

SUPPORTING STATEMENT
FOR THE PAPERWORK REDUCTION ACT INFORMATION COLLECTION
SUBMISSION FOR REGULATION 14N AND SCHEDULE 14N

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

Regulation 14N sets forth the requirements for filings required to be made by certain nominating shareholders on Schedule 14N. Schedule 14N requires the filing of certain information with the Commission by shareholders who submit, for inclusion in a company's proxy materials, nominees for director pursuant to applicable state or foreign law, or a company's governing documents.

2. Propose and Use of the Information Collection

Schedule 14N provides notice to the company of the intent of a shareholder or group of shareholders to require the company to include that shareholder's or group's nominee or nominees for director in the company's proxy materials. The shareholder notice on Schedule 14N also is filed with the Commission. Schedule 14N contains disclosures intended to assist shareholders in making an informed voting decision with regard to any nominee or nominees put forth by a nominating shareholder or group by allowing shareholders to gauge the nominating shareholder's interest in the company, longevity of ownership, and intent with regard to continued ownership in the company.

3. Consideration Given to Information Technology

Schedule 14N 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 Schedule 14N.

5. Reducing the Burden on Small Entities

Regulation 14N applies to all companies subject to the proxy rules, including small entities, to the extent that applicable state or foreign laws, or a company's governing documents allow for the inclusion in a company's proxy materials of a shareholder's or group's nominees for director. The amendments may affect each of these issuers that may be considered small entities, to the extent companies and shareholders take advantage of the proposed rules. The disclosure standards do not vary based on the size of the issuer.

6. Consequences of Not Conducting Collection

If information was not collected on Schedule 14N, shareholders would have less information about nominating shareholders and their nominees for director when making their voting decisions.

7. Special Circumstances

There are no special circumstances.

8. Consultations with Persons Outside the Agency

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

9. Payment or Gift to Respondents

No payment or gift to respondents.

10. Confidentiality

Schedule 14N is a public document.

11. Sensitive Questions

No information of a sensitive nature, including social security numbers, will be required under this collection of information. The information collection collects basic Personally Identifiable Information (PII) that may include a name. However, the agency has determined that the information collection does not constitute a system of record for purposes of the Privacy Act. Information is not retrieved by a personal identifier. In accordance with Section 208 of the E-Government Act of 2002, the agency has conducted a Privacy Impact Assessment (PIA) of the EDGAR system, in connection with this collection of information. The EDGAR PIA, published on February 5, 2020, is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

12. Estimate of Respondent Reporting Burden

For purposes of the Paperwork Reduction Act ("PRA"), we estimate that Schedule 14N takes approximately 40 hours per response to comply with the collection of information requirements and is filed by 10 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 schedule, we occasionally receive PRA estimates from public commenters about incremental burdens that are used in our burden estimates. We believe that the actual burdens will likely vary among individual issuers based on the nature of their operations. We further estimate that 75% of the collection of information burden is carried by

the issuers internally and that 25% of the burden of preparation is carried by outside professionals retained by the issuers company. Based on our estimates, we calculated the total reporting burden to be 300 hours ((0.75 x 40 hours per response) x 10 responses). For administrative convenience, the presentation of the totals related to the paperwork burden hours have been rounded to the nearest whole number and the cost totals have been rounded to the nearest dollar. The estimated burden hours is made solely for the purpose of the Paperwork Reduction Act.

13. Estimate of Total Annualized Cost Burden

We estimate that 25% of the 40 hours per response (10 hours) is prepared by outside professionals hired by the company at a cost of \$400 per responses. 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 issuers and professional firms who regularly assist issuers 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. Based on our estimates, we calculated the total annual cost to be \$40,000 ((\$400 per hour x 10 hours per response) x 10 responses). For administrative convenience, the presentation of the totals related to the paperwork burden hours have been rounded to the nearest whole number and the cost totals have been rounded to the nearest dollar. The cost estimate is made solely for the purpose of the Paperwork Reduction Act.

14. Costs to Federal Government

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

15. Reason for Change in Burden

There is no change in burden.

16. Information Collection Planned for Statistical Purposes

The information collection does not employ statistical methods.

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.