

SUPPORTING STATEMENT FOR PROPOSED AMENDMENTS TO FINANCIAL DISCLOSURES ABOUT ACQUIRED BUSINESSES

A. JUSTIFICATION

1. CIRCUMSTANCES MAKING THE COLLECTION OF INFORMATION NECESSARY

In Release No. 33-10635,¹ the Commission proposed amendments to the financial statement requirements for acquired and disposed businesses in Rules 3-05, 3-14, and Article 11 of Regulation S-X to improve the financial information about acquired or disposed businesses, facilitate more timely access to capital, and reduce the complexity and costs of preparing the disclosure.² The Commission further proposed related amendments in Rule 1-02(w), Rule 3-06, and Article 8 of Regulation S-X, as well as amendments to Form 8-K, Form 10-K,³ and the definitions in Rule 12b-2 under the Exchange Act and Rule 405 under the Securities Act.

The proposed amendments contain “collection of information” requirements within the meaning of the Paperwork Reduction Act of 1995 (“PRA”). The titles of the collections of information impacted by the amendments are:⁴

- “Form 8-K” (OMB Control No. 3235-0060);
- “Form 10” (OMB Control No. 3235-0064);
- “Form S-1” (OMB Control No. 3235-0065);
- “Form S-3” (OMB Control No. 3235-0073);
- “Form F-3” (OMB Control No. 3235-0256);
- “Form F-1” (OMB Control No. 3235-0258); and
- “Form 1-A” (OMB Control No. 3235-0286).

¹ See Release No. 33-10635 (May 3, 2019). A copy of the proposing release is attached.

² The Commission also proposed new Rule 6-11 of Regulation S-X and amendments to Form N-14 to specifically govern financial reporting for acquisitions involving investment companies. The Commission’s Division of Investment Management will separately submit, pursuant to the Paperwork Reduction Act of 1995, supporting statements and related attachments for Form N-1A, Form N-2, and Form N-14.

³ The amendment to Form 10-K would move an exception from compliance with Rule 3-14 from Rule 3-14 to the Form 10-K consistent with the treatment and discussion of Rule 3-05 in Form 10-K. The proposed amendment would not affect a registrant’s paperwork burden.

⁴ The paperwork burdens for Regulation S-X are imposed through the forms that are subject to the requirements in these regulations and are reflected in the analysis of those forms. OMB has discontinued the OMB Control Number for this regulation so that the PRA inventory would not reflect duplicative burdens.

2. PURPOSE AND USE OF THE INFORMATION COLLECTION

The regulations and forms listed above were adopted under the Securities Act or the Exchange Act, and set forth the disclosure requirements for registration statements and current reports filed by registrants to help investors make informed investment and voting decisions.

The Commission is proposing amendments to the financial statement requirements for acquired and disposed businesses. The purpose of the proposed amendments to Rules 3-05, 3-14, and Article 11 of Regulation S-X, and to the related rules and forms, is to improve the financial information about acquired or disposed businesses, facilitate more timely access to capital, and reduce the complexity and costs of preparing the disclosure.

3. CONSIDERATION GIVEN TO INFORMATION TECHNOLOGY

The collection of information requirements of the amendments will be set forth in Regulation S-X and the respective Forms. The information required by these rules is filed electronically with the Commission using the Commission's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system.

4. DUPLICATION OF INFORMATION

We are not aware of any rules that conflict with or substantially duplicate the final rules.

5. REDUCING THE BURDEN ON SMALL ENTITIES

The proposed amendments would affect some companies that are small entities that have a class of securities that are registered under Section 12 of the Exchange Act. The Commission performed an Initial Regulatory Flexibility Act Analysis and estimated that there are approximately 1,173 issuers, other than investment companies, that may be considered small entities and are potentially subject to the proposed amendments.

The Commission considered a variety of alternatives to achieve our regulatory objective to improve the financial information about acquired or disposed businesses, facilitate more timely access to capital, and reduce the complexity and costs of preparing the disclosure. The Commission did not propose additional alternative approaches in this rulemaking because we do not believe they meet the regulatory objective as well as the proposed amendments.

6. CONSEQUENCES OF NOT CONDUCTING COLLECTION

The regulations and forms listed above set forth the disclosure requirements for registration statements and current reports filed by registrants to help investors make informed investment and voting decisions. Failure to conduct these collections of information would reduce the information available to investors to make these decisions. We believe that the proposed amendments will improve the usefulness and relevance of the financial information provided by the collections of information.

7. SPECIAL CIRCUMSTANCES

There are no special circumstances in connection with these amendments.

8. CONSULTATIONS WITH PERSONS OUTSIDE THE AGENCY

In September 2015, the Commission issued a *Request for Comment on the Effectiveness of Financial Disclosures About Entities Other Than the Registrant*; ⁵and on May 3, 2019, the Commission issued a proposing release soliciting comment on the “collection of information” requirements and associated paperwork burdens of the proposed amendments.⁶ Comments on the Commission’s releases are generally received from registrants, investors, and other market participants. In addition, the Commission and staff participate in an ongoing dialogue with representatives of various market participants through public conferences, meetings, and informal exchanges. The Commission considers all comments received.

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 will be required under the following collections of information in connection with these rulemaking amendments: Form S-1, Form S-3, Form 10, Form 8-K, Regulation A (Form 1-A), Form F-1, and Form F-3. These information collections collect basic Personally Identifiable Information (PII) 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 February 5, 2020, is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

⁵ See Release No. 33-9929 (Sept. 25, 2015) [80 FR 59083 (Oct. 1, 2015)].

⁶ See *supra* note 1.

12./13. ESTIMATES OF HOUR AND COST BURDENS

The paperwork burden estimates associated with the proposed amendments include the burdens attributable to collecting, preparing, reviewing, and retaining records.

i. Rules 3-05 and 3-14 and Related Amendments

The proposed amendment to Rule 3-05 and related amendments (*e.g.*, to Rule 1-02(w)), among other things, would reduce a registrant's paperwork burden by:

- revising the significance tests and thresholds provided in Rule 1-02(w) and Rule 3-05 to improve their application and to assist registrants in making more meaningful significance determinations;
- revising the scaling requirements to reduce from three to two the maximum number of years of required Rule 3-05 Financial Statements;
- permitting Rule 3-05 Financial Statements to be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS-IASB”) in appropriate circumstances, thus permitting registrants to reconcile their financial statements to the basis of accounting they are already using and not requiring additional one-time reconciliations to U.S. GAAP;
- permitting the omission of Rule 3-05 Financial Statements from Securities Act registration statements and proxy statements once the acquired business is reflected in filed post-acquisition audited financial statements of the registrant for a complete fiscal year; and
- permitting registrants to use pro forma financial information for significance testing under appropriate circumstances, thereby simplifying the application of the rules and more accurately determining the significance of an acquired business.⁷

Rule 3-14 provides similar requirements to Rule 3-05 for financial statements of real estate operations acquired or to be acquired, but differs from Rule 3-05, in part, because unique industry considerations warrant differentiated disclosure. The proposed amendments related to Rule 3-14, among other things, would align the requirements under Rules 3-05 and 3-14 where appropriate; clarify the determination of significance and the definition of “real estate operation” under Rule 3-14; establish an explicit requirement for interim income statements; and provide

⁷ The proposed amendments would also: permit registrants to provide appropriately abbreviated financial statements for significant acquisitions of certain acquired businesses that have not previously prepared separate financial statements or maintained distinct and separate accounts and for registrants that acquire certain oil and gas producing activities; and clarify and update the rules and timing related to the provision of financial information. Because these proposed revisions are generally codifying existing disclosure practice or clarifying our rules, we do not believe that these proposed amendments would affect the paperwork burden for registrants.

special provisions for blind pool offerings.

More specifically, where no unique industry considerations warrant differentiated disclosure, the proposed Rule 3-14 amendments would:

- conform significance thresholds at the higher Rule 3-05 thresholds for significance;
- align the years of required financial statements for acquisitions from related parties;
- permit the application of Rule 3-06⁸ to Rule 3-14; and
- include a conforming filing period for the filing of Rule 3-14 Financial Statements in registration and proxy statements.

We believe that the proposed Rule 3-14 amendments would reduce the paperwork burden for the affected forms for the same reasons as those discussed above for the related proposed changes to Rule 3-05.

While the proposed amendments to Rule 1-02(w), Rule 3-05, and Rule 3-14 may eliminate some disclosure required by the existing rule, they may also require other disclosure not required by the existing rule. For example, if significance is more accurately determined, an acquired business deemed significant under the existing tests would no longer be required to provide Rule 3-05 Financial Statements. Alternatively, a more accurate test could identify some acquired businesses as significant that were deemed insignificant under the existing rule. Considering the various impacts to the existing collection of information requirements outlined above, we estimate that the proposed amendments to Rule 1-02(w), Rule 3-05 and Rule 3-14 would reduce the overall paperwork burden for registrants, some aspects of which could reduce the paperwork burden significantly for some registrants.

To determine the paperwork burden for a registrant to file a registration statement with the proposed Rule 3-05 or Rule 3-14 Financial Statements, we estimated the number of burden hours required for an issuer to provide the existing financial statements. In response to the 2015 Request for Comment, no commenter provided information that would assist us in deriving an estimate for the cost of Rule 3-05 or Rule 3-14 Financial Statements. In order to develop an estimate, the staff relied on its discussions with registrants and consultants and reviewed recent waiver request letters that cited the cost of compliance.⁹ For PRA purposes, we estimate that

⁸ Rule 3-06 of Regulation S-X (17 CFR 210.3-06) permits the filing of financial statements covering a period of 9 to 12 months to satisfy a requirement to file financial statements for a period of one year in certain circumstances.

⁹ Only two waiver request letters received in 2017 cited additional costs of complying with the Rule 3-05 Financial Statement requirements ranging from \$43,000 to \$200,000. Additionally, one consultant suggested a typical range of audit fees as \$100,000 to \$250,000 and consulting fees of \$40,000 to \$100,000. Based on this information, we estimated that Rule 3-05 or Rule 3-14 Financial Statements require on average approximately an additional 500 burden hours for registrants to prepare. We believe that this estimate falls within the range of costs suggested by the waiver requests and consultant's estimate and would appropriately account for company and professional hours required.

existing Rule 3-05 or Rule 3-14 Financial Statements require an average of 500 burden hours. We further estimate that all of the proposed amendments to Rule 1-02(w), Rule 3-05, and Rule 3-14 would reduce a registrant's burden by 125 hours for each filing, as compared to the registrant providing the existing Rule 3-05 and Rule 3-14 Financial Statements.

ii. Pro Forma Financial Information

Article 11 of Regulation S-X provides the pro forma financial information requirements that must accompany Rule 3-05 Financial Statements and Rule 3-14 Financial Statements. Under existing Article 11, registrants are required to provide pro forma financial information for a business acquisition combining the historical financial statements of the registrant and the acquired business adjusted as provided in the rules. The proposed amendments would revise the pro forma financial information requirements to improve the content and relevance of the information provided.

Existing Rule 11-01 requires registrants to provide pro forma financial information upon the disposition or probable disposition of a significant portion of a business if that disposition is not fully reflected in the financial statements of the registrant. Existing Rule 11-01 determines significance for dispositions using a 10% significance threshold. The proposed amendments would raise the significance threshold for the disposition of a business from 10% to 20%, to conform to the threshold at which an acquired business is significant under Rule 3-05. These changes would reduce a registrant's paperwork burden by eliminating the requirement for pro forma financial information for less significant dispositions.

Existing Rule 11-02 provides presentation requirements designed to elicit disclosures that distinguish between the one-time impact and the on-going impact of a transaction on the registrant. The proposed amendments would replace the existing pro forma adjustments with simplified requirements to give effect to the accounting for the transaction and present the effects of reasonably estimable synergies and other transaction effects that have occurred or are reasonably expected to occur. These changes would reduce a registrant's paperwork burden by simplifying disclosure requirements, but may increase burdens by requiring certain forward-looking information.

Existing Rule 8-05 requires smaller reporting companies to provide pro forma financial information only if financial statements of a business acquired or to be acquired are presented. Like Article 11, Rule 8-05(b) provides that pro forma statements must consist of a pro forma balance sheet and a pro forma statement of comprehensive income for the most recent year and interim period, but does not provide further preparation guidance, such as the types of pro forma adjustments that can be made. The proposed amendments would require that the preparation, presentation, and disclosure of pro forma financial information by smaller reporting companies substantially comply with Article 11 in order to provide investors with more uniform information upon which to make their investment decisions. These changes may increase a registrant's paperwork burden by requiring pro forma financial information in some additional circumstances

and requiring that the information be provided in a clearer and more robust manner.¹⁰

To determine the paperwork burden for a registrant to file a registration statement with the proposed pro forma financial information, we estimated the number of burden hours required for an issuer to provide the existing pro forma financial information.¹¹ No commenter provided information in response to the 2015 Request for Comment that would assist us in deriving an estimate for the cost of pro forma financial information. For PRA purposes, we estimate that existing pro forma financial information requires an average of 100 burden hours.¹² We further estimate that the proposed amendments to the pro forma financial information requirements, including the requirement to provide certain forward-looking information, would increase a registrant's burden by 25 hours, as compared to the registrant providing the existing pro forma financial information.

iii. Estimate of the Number of Affected Filings

Although the proposed amendments would generally reduce the paperwork burden for filings on an affected form that includes existing Rule 3-05 or Rule 3-14 Financial Statements, not all filings on the affected forms include these disclosures because they are provided only in certain instances. Therefore, to estimate the overall paperwork burden reduction from the proposed amendments, we must estimate the number of filings that include Rule 3-05 and Rule 3-14 Financial Statements. To do so, Commission staff searched the various form types filed from January 1, 2017 until October 1, 2018 for indications of acquisition or disposition disclosure.¹³ Based on the staff's findings, the table below sets forth our estimates of the number of filings on these forms that included Rule 3-05 or Rule 3-14 Financial Statements in calendar year 2017 and the first nine months of 2018.

¹⁰ The incremental conditions that would require a smaller reporting company to present pro forma financial information under the proposed amendments would include: roll-up transactions as defined in 17 CFR 229.901(c); when such presentation is necessary to reflect the operations and financial position of the smaller reporting company as an autonomous entity; and other events for which disclosure of pro forma financial information would be material to investors. It is not clear whether smaller reporting companies generally meet these conditions such that additional disclosure would be required.

¹¹ Because pro forma financial information is most typically associated with acquisition and dispositions, we rely on the same estimates of affected forms for pro forma burden estimates as those used for Rule 3-05 and Rule 3-14 burden estimates.

¹² As we have estimated that Rule 3-05 or Rule 3-14 Financial Statements would require approximately 500 total burden hours for a registrant, we estimate that the required pro forma financial information would represent approximately 20% of that burden. While pro forma financial information is an important aspect of acquired business financial information disclosure, it is only an incremental part of that disclosure, which also requires the production of acquired business historical financial statements and audits of those statements.

¹³ To develop these estimates, Commission staff searched and analyzed filings for the calendar year 2017 and the first nine months of 2018 on the Intelligize research platform. Commission staff then reviewed Forms S-1, S-3, F-1, F-3, S-11, 10, and 8-K, using text and other searches for appropriate word combinations. The staff then manually reviewed the filings to identify and more accurately determine which filings contained Rule 3-05 and Rule 3-14 Financial Statements.

Table 1: Number of Filings on Affected Forms in the Reviewed 2017-2018 Period

Forms	Number of Filings (A)	Number of Filings Including 3-05 or 3-14 Financial Statements (B)	Percentage of Filings Affected (C)
10	198	18	9.1%
S-1	1,369	118	8.6%
S-3	1,415	164	11.6%
F-1	169	4	2.4%
F-3	321	8	2.5%
8-K	118,195	949	0.8%

We used this data to extrapolate the effect of these changes on the paperwork burden. In order to appropriately adjust the current burden estimates, we applied these percentages to the current estimates for the number of responses in the Commission's current OMB PRA filing inventory.¹⁴

Table 2: Calculation of the Number of Filings on Affected Forms For PRA Purposes

Forms	Number of Responses in Current PRA Estimates (A)	Estimated Percentage of Filings Affected (B)	Estimated Number of Filings Including 3-05 or 3-14 Financial Statements (C)
10	216	9.1%	20
1-A ¹⁵	179	10.0%	18
S-1	901	8.6%	78
S-3	1,657	11.6%	192
F-1	63	2.4%	2
F-3	112	2.5%	3
8-K	118,387	0.8%	947

iv. Burden and Cost Estimates for the Proposed Amendments

Below we estimate the aggregate change in paperwork burden as a result of the proposed amendments. 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

¹⁴ The OMB PRA filing inventories represent a three-year average. Averages may not align with the actual number of filings in any given year.

¹⁵ Based on data from domestic registration statements, we estimate that approximately 10% of Forms 1-A would be affected.

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 8-K and 1-A is carried by the registrant internally and 25% of the burden of preparation is carried by outside professionals retained by the company at an average cost of \$400 per hour.¹⁶ Additionally, we estimate that 25% of the burden of preparation for Forms 10, S-1, S-3, F-1, and F-3 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.

The tables below illustrate the change to the total annual compliance burden of affected forms, in hours and in costs, as a result of the proposed amendments. We determined the incremental change in burden hours per current affected response for registrants that are not investment companies by offsetting the estimated reduction of 125 burden hours due to the proposed amendments to Rules 3-05 and 3-14 with the estimated increase of 25 burden hours due to the proposed amendments to the pro forma financial information requirements. This results in a burden hour reduction per current affected response from all of the proposed amendments of 100 burden hours.¹⁷ We performed a similar offsetting to derive the incremental change of 100 burden hours per current affected response for investment company registrants.¹⁸

¹⁶ 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.

¹⁷ See Table 5, Column B. We performed a similar offsetting to derive the incremental burden hour change per current affected response for investment company registrants.

¹⁸ See Table 6, Column B.

Table 3: Calculation of the Reduction in Burden Estimates of Current Responses Due to the Proposed Amendments to Rule 3-05 and Rule 3-14 and Pro Forma Financial Information Requirements

Forms	Number of Estimated Affected Responses (A) ¹⁹	Burden Hour Reduction per Current Affected Response (B)	Reduction in Burden Hours for Current Affected Responses (C) = (A) x (B)	Reduction in Company Hours for Current Affected Responses (D) = (C) x 0.75 or 0.25	Reduction in Professional Hours for Current Affected Responses (E) = (C) x 0.25 or 0.75	Reduction in Professional Costs for Current Affected Responses (F) = (E) x \$400
10	20	(100)	(2,000)	(500)	(1,500)	(\$600,000)
1-A	18	(100)	(1,800)	(1,350)	(450)	(\$180,000)
S-1	78	(100)	(7,800)	(1,950)	(5,850)	(\$2,340,000)
S-3	192	(100)	(19,200)	(4,800)	(14,400)	(\$5,760,000)
F-1	2	(100)	(200)	(50)	(150)	(\$60,000)
F-3	3	(100)	(300)	(75)	(225)	(\$90,000)
8-K	947	(100)	(94,700)	(71,025)	(23,675)	(\$9,470,000)
Total	1,260		(126,000)	(79,750)	(46,250)	(\$18,500,000)

Table 4: Requested Paperwork Burden under the Proposed Amendments

Forms	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) ²⁰	Reduction in Company Hours (E) ²¹	Reduction in Professional Costs (F) ²²	Annual Responses (G) = (A)	Burden Hours (H) = (B) + (E)	Cost Burden (I) = (C) + (F)
10	216	11,855	\$14,091,488	20	(500)	(\$600,000)	216	11,355	\$13,491,488
1-A	179	98,396	\$13,111,912	18	(1,350)	(\$180,000)	179	97,046	\$12,931,912
S-1	901	147,208	\$180,319,975	78	(1,950)	(\$2,340,000)	901	145,258	\$177,979,975
S-3	1,657	193,626	\$236,198,036	192	(4,800)	(\$5,760,000)	1,657	188,826	\$230,438,036
F-1	63	26,692	\$32,275,375	2	(50)	(\$60,000)	63	26,642	\$32,215,375
F-3	112	4,441	\$5,703,600	3	(75)	(\$90,000)	112	4,366	\$5,613,600
8-K	118,387	818,158	\$108,674,430	947	(71,025)	(\$9,470,000)	118,387	747,133	\$99,204,430
Total	121,515	1,300,376	\$590,374,816	1,260	(79,750)	(\$18,500,000)	121,515	1,220,626	\$571,874,816

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 \$103,479,690 in fiscal year 2019, based on the

¹⁹ Derived from Table 2, Column C.

²⁰ Derived from Table 3, Column A.

²¹ Derived from Table 3, Column D.

²² Derived from Table 3, Column F.

Commission's computation of the value of staff time devoted to this activity and related overhead.

15. REASON FOR CHANGE IN BURDEN

As explained in further detail above, the proposed rule and form amendments would implement changes to the disclosure regarding financial information about acquired or disposed businesses. The Commission proposed these changes to improve the financial information about acquired or disposed businesses, facilitate more timely access to capital, and reduce the complexity and costs of preparing the disclosure. The changes in burdens relate to the incremental burden for a registrant to prepare the amended disclosure in the affected forms. These changes in burdens reflect, for each filing of an affected form:

- a decrease of 125 burden hours for a registrant due to the proposed amendments to Rules 3-05 and 3-14 and other related rules and forms;
- an increase of 25 burden hours for a registrant due to the proposed amendments to the pro forma financial information requirements, including the requirement to provide certain forward-looking information; and
- an offsetting of the above 25 burden hour increase against the above 125 burden hour reduction, which results in an incremental reduction of 100 burden hours per current affected response for registrants.

As set forth in Table 6 above, the estimated total incremental burden due to the proposed rule and form amendments is a reduction of 79,750 internal burden hours and a reduction of \$18,500,000.

16. INFORMATION COLLECTIONS PLANNED FOR STATISTICAL PURPOSES

The information collections do 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 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 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 Short Statement

The proposed amendments to Rule 3-05 and related amendments (*e.g.*, to Rule 1-02(w)), among other things, would reduce a registrant's paperwork burden by: revising the significance tests and thresholds provided in Rule 1-02(w) and Rule 3-05 to improve their application and to assist registrants in making more meaningful significance determinations; revising the scaling requirements to reduce from three to two the maximum number of years of required Rule 3-05 Financial Statements; permitting Rule 3-05 Financial Statements to be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS-IASB") in appropriate circumstances, thus permitting registrants to reconcile their financial statements to the basis of accounting they are already using and not requiring additional one-time reconciliations to U.S. GAAP; permitting the omission of Rule 3-05 Financial Statements from Securities Act registration statements and proxy statements once the acquired business is reflected in filed post-acquisition audited financial statements of the registrant for a complete fiscal year; and permitting registrants to use pro forma financial information for significance testing under appropriate circumstances, thereby simplifying the application of the rules and more accurately determining the significance of an acquired business. The proposed amendments related to Rule 3-14, among other things, would align the requirements under Rules 3-05 and 3-14 where appropriate; clarify the determination of significance and the definition of "real estate operation" under Rule 3-14; establish an explicit requirement for interim income statements; and provide special provisions for blind pool offerings. As a result of these effects, we expect that the impact of the rule proposal would be a reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form 10, the proposed amendments would result in a reduction of 500 burden hours and a reduction in the cost burden of \$600,000 for the services of outside professionals.

Form 1-A Short Statement

The proposed amendments to Rule 3-05 and related amendments (*e.g.*, to Rule 1-02(w)), among other things, would reduce a registrant's paperwork burden by: revising the significance tests and thresholds provided in Rule 1-02(w) and Rule 3-05 to improve their application and to assist registrants in making more meaningful significance determinations; revising the scaling requirements to reduce from three to two the maximum number of years of required Rule 3-05 Financial Statements; permitting Rule 3-05 Financial Statements to be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS-IASB") in appropriate circumstances, thus permitting registrants to reconcile their financial statements to the basis of accounting they are already using and not requiring additional one-time reconciliations to U.S. GAAP; permitting the omission of Rule 3-05 Financial Statements from Securities Act registration statements and proxy statements once the acquired business is reflected in filed post-acquisition audited financial statements of the registrant for a complete fiscal year; and permitting registrants to use pro forma financial information for significance testing under appropriate circumstances, thereby simplifying the application of the rules and more accurately determining the significance of an acquired business. The proposed amendments related to Rule 3-14, among other things, would align the requirements under Rules 3-05 and 3-14 where appropriate; clarify the determination of significance and the definition of "real estate operation" under Rule 3-14; establish an explicit requirement for interim income statements; and provide special provisions for blind pool offerings. As a result of these effects, we expect that the impact of the rule proposal would be a reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form 1-A, the proposed amendments would result in a reduction of 1,350 burden hours and a reduction in the cost burden of \$180,000 for the services of outside professionals.

Form S-1 Short Statement

The proposed amendments to Rule 3-05 and related amendments (*e.g.*, to Rule 1-02(w)), among other things, would reduce a registrant's paperwork burden by: revising the significance tests and thresholds provided in Rule 1-02(w) and Rule 3-05 to improve their application and to assist registrants in making more meaningful significance determinations; revising the scaling requirements to reduce from three to two the maximum number of years of required Rule 3-05 Financial Statements; permitting Rule 3-05 Financial Statements to be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS-IASB") in appropriate circumstances, thus permitting registrants to reconcile their financial statements to the basis of accounting they are already using and not requiring additional one-time reconciliations to U.S. GAAP; permitting the omission of Rule 3-05 Financial Statements from Securities Act registration statements and proxy statements once the acquired business is reflected in filed post-acquisition audited financial statements of the registrant for a complete fiscal year; and permitting registrants to use pro forma financial information for significance testing under appropriate circumstances, thereby simplifying the application of the rules and more accurately determining the significance of an acquired business. The proposed amendments related to Rule 3-14, among other things, would align the requirements under Rules 3-05 and 3-14 where appropriate; clarify the determination of significance and the definition of "real estate operation" under Rule 3-14; establish an explicit requirement for interim income statements; and provide special provisions for blind pool offerings. As a result of these effects, we expect that the impact of the rule proposal would be a reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form S-1, the proposed amendments would result in a reduction of 1,950 burden hours and a reduction in the cost burden of \$2,340,000 for the services of outside professionals.

Form S-3 Short Statement

The proposed amendments to Rule 3-05 and related amendments (*e.g.*, to Rule 1-02(w)), among other things, would reduce a registrant's paperwork burden by: revising the significance tests and thresholds provided in Rule 1-02(w) and Rule 3-05 to improve their application and to assist registrants in making more meaningful significance determinations; revising the scaling requirements to reduce from three to two the maximum number of years of required Rule 3-05 Financial Statements; permitting Rule 3-05 Financial Statements to be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS-IASB") in appropriate circumstances, thus permitting registrants to reconcile their financial statements to the basis of accounting they are already using and not requiring additional one-time reconciliations to U.S. GAAP; permitting the omission of Rule 3-05 Financial Statements from Securities Act registration statements and proxy statements once the acquired business is reflected in filed post-acquisition audited financial statements of the registrant for a complete fiscal year; and permitting registrants to use pro forma financial information for significance testing under appropriate circumstances, thereby simplifying the application of the rules and more accurately determining the significance of an acquired business. The proposed amendments related to Rule 3-14, among other things, would align the requirements under Rules 3-05 and 3-14 where appropriate; clarify the determination of significance and the definition of "real estate operation" under Rule 3-14; establish an explicit requirement for interim income statements; and provide special provisions for blind pool offerings. As a result of these effects, we expect that the impact of the rule proposal would be a reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form S-3, the proposed amendments would result in a reduction of 4,800 burden hours and a reduction in the cost burden of \$5,760,000 for the services of outside professionals.

Form F-1 Short Statement

The proposed amendments to Rule 3-05 and related amendments (*e.g.*, to Rule 1-02(w)), among other things, would reduce a registrant's paperwork burden by: revising the significance tests and thresholds provided in Rule 1-02(w) and Rule 3-05 to improve their application and to assist registrants in making more meaningful significance determinations; revising the scaling requirements to reduce from three to two the maximum number of years of required Rule 3-05 Financial Statements; permitting Rule 3-05 Financial Statements to be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS-IASB") in appropriate circumstances, thus permitting registrants to reconcile their financial statements to the basis of accounting they are already using and not requiring additional one-time reconciliations to U.S. GAAP; permitting the omission of Rule 3-05 Financial Statements from Securities Act registration statements and proxy statements once the acquired business is reflected in filed post-acquisition audited financial statements of the registrant for a complete fiscal year; and permitting registrants to use pro forma financial information for significance testing under appropriate circumstances, thereby simplifying the application of the rules and more accurately determining the significance of an acquired business. The proposed amendments related to Rule 3-14, among other things, would align the requirements under Rules 3-05 and 3-14 where appropriate; clarify the determination of significance and the definition of "real estate operation" under Rule 3-14; establish an explicit requirement for interim income statements; and provide special provisions for blind pool offerings. As a result of these effects, we expect that the impact of the rule proposal would be a reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form F-1, the proposed amendments would result in a reduction of 50 burden hours and a reduction in the cost burden of \$60,000 for the services of outside professionals.

Form F-3 Short Statement

The proposed amendments to Rule 3-05 and related amendments (*e.g.*, to Rule 1-02(w)), among other things, would reduce a registrant's paperwork burden by: revising the significance tests and thresholds provided in Rule 1-02(w) and Rule 3-05 to improve their application and to assist registrants in making more meaningful significance determinations; revising the scaling requirements to reduce from three to two the maximum number of years of required Rule 3-05 Financial Statements; permitting Rule 3-05 Financial Statements to be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS-IASB") in appropriate circumstances, thus permitting registrants to reconcile their financial statements to the basis of accounting they are already using and not requiring additional one-time reconciliations to U.S. GAAP; permitting the omission of Rule 3-05 Financial Statements from Securities Act registration statements and proxy statements once the acquired business is reflected in filed post-acquisition audited financial statements of the registrant for a complete fiscal year; and permitting registrants to use pro forma financial information for significance testing under appropriate circumstances, thereby simplifying the application of the rules and more accurately determining the significance of an acquired business. The proposed amendments related to Rule 3-14, among other things, would align the requirements under Rules 3-05 and 3-14 where appropriate; clarify the determination of significance and the definition of "real estate operation" under Rule 3-14; establish an explicit requirement for interim income statements; and provide special provisions for blind pool offerings. As a result of these effects, we expect that the impact of the rule proposal would be a reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form F-3, the proposed amendments would result in a reduction of 75 burden hours and a reduction in the cost burden of \$90,000 for the services of outside professionals.

Form 8-K Short Statement

The proposed amendments to Rule 3-05 and related amendments (*e.g.*, to Rule 1-02(w)), among other things, would reduce a registrant's paperwork burden by: revising the significance tests and thresholds provided in Rule 1-02(w) and Rule 3-05 to improve their application and to assist registrants in making more meaningful significance determinations; revising the scaling requirements to reduce from three to two the maximum number of years of required Rule 3-05 Financial Statements; permitting Rule 3-05 Financial Statements to be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS-IASB") in appropriate circumstances, thus permitting registrants to reconcile their financial statements to the basis of accounting they are already using and not requiring additional one-time reconciliations to U.S. GAAP; permitting the omission of Rule 3-05 Financial Statements from Securities Act registration statements and proxy statements once the acquired business is reflected in filed post-acquisition audited financial statements of the registrant for a complete fiscal year; and permitting registrants to use pro forma financial information for significance testing under appropriate circumstances, thereby simplifying the application of the rules and more accurately determining the significance of an acquired business. The proposed amendments related to Rule 3-14, among other things, would align the requirements under Rules 3-05 and 3-14 where appropriate; clarify the determination of significance and the definition of "real estate operation" under Rule 3-14; establish an explicit requirement for interim income statements; and provide special provisions for blind pool offerings. As a result of these effects, we expect that the impact of the rule proposal would be a reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form 8-K, the proposed amendments would result in a reduction of 71,025 burden hours and a reduction in the cost burden of \$9,470,000 for the services of outside professionals.