

SUPPORTING STATEMENT
FOR THE PAPERWORK REDUCTION ACT INFORMATION COLLECTION
SUBMISSION FOR REGULATION FD-FAIR DISCLOSURE

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

The Commission adopted Regulation FD to address the issue of companies' selective disclosure of material nonpublic information to those who would reasonably be expected to trade securities on the basis of the information or provide others with advice about securities trading. The regulation provides that when an issuer, or person acting on its behalf, discloses material nonpublic information to certain enumerated persons (such as, securities market professionals and holders of the issuer's securities who may well trade on the basis of the information), it must make public disclosure of that information. The timing of the required public disclosure depends on whether the selective disclosure was intentional or non-intentional; for an intentional selective disclosure, the issuer must make public disclosure simultaneously; for non-intentional disclosure, the issuer must make public disclosure promptly. Under the regulation, Form 8-K may be used to file or furnish the required public disclosure, or the company can rely on another method or combination of methods that are reasonably designed to effect broad, non-exclusionary distribution of the information to the public.

2. Purpose and Use of the Information Collection

The purpose of Regulation FD is to require: (1) an issuer that intentionally discloses material information, to do so through public disclosure, not selective disclosure; and (2) an issuer that learns that it has made non-intentional material selective disclosure, to make prompt public disclosure of that information. The Commission believes that the practice of selective disclosure leads to a loss of investor confidence in the integrity of our capital markets. Investors who see a security price change dramatically and only later are given access to the information responsible for that move rightly question whether they are on a level playing field with market insiders. Also, Regulation FD is designed to address another threat to the integrity of our markets: the potential for corporate management to treat material information as a commodity to be used to gain or maintain favor with particular analysts or investors. Finally, the Commission has provided several methods by which issuers can comply with Regulation FD, such as press releases, Internet web casting and teleconferencing.

3. Consideration Given to Information Technology

The Commission has provided many methods for issuers to comply with Regulation FD – these include, but are not limited to, filing Form 8-K using the Commission's EDGAR system. Also, issuers may use press releases, teleconferences, and the Internet as means of communicating material information to the investing public.

4. Duplication of Information

There are no other public sources for the information.

5. Reducing the Burden on Small Entities

Regulation FD's "public disclosure" requirement provides issuers, including small entity issuers, flexibility in how to disseminate information so that they have the freedom to select the method of public disclosure that best suits their business operations and that minimizes burdens on their operations.

6. Consequences of Not Conducting Collection

Regulation FD does not require the issuer to make a certain number of public disclosures by filings or other means. The timing and frequency of public disclosure of material information pursuant to Regulation FD is largely within the control of the issuer.

7. Special Circumstances

There are no special circumstances.

8. Consultations with Persons Outside the Agency

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

9. Payment or Gift to Respondents

No payment or gift has been provided to any respondents.

10. Confidentiality

Regulation FD disclosure materials are public documents.

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: name, address and zip code. 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**Estimated Reporting Burden**

Information Collection Title	OMB Control Number	Number of Responses	Burden Hours
Regulation FD-Other Disclosure Materials	3235-0536	58,000	72,500

We estimate that approximately 13,000 issuers make Regulation FD disclosures approximately five times a year for a total of 58,000 submissions annually, not including an estimated 7,000 Forms 8-K filed to comply with Regulation FD. 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. Our estimates reflect average burdens, and, therefore, some companies may experience more hours than our estimates and some companies may experience less hours than our estimates. We further estimate that 25% of the collection information burden is carried by the issuer internally and that 75% of the burden of preparation is carried by outside professional retained by the company. Based on our estimates, we calculated that 25% of the 5 hours per response (1.25 hours) is prepared by the issuer for an annual reporting burden of 72,500 hours (58,000 responses x 1.25 hours). For administrative convenience, the presentation of the total related to the paperwork burden hours has been rounded to the nearest whole number. The estimated burden hours are made solely for the purpose of the Paperwork Reduction Act.

Estimate of Total Annualized Cost Burden**Estimated Total Cost Burden**

Information Collection Title	OMB Control Number	Number of Responses	Burden Hours
Regulation FD-Other Disclosure Materials	3235-0536	58,000	\$87,000,000

We estimated that 75% of the 5 hours per response (3.75 hours) is prepared by outside counsel. 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. We calculated the total annual cost to be \$87,000,000 (\$400 per hour x 3.75 hours per response x 58,000 responses). For administrative convenience, the presentation of the total related to the paperwork cost burden has been rounded to the nearest dollar. The estimated cost burden is made solely for the purposes 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 \$119,447,840 in fiscal year 2020, 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 at this time.

16. Information Collections 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.

B. STATISTICAL METHODS

The information collection does not employ statistical methods.