

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

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

The Securities Act of 1933 (the “Securities Act”) requires that a registration statement be filed with the Commission disclosing prescribed information before securities may be offered for sale to the public. The securities cannot be sold to the public until the registration statement becomes effective. In addition, prospective investors must be furnished a prospectus containing the most significant information in the registration statement. Congress, however, recognized that there are certain situations where there is no practical need for registration or where the public benefits derived from registration are too remote. Accordingly, a number of exemptions to the registration requirements are contained in the Securities Act. The exemptions that small businesses most typically rely on are those provided by Section 3(b) and 4(a)(2).

The Commission is authorized under Section 3(b) of the Securities Act to exempt securities from registration if it finds that registration for these securities is not necessary in the public interest or for the protection of investors because of the small amount involved or the limited character of the public offering. Section 4(a)(2) of the Securities Act exempts transactions by an issuer not involving any public offering. Pursuant to this authority, the Commission has adopted various rules (collectively “Regulation D”) establishing several small issues or limited offering exemptions from the registration requirements of Securities Act. The rules provide exemptions for offerings that are limited in the type and number of investors as well as for those limited in dollar amount.

For all Regulation D offerings, Form D must be filed with the Commission no later than 15 days after the first sale of securities in the offering. The Form D is a simple notice that provides certain information about the issuer and the offering.

2. Purpose and Use of the Information Collection

An important purpose of the notice is to collect empirical data, which provides a continuing basis for action by the Commission either in terms of amending existing rules and regulations or proposing new ones. Further, the Form allows the Commission to elicit information necessary in assessing the effectiveness of Regulation D and Section 4(a)(5) as capital-raising devices for small businesses.

3. Consideration Given to Information Technology

Form D is filed using the Commission’s electronic filing system.

4. Duplication of Information

There is no public source for the information provided on Form D.

5. Reducing the Burden on Small Entities

Regulation D is a comprehensive set of exemptions from registrations relating to small issues and small issuers. Regulation D was designed to simplify and clarify existing exemptions and to expand their availability to small issuers.

6. Consequences of Not Conducting Collection

The purpose of collecting Form D information is to provide small businesses with an avenue to offer and sell securities without incurring the costs and burdens traditionally associated with full registration under the Securities Act. As a result, this provides the public with the necessary information to make sound investment decisions when planning their financial futures.

7. Special Circumstances

No special circumstances at this time.

8. Consultations with Persons Outside the Agency

No comments were received during the 60-day comment period prior to OMB's review.

9. Payment or Gift to Respondents

No payment or gift to respondents.

10. Confidentiality

Form D submissions are available to the public.

11. Sensitive Questions

The information collection collects Personally Identifiable Information (PII) of certain individuals. 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 February 5, 2020, is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>. The agency has determined that the information collection does not constitute a system of record for purposes of the Privacy Act as information is not retrieved by a personal identifier.

## 12. Estimate of Respondent Reporting Burden

Form D takes approximately 4 hours per response to comply with the collection of information requirements and is filed by 23,571 respondents. 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 25% of the collection of information burden is prepared by issuers annually and that 75% of the burden is carried by outside professionals retain by the company. Based on our estimates, we calculated the total reporting burden to be 23,571 hours ((25% x 4 hours per response) x 23,571 responses). For administrative convenience, the presentations of the totals related to the paperwork burden hours have been rounded to the nearest whole number. The burden hours estimate are made solely for the purpose of the Paperwork Reduction Act

## 13. Estimate of Total Annualized Cost Burden

For purposed of the Paperwork Reduction Act (“PRA”), we estimate that 75% of the 4 hours per response (3 hours) is prepared by outside counsel. We estimate the outside professional cost to be \$400 per hour (\$400 per hour x 3 hours per response x 23,571 responses) for a total cost burden of \$28,285,200. 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 presentations of the paperwork cost burden totals have been rounded to the nearest dollar. The costs estimates are made solely for the purpose of the Paperwork Reduction.

## 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 \$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.

## 15. Reason for Change in Burden

The decrease in burden of 2,429 hours and the decrease in cost burden of (\$2,914,800) is due to an adjustment. The decrease in both the burden hours and cost burden reflects a decrease in the number of respondents filing Form D Notices with the Commission.

16. Information Collection Planned for Statistical Purposes

The information collection is not planned for statistical purposes.

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

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

B. STATISTICAL METHODS

The information collection does not employ statistical methods.