

## **SUPPORTING STATEMENT FOR PROPOSED AMENDMENTS TO MODERNIZE REGULATION S-K ITEMS 101, 103, AND 105**

This supporting statement is part of a submission under the Paperwork Reduction Act of 1995, 44 U.S.C. §3501, *et seq.*

### **A. JUSTIFICATION**

#### **1. CIRCUMSTANCES MAKING THE COLLECTION OF INFORMATION NECESSARY**

In Release No. 33-10668,<sup>1</sup> the Commission proposed amendments to modernize and simplify the description of business (Item 101), legal proceedings (Item 103), and risk factor disclosures (Item 105) that registrants are required to make pursuant to Regulation S-K.<sup>2</sup> 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:

- “Form S-1” (OMB Control No. 3235-0065);
- “Form S-3” (OMB Control No. 3235-0073);
- “Form S-4” (OMB Control No. 3235-0324);
- “Form S-11” (OMB Control No. 3235-0067);
- “Form F-1” (OMB Control No. 3235-0258);
- “Form F-3” (OMB Control No. 3235-0256);
- “Form F-4” (OMB Control No. 3235-0325);
- “Form SF-1” (OMB Control No. 3235-0707);
- “Form SF-3” (OMB Control No. 3235-0690);
- “Form 10” (OMB Control No. 3235-0064);
- “Form 10-K” (OMB Control No. 3235-0063);

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<sup>1</sup> Release No. 33-10668 (Aug. 8, 2019), a copy of which is attached.

<sup>2</sup> The paperwork burdens for Regulation S-K 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.

- “Form 10-Q” (OMB Control No. 3235-0070); and
- “Schedule 14A” (OMB Control No. 3235-0059)

## **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, annual and periodic reports, and proxy statements filed by registrants to help investors make informed investment and voting decisions.

The purpose of the proposed amendments is to revise Items 101(a) (description of the general development of the business), 101(c) (narrative description of the business), and 105 (risk factors) to emphasize a more principles-based approach because businesses differ in terms of which aspects of these disclosures are material to them. Such a flexible approach, as opposed to prescriptive requirements, may elicit more relevant disclosures about these items. The proposed amendment of Item 103 (legal proceedings) would continue the current prescriptive approach because that requirement depends less on the specific characteristics of registrants.

The proposed amendments are intended to update those rules to account for developments since their adoption or last amendment, to improve these disclosures for investors, and to simplify compliance efforts for registrants. More specifically, the proposed amendments are intended to improve the readability of disclosure documents, as well as discourage repetition and disclosure of information that is not material.

## **3. CONSIDERATION GIVEN TO INFORMATION TECHNOLOGY**

The collection of information requirements of the amendments will be set forth in Regulation S-K 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 2,283 issuers that may be considered small entities and are potentially subject to the proposed amendments.

Although the proposed amendments would have an impact on a substantial number of small entities, the Commission expects that the impact on entities affected by the proposed rule would not

be significant. The primary effects of the rule proposal would be to: (1) increase the flexibility for an entity when providing disclosure regarding its business, including its general business development, so that it can tailor its disclosure to its particular circumstances; (2) eliminate or reduce disclosure about matters that are not material to an understanding of the business or to an entity's legal proceedings; and (3) encourage risk factor disclosure that is shorter and concerns only material risks. 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, including small entities, and that the overall impact of the paperwork burden reduction would be modest and would be beneficial to small entities.

## **6. CONSEQUENCES OF NOT CONDUCTING COLLECTION**

The regulations and forms listed above set forth the disclosure requirements for registration statements, annual and periodic reports, and proxy statements 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 description of business, legal proceedings, and risk factors disclosures for investors contained in these collections of information.

## **7. SPECIAL CIRCUMSTANCES**

There are no special circumstances in connection with these amendments.

## **8. CONSULTATIONS WITH PERSONS OUTSIDE THE AGENCY**

The proposed rule amendments are part of a comprehensive evaluation of the Commission's disclosure requirements that was recommended in the Commission staff's *Report on Review of Disclosure Requirements in Regulation S-K* ("S-K Study"). Based on the S-K Study's recommendation, the staff initiated an evaluation of the information that the Commission's rules require registrants to disclose, how this information is presented, where this information is disclosed, and how the Commission can better leverage technology as part of these efforts (collectively, the "Disclosure Effectiveness Initiative"). In connection with the S-K Study and the launch of the Disclosure Effectiveness Initiative, the Commission's staff received public input on how to improve registrant disclosures. A separate Concept Release issued in 2016 revisited the business and financial disclosure requirements in Regulation S-K, among other things, and requested public comment on whether they elicit the information that investors need to make informed investment and voting decisions, and whether any of our rules have become outdated or unnecessary. In developing the proposed amendments, the staff considered input from comment letters received in response to these disclosure modernization efforts.<sup>3</sup>

## **9. PAYMENT OR GIFT TO RESPONDENTS**

No payment or gift has been provided to any respondents.

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<sup>3</sup> Comments cited in Release No. 33-10688 are to the public comments on the Concept Release, which are available at <https://www.sec.gov/comments/s7-06-16/s70616.htm>.

## 10. CONFIDENTIALITY

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

## 11. SENSITIVE QUESTIONS

No information of a sensitive nature, including social security numbers, will be required under the following collections of information in connection with these rulemaking amendments: Form S-1, Form S-3, Form S-4, Form S-11, Form F-1, Form F-3, Form F-4, Form SF-1, Form SF-3, Form 10, Form 10-K, Form 10-Q and Regulation 14A (Schedule 14A). The 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 Impact 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>.

## 12./13. ESTIMATES OF HOUR AND COST BURDENS

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

### i. Item 101(a) (General Business Development)

The proposed amendment of Item 101(a) would:

- make that Item largely principles-based by providing a non-exclusive list of the types of information that a registrant may need to disclose, and by requiring disclosure of a topic only to the extent such information is material to an understanding of the general development of a registrant's business;
- include as a listed disclosure topic, to the extent material to an understanding of the registrant's business, transactions and events that affect or may affect the company's operations, including material changes to a registrant's previously disclosed business strategy;
- eliminate a prescribed timeframe for this disclosure; and
- permit a registrant, in filings made after a registrant's initial filing, to provide only an update of the general development of the business that focuses on material developments in the reporting period, and with an active hyperlink to the registrant's most recent filing that, together with the update, would contain the full discussion of the general development of the registrant's business.

We expect that a more principles-based disclosure requirement, elimination of a prescribed timeframe, and, for registration statements subsequent to the initial registration statement,

requiring only an update with a hyperlink to the most recently filed disclosure that, together with the update, would present a complete discussion of the general development of a registrant's business, would decrease the paperwork burden by reducing repetitive and immaterial information about a registrant's business development. Although the addition of material changes to a registrant's business strategy as a potential disclosure topic could increase the paperwork burden for some registrants, we expect such increase to be minimal as many registrants already provide such disclosure.

We expect the proposed amendment to Item 101(a) would affect Forms S-1, S-4, 10, and 10-K, and Schedule 14A. We expect that the proposed amendment would result in a 2 hour net decrease in compliance burden per form for Forms S-1, S-4, 10, and 10-K, and a 0.2 hour net decrease in compliance burden per schedule for Schedule 14A. The lower estimated average incremental burden for Schedule 14A reflects the Commission staff's estimate that no more than 10% of the Schedule 14As filed annually includes Item 101 disclosures.

**ii. Item 101(c) (Description of Business)**

The proposed amendment of Item 101(c) would:

- clarify and expand that Item's principles-based approach, by including disclosure topics drawn from a subset of the topics currently contained in Item 101(c);
- include, as a disclosure topic, human capital resources, including any human capital measures or objectives that management focuses on in managing the business, to the extent such disclosures would be material to an understanding of the registrant's business; and
- refocus the regulatory compliance requirement by including material government regulations, not just environmental provisions, as a topic.

A more principles-based disclosure requirement is expected to decrease the paperwork burden. Although the addition of material government (and not just environmental) regulations as a potential disclosure topic could increase the paperwork burden for some registrants, such increase is expected to be minimal as many registrants already provide such disclosure. However, the addition of human capital resources as a potential disclosure topic would likely increase the paperwork burden.

We expect the proposed amendment to Item 101(c) would affect Forms S-1, S-4, 10, and 10-K, and Schedule 14A. We expect the proposed amendment would result in a 3 hour net increase in compliance burden per form for Forms S-1, S-4, 10, and 10-K, and a 0.3 hour net increase in compliance burden per schedule for Schedule 14A.

**iii. Item 103 (Legal Proceedings)**

The proposed amendment of Item 103 would:

- expressly state that the required information about material legal proceedings may be provided by including hyperlinks or cross-references to legal proceedings disclosure located elsewhere in the document in an effort to encourage registrants to avoid duplicative disclosure; and
- revise the \$100,000 threshold for disclosure of environmental proceedings to which the government is a party to \$300,000 to adjust for inflation.

Expressly providing for the use of hyperlinks or cross-references is expected to decrease the paperwork burden by discouraging repetitive disclosure. Raising the disclosure threshold for governmental environmental proceedings could also decrease the paperwork burden by reducing disclosure of immaterial proceedings.

We expect the proposed amendment to Item 103 would affect Forms S-1, S-4, S-11, 10, 10-K, and 10-Q, and Schedule 14A, and would result in a 3 hour net decrease in compliance burden per form or schedule.

**iv. Item 105 (Risk Factors)**

The proposed amendment of Item 105 would:

- require summary risk factor disclosure if the risk factor section exceeds 15 pages;
- refine the principles-based approach of that rule by changing the disclosure standard from the “most significant” factors to the “material” factors required to be disclosed; and
- require risk factors to be organized under relevant headings, with any risk factors that may generally apply to an investment in securities disclosed at the end of the risk factor section under a separate “General Risk Factors” caption.

The summary risk factor disclosure provision could increase the paperwork burden for some registrants, although such increase is expected to be minimal as the summary would consist of a bulleted list. This proposed provision could decrease the paperwork burden for other registrants to the extent that it incentivizes them to provide streamlined risk factor disclosure focusing on the most salient risks. The “General Risk Factors” heading provision could marginally increase the paperwork burden while the substitution of “material” risks for “most significant” risks could marginally decrease the paperwork burden.

We expect that the proposed amendment to Item 105 would affect Forms S-1, S-3, S-4, F-1, F-3, F-4, SF-1, SF-3, 10, 10-K, and 10-Q. We expect that the proposed amendment would

result in a 3 hour net decrease in compliance burden per form for Forms S-1, S-3, S-4, F-1, F-3, F-4, SF-1, and SF-3, and a 2 hour net decrease in compliance burden per form for Forms 10, 10-K, and 10-Q. The reduced estimated average incremental burden for Forms 10, 10-K and 10-Q reflects the fact that smaller reporting companies, which comprise approximately one-third of the registrants filing those forms, are not required to provide Item 105 risk factor disclosure. Because Form S-11 already has a summary risk factor disclosure requirement, the proposed Item 105 amendment is not expected to affect the compliance burden for Form S-11 registrants.

**v. Overall Estimated Effect of the Proposed Amendments Per Form or Schedule**

As a result of the above described changes, we estimate that the proposed amendments to Items 101, 103, and 105 would result in a net decrease in compliance burden per form or Schedule as follows:

**PRA Table 1. Estimated Effect Per Form or Schedule**

<b>Form</b>	<b>Estimated Total Effect Per Form</b>
Forms S-1 and S-4	5 hrs. net decrease per form <sup>4</sup>
Forms S-3, S-11, F-1, F-3, F-4, SF-1, and SF-3	3 hrs. net decrease per form <sup>5</sup>
Forms 10 and 10-K	4 hrs. net decrease per form <sup>6</sup>
Form 10-Q	5 hrs. net decrease per form <sup>7</sup>
Schedule 14A	2.9 hrs. net decrease per schedule <sup>8</sup>

**vi. Incremental and Aggregate Burden and Cost Estimates for the Proposed Amendments**

Below we estimate the incremental and 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. We do not believe that the proposed amendments would change the frequency of responses to the existing collections of information; rather, we estimate that the proposed amendments would change only the burden per response.

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

<sup>4</sup> This results from an overall 8 hrs. decrease (2 hrs. from Item 101(a) + 3 hrs. from Item 103 + 3 hrs. from Item 105 amendments) offset by a 3 hrs. increase from Item 101(c) amendment.

<sup>5</sup> This results from a 3 hrs. decrease from Item 105 amendment for Forms S-3, F-1, F-3, F-4, SF-1, and SF-3 and a 3 hrs. decrease from Item 103 amendment for Form S-11.

<sup>6</sup> This results from an overall 7 hrs. decrease (2 hrs. from Item 101(a) + 3 hrs. from Item 103 + 2 hrs. from Item 105 amendments) offset by a 3 hrs. increase from Item 101(c) amendment.

<sup>7</sup> This results from a 3 hrs. decrease from Item 103 + 2 hrs. decrease from Item 105 amendments.

<sup>8</sup> This results from an overall 3.2 hrs. decrease (0.2 hr. from Item 101(a) + 3 hrs. from Item 103 amendments) offset by 0.3 hr. increase from Item 101(c) amendment.

disclosure required under the proposed amendments. For purposes of the PRA, the burden is to be allocated between internal burden hours and outside professional costs. The table below sets forth the percentage estimates we typically use for the burden allocation for each form. We also estimate that the average cost of retaining outside professionals is \$400 per hour.<sup>9</sup>

**PRA Table 2. Standard Estimated Burden Allocation for Specified Forms and Schedules**

Form / Schedule Type	Internal	Outside Professionals
Forms 10-K, 10-Q, Schedule 14A	75%	25%
Forms S-1, S-3, S-4, S-11, F-1, F-3, F-4, SF-1, SF-3, and 10	25%	75%

The table below illustrates the incremental change to the total annual compliance burden of affected forms, in hours and in costs, as a result of the proposed amendments.

**PRA Table 3. Calculation of the Incremental Change in Burden Estimates of Current Responses Resulting from the Proposed Amendments**

Form	Number of Estimated Affected Responses (A) <sup>10</sup>	Burden Hour Reduction per Current Affected Response (B)	Reduction in Burden Hours for Current Affected Responses (C) = (A) x (B) <sup>11</sup>	Reduction in Company Hours for Current Affected Responses (D) = (C) x 0.25 or 0.75	Reduction in Professional Hours for Current Affected Responses (E) = (C) x 0.75 or 0.25	Reduction in Professional Costs for Current Affected Responses (F) = (E) x \$400
S-1	901	5	4,505	1,126	3,379	\$1,351,600
S-3	1,657	3	4,971	1,243	3,729	\$1,491,600
S-4	551	5	2,755	689	2,066	\$826,400
S-11	64	3	192	48	144	\$57,600
F-1	63	3	189	47	142	\$56,800
F-3	112	3	336	84	252	\$100,800
F-4	39	3	117	29	88	\$35,200
SF-1	6	3	18	5	14	\$5,600
SF-3	71	3	213	53	160	\$64,000
10	216	4	864	216	648	\$259,200
10-K	8,137	4	32,548	24,411	8,137	\$3,254,800
10-Q	22,907	5	114,535	85,901	28,634	\$11,453,600
Sch. 14A	5,586	2.9	16,199	12,149	4,050	\$1,620,000
Total	40,310			126,001		\$20,577,200

<sup>9</sup> 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.

<sup>10</sup> The number of estimated affected responses is based on the number of responses in the Commission's current OMB PRA filing inventory. The OMB PRA filing inventory represents a three-year average. We do not expect that the proposed amendments will materially change the number of responses in the current OMB PRA filing inventory.

<sup>11</sup> The estimated reductions in Columns (C), (D) and (E) are rounded to the nearest whole number.

The following table summarizes the requested paperwork burden, including the estimated total reporting burdens and costs, under the proposed amendments.

**PRA Table 4. Requested Paperwork Burden under the Proposed Amendments**

Form	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)	Reduction in Company Hours (E) <sup>12</sup>	Reduction in Professional Costs (F) <sup>13</sup>	Annual Responses (G) = (A)	Burden Hours (H) = (B) + (E)	Cost Burden (I) = (C) + (F)
S-1	901	147,208	\$180,319,975	901	(1,126)	(\$1,351,600)	901	146,082	\$178,968,375
S-3	1,657	193,626	\$236,198,036	1,657	(1,243)	(\$1,491,600)	1,657	192,383	\$234,706,436
S-4	551	562,465	\$677,378,579	551	(689)	(\$826,400)	551	561,776	\$676,552,179
S-11	64	12,214	\$14,925,768	64	(48)	(\$57,600)	64	12,166	\$14,868,168
F-1	63	26,692	\$32,275,375	63	(47)	(\$56,800)	63	26,645	\$32,218,575
F-3	112	4,441	\$5,703,600	112	(84)	(\$100,800)	112	4,357	\$5,602,800
F-4	39	14,049	17,073,825	39	(29)	(\$35,200)	39	14,020	\$17,038,625
SF-1	6	2,076	\$2,491,200	6	(5)	(\$5,600)	6	2,071	\$2,485,600
SF-3	71	24,552	\$29,463,225	71	(53)	(\$64,000)	71	24,499	\$29,399,225
10	216	11,855	\$14,091,488	216	(216)	(\$259,200)	216	11,639	\$13,832,288
10-K	8,137	14,198,780	\$1,895,224,719	8,137	(24,411)	(\$3,254,800)	8,137	14,174,369	\$1,891,969,919
10-Q	22,907	3,209,558	\$425,120,754	22,907	(85,901)	(\$11,453,600)	22,907	3,123,657	\$413,667,154
Sch. 14A	5,586	551,101	\$73,480,012	5,586	(12,149)	(\$1,620,000)	5,586	538,952	\$71,860,012
Total	40,310	18,958,617	\$3,603,746,556	40,310	(126,001)	(\$20,577,200)	40,310	18,832,616	\$3,583,169,356

**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 \$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**

As explained above, the proposed rule amendments are expected to decrease the compliance burden for each affected form or schedule by reducing both the internal company hours and external professional costs required to prepare, review, and retain the forms and schedule. We estimate for PRA purposes that the proposed amendments would result in a total of \$20,577,200. We do not expect that the proposed amendments would change the number of annual responses filed reduction in company hours of 126,001 hours and a total reduction in professional costs for each form or schedule.

<sup>12</sup> From Column (D) in PRA Table 3.

<sup>13</sup> From Column (F) in PRA Table 3.

**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 the forms and schedule. Including the expiration date on the electronic version of the form and schedule will result in increased costs, because the need to make changes to the form and schedule 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 for Paperwork Reduction Act submissions.

**B. STATISTICAL METHODS**

The information collections do not employ statistical methods.

## **Form S-1 Short Statement**

The proposed rule amendments would modernize and simplify the description of business (Item 101), legal proceedings (Item 103), and risk factor disclosures (Item 105) that registrants are required to make pursuant to Regulation S-K. The primary effects of the proposed amendments would be to: (1) increase the flexibility for an entity when providing disclosure regarding its business, including its general business development, so that it can tailor its disclosure to its particular circumstances; (2) eliminate or reduce disclosure about matters that are not material to an understanding of the business or to an entity's legal proceedings; and (3) encourage risk factor disclosure that is shorter and concerns only material risks. As a result of these effects, we expect that the impact of the rule proposal would be a modest 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 1,126 burden hours and a reduction in the cost burden of \$1,351,600 for the services of outside professionals.

### **Form S-3 Short Statement**

The proposed rule amendments would modernize and simplify the description of business (Item 101), legal proceedings (Item 103), and risk factor disclosures (Item 105) that registrants are required to make pursuant to Regulation S-K. The primary effects of the proposed amendments would be to: (1) increase the flexibility for an entity when providing disclosure regarding its business, including its general business development, so that it can tailor its disclosure to its particular circumstances; (2) eliminate or reduce disclosure about matters that are not material to an understanding of the business or to an entity's legal proceedings; and (3) encourage risk factor disclosure that is shorter and concerns only material risks. As a result of these effects, we expect that the impact of the rule proposal would be a modest 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 1,243 burden hours and a reduction in the cost burden of \$1,491,600 for the services of outside professionals.

## **Form S-4 Short Statement**

The proposed rule amendments would modernize and simplify the description of business (Item 101), legal proceedings (Item 103), and risk factor disclosures (Item 105) that registrants are required to make pursuant to Regulation S-K. The primary effects of the proposed amendments would be to: (1) increase the flexibility for an entity when providing disclosure regarding its business, including its general business development, so that it can tailor its disclosure to its particular circumstances; (2) eliminate or reduce disclosure about matters that are not material to an understanding of the business or to an entity's legal proceedings; and (3) encourage risk factor disclosure that is shorter and concerns only material risks. As a result of these effects, we expect that the impact of the rule proposal would be a modest reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form S-4, the proposed amendments would result in a reduction of 689 burden hours and a reduction in the cost burden of \$826,400 for the services of outside professionals.

## **Form S-11 Short Statement**

The proposed rule amendments would modernize and simplify the description of business (Item 101), legal proceedings (Item 103), and risk factor disclosures (Item 105) that registrants are required to make pursuant to Regulation S-K. The primary effects of the proposed amendments would be to: (1) increase the flexibility for an entity when providing disclosure regarding its business, including its general business development, so that it can tailor its disclosure to its particular circumstances; (2) eliminate or reduce disclosure about matters that are not material to an understanding of the business or to an entity's legal proceedings; and (3) encourage risk factor disclosure that is shorter and concerns only material risks. As a result of these effects, we expect that the impact of the rule proposal would be a modest reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form S-11, the proposed amendments would result in a reduction of 48 burden hours and a reduction in the cost burden of \$57,600 for the services of outside professionals.

## **Form F-1 Short Statement**

The proposed rule amendments would modernize and simplify the description of business (Item 101), legal proceedings (Item 103), and risk factor disclosures (Item 105) that registrants are required to make pursuant to Regulation S-K. The primary effects of the proposed amendments would be to: (1) increase the flexibility for an entity when providing disclosure regarding its business, including its general business development, so that it can tailor its disclosure to its particular circumstances; (2) eliminate or reduce disclosure about matters that are not material to an understanding of the business or to an entity's legal proceedings; and (3) encourage risk factor disclosure that is shorter and concerns only material risks. As a result of these effects, we expect that the impact of the rule proposal would be a modest 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 47 burden hours and a reduction in the cost burden of \$56,800 for the services of outside professionals.

### **Form F-3 Short Statement**

The proposed rule amendments would modernize and simplify the description of business (Item 101), legal proceedings (Item 103), and risk factor disclosures (Item 105) that registrants are required to make pursuant to Regulation S-K. The primary effects of the proposed amendments would be to: (1) increase the flexibility for an entity when providing disclosure regarding its business, including its general business development, so that it can tailor its disclosure to its particular circumstances; (2) eliminate or reduce disclosure about matters that are not material to an understanding of the business or to an entity's legal proceedings; and (3) encourage risk factor disclosure that is shorter and concerns only material risks. As a result of these effects, we expect that the impact of the rule proposal would be a modest 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 84 burden hours and a reduction in the cost burden of \$100,800 for the services of outside professionals.

## **Form F-4 Short Statement**

The proposed rule amendments would modernize and simplify the description of business (Item 101), legal proceedings (Item 103), and risk factor disclosures (Item 105) that registrants are required to make pursuant to Regulation S-K. The primary effects of the proposed amendments would be to: (1) increase the flexibility for an entity when providing disclosure regarding its business, including its general business development, so that it can tailor its disclosure to its particular circumstances; (2) eliminate or reduce disclosure about matters that are not material to an understanding of the business or to an entity's legal proceedings; and (3) encourage risk factor disclosure that is shorter and concerns only material risks. As a result of these effects, we expect that the impact of the rule proposal would be a modest reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form F-4, the proposed amendments would result in a reduction of 29 burden hours and a reduction in the cost burden of \$35,200 for the services of outside professionals.

## **Form SF-1 Short Statement**

The proposed rule amendments would modernize and simplify the description of business (Item 101), legal proceedings (Item 103), and risk factor disclosures (Item 105) that registrants are required to make pursuant to Regulation S-K. The primary effects of the proposed amendments would be to: (1) increase the flexibility for an entity when providing disclosure regarding its business, including its general business development, so that it can tailor its disclosure to its particular circumstances; (2) eliminate or reduce disclosure about matters that are not material to an understanding of the business or to an entity's legal proceedings; and (3) encourage risk factor disclosure that is shorter and concerns only material risks. As a result of these effects, we expect that the impact of the rule proposal would be a modest reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form SF-1, the proposed amendments would result in a reduction of 5 burden hours and a reduction in the cost burden of \$5,600 for the services of outside professionals.

### **Form SF-3 Short Statement**

The proposed rule amendments would modernize and simplify the description of business (Item 101), legal proceedings (Item 103), and risk factor disclosures (Item 105) that registrants are required to make pursuant to Regulation S-K. The primary effects of the proposed amendments would be to: (1) increase the flexibility for an entity when providing disclosure regarding its business, including its general business development, so that it can tailor its disclosure to its particular circumstances; (2) eliminate or reduce disclosure about matters that are not material to an understanding of the business or to an entity's legal proceedings; and (3) encourage risk factor disclosure that is shorter and concerns only material risks. As a result of these effects, we expect that the impact of the rule proposal would be a modest reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form SF-3, the proposed amendments would result in a reduction of 53 burden hours and a reduction in the cost burden of \$64,000 for the services of outside professionals.

## **Form 10 Short Statement**

The proposed rule amendments would modernize and simplify the description of business (Item 101), legal proceedings (Item 103), and risk factor disclosures (Item 105) that registrants are required to make pursuant to Regulation S-K. The primary effects of the proposed amendments would be to: (1) increase the flexibility for an entity when providing disclosure regarding its business, including its general business development, so that it can tailor its disclosure to its particular circumstances; (2) eliminate or reduce disclosure about matters that are not material to an understanding of the business or to an entity's legal proceedings; and (3) encourage risk factor disclosure that is shorter and concerns only material risks. As a result of these effects, we expect that the impact of the rule proposal would be a modest 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 216 burden hours and a reduction in the cost burden of \$259,200 for the services of outside professionals.

## **Form 10-K Short Statement**

The proposed rule amendments would modernize and simplify the description of business (Item 101), legal proceedings (Item 103), and risk factor disclosures (Item 105) that registrants are required to make pursuant to Regulation S-K. The primary effects of the proposed amendments would be to: (1) increase the flexibility for an entity when providing disclosure regarding its business, including its general business development, so that it can tailor its disclosure to its particular circumstances; (2) eliminate or reduce disclosure about matters that are not material to an understanding of the business or to an entity's legal proceedings; and (3) encourage risk factor disclosure that is shorter and concerns only material risks. As a result of these effects, we expect that the impact of the rule proposal would be a modest reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form 10-K, the proposed amendments would result in a reduction of 24,411 burden hours and a reduction in the cost burden of \$3,254,800 for the services of outside professionals.

## Form 10-Q Short Statement

The proposed rule amendments would modernize and simplify the description of business (Item 101), legal proceedings (Item 103), and risk factor disclosures (Item 105) that registrants are required to make pursuant to Regulation S-K. The primary effects of the proposed amendments would be to: (1) increase the flexibility for an entity when providing disclosure regarding its business, including its general business development, so that it can tailor its disclosure to its particular circumstances; (2) eliminate or reduce disclosure about matters that are not material to an understanding of the business or to an entity's legal proceedings; and (3) encourage risk factor disclosure that is shorter and concerns only material risks. As a result of these effects, we expect that the impact of the rule proposal would be a modest reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form 10-Q, the proposed amendments would result in a reduction of 85,901 burden hours and a reduction in the cost burden of \$11,453,600 for the services of outside professionals.

## **Regulation 14A (Schedule 14A) Short Statement**

The proposed rule amendments would modernize and simplify the description of business (Item 101), legal proceedings (Item 103), and risk factor disclosures (Item 105) that registrants are required to make pursuant to Regulation S-K. The primary effects of the proposed amendments would be to: (1) increase the flexibility for an entity when providing disclosure regarding its business, including its general business development, so that it can tailor its disclosure to its particular circumstances; (2) eliminate or reduce disclosure about matters that are not material to an understanding of the business or to an entity's legal proceedings; and (3) encourage risk factor disclosure that is shorter and concerns only material risks. As a result of these effects, we expect that the impact of the rule proposal would be a modest reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Schedule 14A, the proposed amendments would result in a reduction of 12,149 burden hours and a reduction in the cost burden of \$1,620,000 for the services of outside professionals.