

## **SUPPORTING STATEMENT FOR RULES RELATING TO AMENDMENTS TO THE ACCELERATED FILER AND LARGE ACCELERATED FILER DEFINITIONS**

This supporting statement is part of a submission under the Paperwork Reduction Act of 1995 (“PRA”).<sup>1</sup>

### **A. JUSTIFICATION**

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

On November 4, 2021, the Securities and Exchange Commission (“Commission”) proposed amendments to update the filing requirements under the Electronic Data Gathering, Analysis, and Retrieval (“EDGAR”) system.<sup>2</sup> The proposed amendments would mandate the electronic filing or submission of most of the documents that are currently permitted electronic submissions under Rule 101 of Regulation S-T, including all filings on Form 6-K and filings made by multilateral development banks; mandate the electronic submission in portable document format (“PDF format”) of the “glossy” annual report to security holders; mandate the electronic filing of the certification made pursuant to the Exchange Act and its rules that a security has been approved by an exchange for listing and registration; mandate the use of Inline eXtensible Business Reporting Language (“Inline XBRL”) for the filing of the financial statements and accompanying notes to the financial statements required by Form 11-K; and allow for the electronic submission in PDF format of certain foreign language documents.

Under Rule 101(b) of Regulation S-T filers have the option to submit certain documents either electronically or in paper format. These documents include:

- Annual reports to security holders (colloquially referred to as the “glossy” annual reports) furnished for the information of the Commission pursuant to Exchange Act Rules 14a-3(c) or 14c-3(b), or under the requirements of Form 10-K13 for registrants reporting pursuant to 15 U.S.C. 78o(d), or by foreign private issuers on Form 6-K pursuant to Exchange Act Rules 17 CFR 240.13a-16 or 17 CFR 240.15d-16;
- Notices of exempt solicitation furnished for the information of the Commission pursuant to Exchange Act Rule 14a-6(g), and notices of exempt preliminary roll-up communications furnished for the information of the Commission pursuant to Exchange Act Rule 14a-6(n);
- Annual reports for employee benefit plans on Form 11-K;
- Periodic reports and reports with respect to distributions of primary obligations filed by multinational development banks such as, for example, the International Bank for Reconstruction and Development and the Inter-American Development Bank;

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<sup>1</sup> 44 U.S.C. §3501, *et seq.*

<sup>2</sup> *Updating EDGAR Filing Requirements*, Release No. 33-11005 (Nov. 4, 2021) [86 FR 66231] (Nov. 22, 2021).

- Reports or other documents submitted by a foreign private issuer under cover of Form 6-K that the foreign private issuer must furnish and make public under the laws of the jurisdiction in which the issuer is incorporated, domiciled or legally organized (the foreign private issuer’s “home country”), or under the rules of the home country exchange on which the foreign private issuer’s securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the issuer's security holders, and, if discussing a material event, has already been the subject of a Form 6-K or other Commission filing or submission on EDGAR; and
- Documents filed with the Commission pursuant to Section 33 of the Investment Company Act.

The proposed amendments would require the documents listed above that filers may currently provide either electronically or in paper format, at their option, pursuant to Rule 101(b) of Regulation S-T, to be submitted electronically.

In addition, the proposed amendments would require certain foreign language documents that are currently submitted in paper under Rule 306(b) and 306(c) to be provided electronically in PDF format.<sup>3</sup>

The proposed amendments also require that national securities exchanges electronically submit certifications to the Commission that a security has been approved for listing and registration pursuant to Section 12(d). Currently, exchanges have the option to submit these certifications to the Commission in paper or electronic format.

Lastly, the proposal would mandate the use of Inline XBRL for the filing of the financial statements and accompanying notes to the financial statements required by Form 11-K. The proposed amendments, which mirror the Inline XBL requirements for annual reports on Forms 10-K, 20-F, and 40-F, would require registrants to submit financial information using Inline XBRL structured data format that enables automated analytical tools to extract tagged information.

A copy of Commission Release No. 33-11005, which contains the proposed amendments, is attached.

The amendments contain “collection of information” requirements within the meaning of the PRA. The titles for the collection of information are:

- Schedule 14A (OMB Control Number 3235-0059)
- Schedule 14C (OMB Control Number 3235-0057)
- Form 20-F (OMB Control Number 3232-0288)

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<sup>3</sup> See Rule 306(b) and 306(c).

- Form 40-F (OMB Control Number 3235-0381)
- Form 11-K (OMB Control Number 3235-0082)
- Form ID (OMB Control Number 3235-0328)

## **2. PURPOSE AND USE OF THE INFORMATION COLLECTION**

The purpose of the proposed amendments is to permit registrants to utilize advances in information technology, the expanded use of the internet, and upgrades to EDGAR to more easily file or submit documents on EDGAR. Moreover, documents filed or submitted on EDGAR are more quickly and readily available to the public and other interested parties than paper submissions. Generally, investors or other parties wishing to access and review paper filings must do so in person at the Commission’s public reference room or subscribe to a third-party information service that scans and distributes the information after a paper filing is made. For an investor or other user, it can be both time consuming and cumbersome to obtain these filings in paper.

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

Other than foreign language documents submitted pursuant to Rule 306(b) and (c), the forms affected by the amendments are currently submitted, at the option of the registrant, in paper format or electronically using the Commission’s EDGAR system. Foreign language documents submitted pursuant to Rule 306(b) and (c) are currently required to be submitted in paper.

## **4. DUPLICATION OF INFORMATION**

The Commission believes that the amendments do not duplicate, overlap, or conflict with other federal rules.

## **5. REDUCING THE BURDEN ON SMALL ENTITIES**

The amendments apply to small entities to the same extent as other entities, irrespective of size. Therefore, we expect that the nature of any burdens associated with the amendments would be similar for large and small entities and will likely vary widely among small entities based on a number of factors, including the nature and conduct of their businesses, which makes it difficult to quantify the corresponding effects on burden.

The Commission believes it is likely that virtually all affected issuers that are considered “small businesses” or “small organizations,” as defined in Commission rules,<sup>4</sup> are already EDGAR filers and therefore possess the necessary access credential to file or submit documents on EDGAR.

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<sup>4</sup> For purposes of the Regulatory Flexibility Act, under our rules, an issuer, other than an investment company, is a “small business” or “small organization” if it had total assets of \$5 million or less on the last day of its most recent fiscal year.

To the extent any such issuers are not already EDGAR filers, the issuers would be required to apply for EDGAR credentials using Form ID. At present, we estimate that only two registrants affected by the proposed amendments are non-EDGAR filers.

For small entities that are EDGAR filers and are not Form 11-K filers, the only additional burden associated with the proposed amendments would be imposed by the new requirement to submit electronic copies of the glossy report in pdf format.

For small entities that are EDGAR filers and are Form 11-K filers, the proposed amendments would impose an additional incremental burden associated with the proposed Inline XBRL data tagging requirement.

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

The regulations and associated schedules, forms and rules set forth the disclosure requirements for periodic and current reports filed by companies to help investors make informed investment decisions. Not conducting these collections would deprive investors of access to information that is important to their voting and investment decisions.

## **7. SPECIAL CIRCUMSTANCES**

There are no special circumstances in connection with these amendments.

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

The Commission will solicit comment on the proposed amendments.

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

No payment or gift has been provided to any respondents.

## **10. CONFIDENTIALITY**

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

## **11. SENSITIVE QUESTIONS**

No information of a sensitive nature would be required under the following collections of information in connection with these rulemaking amendments: Schedule 14A, Schedule 14C, Form 20-F, Form 40-F, and Form ID. The information collections collect basic Personally Identifiable Information 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 this collection of information. The EDGAR PIA, published on March 22, 2023, is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

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

We anticipate that the proposed amendments would, in the aggregate, increase the burden and costs for companies. We estimated the average number of hours a company would spend completing the forms and the average hourly rate for outside professionals. In deriving our estimates, we recognize that the burdens will likely vary among individual companies based on a number of factors, including the size and complexity of their organizations, and the nature of their operations. We believe that some companies will experience hour and cost burdens in excess of our estimated averages in the first year of compliance with the proposed amendments and some companies may experience burdens less than our estimated averages. Our estimates have been adjusted to reflect the fact that some of the proposed amendments would be required in some but not all of the above listed documents and would not apply to all companies.

We anticipate that the proposed amendments to Rules 101(b)(2), (5), (6), and (9) of Regulation S-T and Rule 306 of Regulation S-T would not affect the burden incurred by registrants. In each instance, these proposed amendments do not change the nature or extent of the information that is currently collected. Accordingly, the information collection burden of associated forms, schedules, reports, and applications would remain the same.

We anticipate that the proposed amendments to require the submission of glossy annual reports would increase the burden and costs to registrants on Schedule 14A, Schedule 14C, Form 20-F, and Form 40-F. We estimate that the proposed amendments would cause each registrant to incur an increase of 2 hours in the reporting burden for the annual report to security holders.

We anticipate that the proposed amendments to require filers of Form 11-K to provide structured data-tagging of financial statements and accompanying notes would increase the burden and costs to companies. We estimate that the proposed amendments would, for each filer, result in an additional PRA burden of 65.81 hour of internal time and \$7,525 in costs for outside professional services.<sup>5</sup>

We anticipate that there would be a very small number of filers that have not previously made an electronic filing on EDGAR that would be required as a result of the proposed amendments to file a Form ID to obtain the access codes required to file or submit a document on EDGAR.<sup>6</sup> We estimate each respondent without EDGAR credentials would require 0.15 hours to complete the Form ID, and for purposes of the PRA, that 100% of the burden of preparation for Form ID would be carried by each respondent internally. Currently, we estimate that there are two such non-EDGAR filers. Therefore, we anticipate that proposed amendments would result in a nominal increase of .30 annual burden hours for Form ID, which would not

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<sup>5</sup> Securities Offering Reform for Closed-End Investment Companies, Investment Company Act Release No. 33427 (Mar. 20, 2019).

<sup>6</sup> Based on an internal review by the staff, we have determined that all filers under Rule 101(b), except for two filers under Rule 101(b)(5), have previously filed a Form ID in connection with other EDGAR filing obligations.

meaningfully add to, and would effectively be encompassed by, the existing burden estimates associated with these forms.<sup>7</sup>

Table 1 below shows the estimated total annual compliance burden, in hours and in costs, of the collection of information resulting from the proposed amendments.<sup>8</sup> 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 reflected as a cost, while the portion of the burden carried by the registrant internally is reflected in hours.

For the proxy statement and information statements, we estimate that 75% of the burden of preparation is carried by the company internally and that 25% of the burden of preparation is carried by outside professionals retained by the company at an average cost of \$400 per hour.<sup>9</sup> For registration statements (and annual reports, as applicable) on 11-K, Form 20-F, and Form 40-F, we estimate that 25% of the burden of preparation is carried by the company 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.

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<sup>7</sup> The proposed amendments would not affect the paperwork burden incurred by filers that have previously submitted a Form ID because filers are required to submit the form only once in order to enroll in the EDGAR filing system.

<sup>8</sup> For convenience, the estimated hour and cost burdens in the table have been rounded to the nearest whole number.

<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.

**Table 1. Incremental Paperwork Burden under the Proposed Amendments<sup>2</sup>**

	Current Annual Responses (A)	Current Burden Hours (B)	Current Cost Burden (C)	Proposed Change in Annual Responses (D)	Proposed Change in Burden Hours (E)	Proposed Change in Professional Costs (F)	Proposed Annual Affected Responses (G)= (A) + (D)	Proposed Burden Hours for Affected Response (H) = (B)+(E)	Proposed Cost Burden for Affected Responses (I)= (C)+(F)
Schedule 14A	6,369	850,836	\$113,410,112	0	9,574	\$1,276,592	6,369	860,410	\$114,686,704
Schedule 14C	569	63,048	\$8,407,344	0	832	\$111,008	569	63,880	\$8,518,352
Form 20-F	729	479,303	\$576,533,425	0	364	\$437,400	729	479,667	\$576,970,825
Form 40-F	132	14,171	\$17,005,360	0	66	\$79,200	132	14,237	\$17,084,560
Form 11-K <sup>1</sup>	1,302	39,060	0	(236)	70,153	\$8,021,650	1,066	109,213	\$8,021,650
Form ID	57,329	17,199	0	2	0.3	0	57,331	17,199	0

1. We note that the proposed decrease in responses on Form 11-K reflects the actual number of Forms received in 2020. This decrease is not the result of the proposed amendments which we do not expect to affect the number of responses submitted on Form 11-K.

#### **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 \$129,168,390 in fiscal year 2022, 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**

We anticipate that the proposed amendments will, in the aggregate, increase the burdens and costs for registrants to prepare and review disclosure under by the proposed amendments. Table 2 below illustrates the changes in cost and hour burdens from the burden estimates currently approved by OMB. Columns (A) and (B) represent the most recent burden estimates submitted to OMB. Columns (C) and (D) represent the new burden estimates under the proposed amendments. Columns (E) and (F) represent the program change, which encompasses the change in the burden estimates attributable to the interim amendment.

**Table 2. Current and Revised Burdens under the Proposed Amendments for Securities Act and Exchange Act Forms**

	Current Burden		Revised Burden		Program Change	
	Burden Hours (A)	Cost (B)	Burden Hours (C)	Costs (D)	Burden Hours (E)	Costs (F)
Schedule 14A	850,836	\$113,410,112	860,410	\$114,686,704	9,574	\$1,276,592
Schedule 14C	63,048	\$8,407,344	63,880	\$8,518,352	832	\$111,008
Form 20-F	479,303	\$576,533,425	479,667	\$576,970,825	364	\$437,400
Form 40-F	14,171	\$17,005,360	14,237	\$17,084,560	66	\$79,200
Form 11-K	39,060	0	109,213	\$8,021,650	70,153	\$8,021,650
Form ID	17,199	0	17,199	0	0.3	0

**16. INFORMATION COLLECTION PLANNED FOR STATISTICAL PURPOSES**

The information collections are not planned for statistical purposes.

**17. APPROVAL TO OMIT OMB EXPIRATION DATE**

The Commissions requests authorization to omit the expiration date on the electronic version of this 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 the Paperwork Reduction Act submissions.

**B. STATISTICAL METHODS**

The information collections do not employ statistical methods.



## **SCHEDULE 14A SHORT STATEMENT**

The amendments are intended to continue and further the Commission's ongoing efforts to make the EDGAR system more comprehensive by including more filings in the mandated electronic filing category. We anticipate that the amendments would, in the aggregate, increase the burdens and costs to registrants associated with compliance with the federal securities disclosure regime. These estimated burden and cost increases are expected to result primarily from the time required to prepare, convert into the required electronic format (currently PDF) if PDF is not already used for the report to security holders, and review the "glossy" annual reports to security holders to be submitted electronically in accordance with the EDGAR Filer Manual. For purposes of the PRA, we estimate that the amendments to Schedule 14A will result in a net increase of 9,574 burden hours and a net increase in the cost burden of \$1,276,592 for the services of outside professionals.

## **SCHEDULE 14C SHORT STATEMENT**

The amendments are intended to continue and further the Commission's ongoing efforts to make the EDGAR system more comprehensive by including more filings in the mandated electronic filing category. We anticipate that the amendments would, in the aggregate, increase the burdens and costs to registrants associated with compliance with the federal securities disclosure regime. These estimated burden and cost increases are expected to result primarily from the time required to prepare, convert into the required electronic format (currently PDF) if PDF is not already used for the report to security holders, and review the "glossy" annual reports to security holders to be submitted electronically in accordance with the EDGAR Filer Manual. For purposes of the PRA, we estimate that the amendments to Schedule 14C will result in a net increase of 832 burden hours and a net increase in the cost burden of \$111,008 for the services of outside professionals.

## **FORM 20-F SHORT STATEMENT**

The amendments are intended to continue and further the Commission's ongoing efforts to make the EDGAR system more comprehensive by including more filings in the mandated electronic filing category. We anticipate that the amendments would, in the aggregate, increase the burdens and costs to registrants associated with compliance with the federal securities disclosure regime. These estimated burden and cost increases are expected to result primarily from the time required to prepare, convert into the required electronic format (currently PDF) if PDF is not already used for the report to security holders, and review the "glossy" annual reports to security holders to be submitted electronically in accordance with the EDGAR Filer Manual. For purposes of the PRA, we estimate that the amendments to Form 20-F will result in a net increase 364 burden hours and a net increase in the cost burden of \$437,400 for the services of outside professionals.

## **FORM 40-F SHORT STATEMENT**

The amendments are intended to continue and further the Commission's ongoing efforts to make the EDGAR system more comprehensive by including more filings in the mandated electronic filing category. We anticipate that the amendments would, in the aggregate, increase the burdens and costs to registrants associated with compliance with the federal securities disclosure regime. These estimated burden and cost increases are expected to result primarily from the time required to prepare, convert into the required electronic format (currently PDF) if PDF is not already used for the report to security holders, and review the "glossy" annual reports to security holders to be submitted electronically in accordance with the EDGAR Filer Manual. For purposes of the PRA, we estimate that the amendments to Form 40-F will result in a net increase 66 burden hours and a net increase in the cost burden of \$79,200 for the services of outside professionals.

## **FORM 11-K SHORT STATEMENT**

The amendments are intended to continue and further the Commission's ongoing efforts to make the EDGAR system more comprehensive by including more filings in the mandated electronic filing category. We anticipate that the amendments would, in the aggregate, increase the burdens and costs to registrants associated with compliance with the federal securities disclosure regime. These estimated burden and cost increases are expected to result primarily from the costs of structuring the data in the financial statements and accompanying footnotes of the financial statements to Form 11-K, including, for example, the time required to becoming familiar with Inline XBRL reporting, the acquisition of new software or the services of consultants, and/or the training of staff. For purposes of the PRA, we estimate that the amendments to Form 11-K will result in a net increase of 70,153 burden hours, and a net increase in the cost burden of \$8,021,650 for the services of outside professionals.

## **FORM ID SHORT STATEMENT**

The amendments are intended to continue and further the Commission's ongoing efforts to make the EDGAR system more comprehensive by including more filings in the mandated electronic filing category. We anticipate that the amendments would, in the aggregate, nominally increase the burden and cost associated with compliance with the federal securities disclosure regime. These estimated burden and cost increases are expected to result primarily from the very small number of filers that have not previously made an electronic filing on EDGAR that would be required as a result of the proposed amendments to file a Form ID to obtain the access codes required to file or submit a document on EDGAR. For purposes of the PRA, we estimate that the amendments to Form ID will result in a net increase of 2 in the estimated number of annual responses, an increase in the estimated number of burden hours of 0.3 and a net increase in the cost burden of \$0 for the services of outside professionals.