rule 3-16 would require financial information in quarterly reports on Form 10-Q that are not required under existing Rule 3-16.

Although the proposed amendments would reduce the paperwork burden for most of the affected forms, they could cause the number of affected forms filed to increase over a period of time. The proposed amendments to Rule 3-10 could encourage potential issuers to conduct registered debt offerings or private offerings with registration rights instead of conducting those offerings privately or without registration rights. Similarly, the proposed amendments to the disclosure requirements in Rule 3-16 could encourage potential issuers to conduct additional registered collateralized debt offerings because the costs of complying with proposed Rule 13-02 could be less than the costs required to comply with existing Rule 3-16. As the number of these registered offerings increases, the number of affected forms filed would also increase over a period of time, which could mitigate, or offset, any reduction to the paperwork burden for any particular filing.

For Form S-1, we estimate that the proposed amendments would result in a reduction of approximately five internal burden hours and a reduction of approximately \$6,000 in outside professional costs.

Form 20-F Short Statement

The proposed amendments would revise the disclosure requirements in Rules 3-10 and 3-16 of Regulation S-X to better align those requirements with the needs of investors and to simplify and streamline the disclosure obligations of registrants. These amendments are intended to provide investors with the information that is important given the specific facts and circumstances, make the disclosures easier to understand, and reduce the costs and burdens to registrants. The proposal would amend both rules and relocate part of Rule 3-10 and all of Rule 3-16 to proposed Rules 13-01 and 13-02, respectively.

Considering the various impacts to the existing collection of information requirements, we estimate that the proposed amendments to Rules 3-10 and would reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-10 in any particular filing. Further, we estimate that the proposed amendments to the disclosure requirements in Rule 3-16 would also reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-16 in any particular filing, except for Form 10-Q. The proposed amendments related to Rule 3-16 would require financial information in quarterly reports on Form 10-Q that are not required under existing Rule 3-16.

Although the proposed amendments would reduce the paperwork burden for most of the affected forms, they could cause the number of affected forms filed to increase over a period of time. The proposed amendments to Rule 3-10 could encourage potential issuers to conduct registered debt offerings or private offerings with registration rights instead of conducting those offerings privately or without registration rights. Similarly, the proposed amendments to the disclosure requirements in Rule 3-16 could encourage potential issuers to conduct additional registered collateralized debt offerings because the costs of complying with proposed Rule 13-02 could be less than the costs required to comply with existing Rule 3-16. As the number of these registered offerings increases, the number of affected forms filed would also increase over a period of time, which could mitigate, or offset, any reduction to the paperwork burden for any particular filing.

For Form 20-F, we estimate that the proposed amendments would result in a reduction of approximately 43 internal burden hours and a reduction of approximately \$51,000 in outside professional costs.

Form 40-F Short Statement

The proposed amendments would revise the disclosure requirements in Rules 3-10 and 3-16 of Regulation S-X to better align those requirements with the needs of investors and to simplify and streamline the disclosure obligations of registrants. These amendments are intended to provide investors with the information that is important given the specific facts and circumstances, make the disclosures easier to understand, and reduce the costs and burdens to registrants. The proposal would amend both rules and relocate part of Rule 3-10 and all of Rule 3-16 to proposed Rules 13-01 and 13-02, respectively.

Considering the various impacts to the existing collection of information requirements, we estimate that the proposed amendments to Rules 3-10 and would reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-10 in any particular filing. Further, we estimate that the proposed amendments to the disclosure requirements in Rule 3-16 would also reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-16 in any particular filing, except for Form 10-Q. The proposed amendments related to Rule 3-16 would require financial information in quarterly reports on Form 10-Q that are not required under existing Rule 3-16.

Although the proposed amendments would reduce the paperwork burden for most of the affected forms, they could cause the number of affected forms filed to increase over a period of time. The proposed amendments to Rule 3-10 could encourage potential issuers to conduct registered debt offerings or private offerings with registration rights instead of conducting those offerings privately or without registration rights. Similarly, the proposed amendments to the disclosure requirements in Rule 3-16 could encourage potential issuers to conduct additional registered collateralized debt offerings because the costs of complying with proposed Rule 13-02 could be less than the costs required to comply with existing Rule 3-16. As the number of these registered offerings increases, the number of affected forms filed would also increase over a period of time, which could mitigate, or offset, any reduction to the paperwork burden for any particular filing.

For Form 40-F, we estimate that the proposed amendments would result in a reduction of approximately 60 internal burden hours and a reduction of approximately \$72,000 in outside professional costs.

Form S-4 Short Statement

The proposed amendments would revise the disclosure requirements in Rules 3-10 and 3-16 of Regulation S-X to better align those requirements with the needs of investors and to simplify and streamline the disclosure obligations of registrants. These amendments are intended to provide investors with the information that is important given the specific facts and circumstances, make the disclosures easier to understand, and reduce the costs and burdens to registrants. The proposal would amend both rules and relocate part of Rule 3-10 and all of Rule 3-16 to proposed Rules 13-01 and 13-02, respectively.

Considering the various impacts to the existing collection of information requirements, we estimate that the proposed amendments to Rules 3-10 and would reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-10 in any particular filing. Further, we estimate that the proposed amendments to the disclosure requirements in Rule 3-16 would also reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-16 in any particular filing, except for Form 10-Q. The proposed amendments related to Rule 3-16 would require financial information in quarterly reports on Form 10-Q that are not required under existing Rule 3-16.

Although the proposed amendments would reduce the paperwork burden for most of the affected forms, they could cause the number of affected forms filed to increase over a period of time. The proposed amendments to Rule 3-10 could encourage potential issuers to conduct registered debt offerings or private offerings with registration rights instead of conducting those offerings privately or without registration rights. Similarly, the proposed amendments to the disclosure requirements in Rule 3-16 could encourage potential issuers to conduct additional registered collateralized debt offerings because the costs of complying with proposed Rule 13-02 could be less than the costs required to comply with existing Rule 3-16. As the number of these registered offerings increases, the number of affected forms filed would also increase over a period of time, which could mitigate, or offset, any reduction to the paperwork burden for any particular filing.

For Form S-4, we estimate that the proposed amendments would result in a reduction of approximately 103 internal burden hours and a reduction of approximately \$123,000 in outside professional costs.

Form S-11 Short Statement

The proposed amendments would revise the disclosure requirements in Rules 3-10 and 3-16 of Regulation S-X to better align those requirements with the needs of investors and to simplify and streamline the disclosure obligations of registrants. These amendments are intended to provide investors with the information that is important given the specific facts and circumstances, make the disclosures easier to understand, and reduce the costs and burdens to registrants. The proposal would amend both rules and relocate part of Rule 3-10 and all of Rule 3-16 to proposed Rules 13-01 and 13-02, respectively.

Considering the various impacts to the existing collection of information requirements, we estimate that the proposed amendments to Rules 3-10 and would reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-10 in any particular filing. Further, we estimate that the proposed amendments to the disclosure requirements in Rule 3-16 would also reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-16 in any particular filing, except for Form 10-Q. The proposed amendments related to Rule 3-16 would require financial information in quarterly reports on Form 10-Q that are not required under existing Rule 3-16.

Although the proposed amendments would reduce the paperwork burden for most of the affected forms, they could cause the number of affected forms filed to increase over a period of time. The proposed amendments to Rule 3-10 could encourage potential issuers to conduct registered debt offerings or private offerings with registration rights instead of conducting those offerings privately or without registration rights. Similarly, the proposed amendments to the disclosure requirements in Rule 3-16 could encourage potential issuers to conduct additional registered collateralized debt offerings because the costs of complying with proposed Rule 13-02 could be less than the costs required to comply with existing Rule 3-16. As the number of these registered offerings increases, the number of affected forms filed would also increase over a period of time, which could mitigate, or offset, any reduction to the paperwork burden for any particular filing.

For Form S-11, we estimate that the proposed amendments would result in an increase of approximately 15 internal burden hours and an increase of approximately \$18,000 in outside professional costs.

Form F-1 Short Statement

The proposed amendments would revise the disclosure requirements in Rules 3-10 and 3-16 of Regulation S-X to better align those requirements with the needs of investors and to simplify and streamline the disclosure obligations of registrants. These amendments are intended to provide investors with the information that is important given the specific facts and circumstances, make the disclosures easier to understand, and reduce the costs and burdens to registrants. The proposal would amend both rules and relocate part of Rule 3-10 and all of Rule 3-16 to proposed Rules 13-01 and 13-02, respectively.

Considering the various impacts to the existing collection of information requirements, we estimate that the proposed amendments to Rules 3-10 and would reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-10 in any particular filing. Further, we estimate that the proposed amendments to the disclosure requirements in Rule 3-16 would also reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-16 in any particular filing, except for Form 10-Q. The proposed amendments related to Rule 3-16 would require financial information in quarterly reports on Form 10-Q that are not required under existing Rule 3-16.

Although the proposed amendments would reduce the paperwork burden for most of the affected forms, they could cause the number of affected forms filed to increase over a period of time. The proposed amendments to Rule 3-10 could encourage potential issuers to conduct registered debt offerings or private offerings with registration rights instead of conducting those offerings privately or without registration rights. Similarly, the proposed amendments to the disclosure requirements in Rule 3-16 could encourage potential issuers to conduct additional registered collateralized debt offerings because the costs of complying with proposed Rule 13-02 could be less than the costs required to comply with existing Rule 3-16. As the number of these registered offerings increases, the number of affected forms filed would also increase over a period of time, which could mitigate, or offset, any reduction to the paperwork burden for any particular filing.

For Form F-1, we estimate that the proposed amendments would result in an increase of approximately 15 internal burden hours and an increase of approximately \$18,000 in outside professional costs.

Form 1-A Short Statement

The proposed amendments would revise the disclosure requirements in Rules 3-10 and 3-16 of Regulation S-X to better align those requirements with the needs of investors and to simplify and streamline the disclosure obligations of registrants. These amendments are intended to provide investors with the information that is important given the specific facts and circumstances, make the disclosures easier to understand, and reduce the costs and burdens to registrants. The proposal would amend both rules and relocate part of Rule 3-10 and all of Rule 3-16 to proposed Rules 13-01 and 13-02, respectively.

Considering the various impacts to the existing collection of information requirements, we estimate that the proposed amendments to Rules 3-10 and would reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-10 in any particular filing. Further, we estimate that the proposed amendments to the disclosure requirements in Rule 3-16 would also reduce the overall paperwork burden for registrants that currently provide the disclosures under existing Rule 3-16 in any particular filing, except for Form 10-Q. The proposed amendments related to Rule 3-16 would require financial information in quarterly reports on Form 10-Q that are not required under existing Rule 3-16.

Although the proposed amendments would reduce the paperwork burden for most of the affected forms, they could cause the number of affected forms filed to increase over a period of time. The proposed amendments to Rule 3-10 could encourage potential issuers to conduct registered debt offerings or private offerings with registration rights instead of conducting those offerings privately or without registration rights. Similarly, the proposed amendments to the disclosure requirements in Rule 3-16 could encourage potential issuers to conduct additional registered collateralized debt offerings because the costs of complying with proposed Rule 13-02 could be less than the costs required to comply with existing Rule 3-16. As the number of these registered offerings increases, the number of affected forms filed would also increase over a period of time, which could mitigate, or offset, any reduction to the paperwork burden for any particular filing.

For Form 1-A, we estimate that the proposed amendments would result in an increase of approximately 53 internal burden hours and an increase of approximately \$7,000 in outside professional costs.