

SUPPORTING STATEMENT
FOR THE PAPERWORK REDUCTION ACT INFORMATION COLLECTION
SUBMISSION FOR REGULATION A AND FORM 1-A

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

The Securities Act of 1933, as amended (the “Securities Act”), generally requires that a registration statement be filed with the Securities and Exchange Commission (the “Commission”) disclosing prescribed information before securities may be offered for sale to the public unless an exemption from registration is available. Regulation A provides an exemption for offerings that satisfy certain conditions, such as filing an offering statement with the Commission, limiting the dollar amount of the offering and, in certain instances, filing ongoing reports with the Commission. Form 1-A is filed with the Commission under Regulation A.

2. Purpose and Use of the Information Collection

Form 1-A is an offering statement filed under Regulation A. The information collected is primarily intended to ensure the adequacy of information available to investors. Part I of Form 1-A is also used to collect empirical data for the Commission. The empirical data provides a continuing basis for action by the Commission either in terms of amending existing rules and regulations or proposing new ones. Other than the information in Part I, the Commission staff uses very little of the collected information itself, except on an occasional basis in the enforcement of the securities laws.

3. Consideration Given to Information Technology

Form 1-A is filed electronically using the Commission’s Electronic Data Gathering, Analysis and Retrieval (“EDGAR”) system. Part I of Form 1-A is an online fillable form.

4. Duplication of Information

The Commission makes every effort to coordinate with other regulatory entities when necessary or appropriate in the public’s interest and for the protection of investors and to streamline regulations to enhance the production of capital. We are not aware of any forms or rules that conflict with or substantially duplicate the requirements of Form 1-A.

5. Reducing the Burden on Small Entities

Regulation A is an exemption from Securities Act registration often used for smaller securities offerings. We believe that many of the issuers in Regulation A offerings are small entities, but we currently do not collect information on total assets of companies that use Regulation A to determine if they are small entities.

6. Consequences of Not Conducting Collection

The information required in Regulation A offering statements is used by public investors and serves the purpose of protecting our financial markets from fraud, which helps to instill investor confidence. The information required by Regulation A helps ensure the adequacy of information to investors regarding offerings pursuant to that exemption. The information required by Part I of Form 1-A is also designed to collect empirical data for the Commission, which provides a continuing basis for action by the Commission for amending existing rules and regulations or proposing new ones. This exemption from Securities Act registration would not be available without this collection of information.

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 has been provided to any respondents.

10. Confidentiality

Rule 251(e) (§ 230.251(e)) allows for requests for confidential treatment to be made under existing Rule 406 (§ 230.406) for information required to be filed with the Commission and existing Rule 83 (§ 230.86) for information not required to be filed with the Commission. Rule 252(d) (§ 230.252(d)) also allows for a draft Form 1-A to be submitted for non-public review by the Commission's staff. Form 1-A must be filed publicly at least 21 days prior to the offering statement being qualified if the non-public submission option is used. Otherwise, the collections of information required by Regulation A and its offering statement 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(s) 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. Estimate of Respondent Reporting Burden

Estimated Reporting Burden

Information Collection Title	OMB Control Number	Number of Responses	Burden Hours
Regulation A (Form 1-A)	3235-0286	325	174,859

We estimate that approximately 325 issuers annually file Regulation A Form 1-A. We estimate that Form 1-A takes approximately 717.372 hours to prepare We estimate that 75% of the 717.372 hours per response (538.029 hours) is prepared by the respondent (i.e., the company filing the Form 1-A) for a total annual burden of 174,859 hours (538.029 hours per response x 325 responses). 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. We believe that the actual burdens will likely vary among individual issuers based on the nature of their operations. For administrative convenience, the presentation of the total related to the paperwork burden hours have been rounded to the nearest whole number. The burden estimate for the hours is made solely for the purpose of the Paperwork Reduction Act.

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

Information Collection Title	OMB Control Number	Number of Responses	Cost Burden
Regulation A (Form 1-A)	3235-0286	325	\$34,971,885

We estimate that 25% of the 717.372 hours per response (179.343 hours) is prepared by outside counsel for Form 1-A. We estimate that it will cost \$600 per hour (\$600 x 179.343 hours per response x 325 responses) for a total cost burden of \$34,971,885. We estimate an hourly cost of \$600 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. For administrative convenience, the presentation of the total related to the paperwork cost total has 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 \$131,724,880 in fiscal year 2023, 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**Estimated Burden Hours and Cost Burden Changes**

Information Collection Title	OMB Control Number	Burden Hours Adjustment	Cost Burden Adjustment
Regulation A (Form 1-A)	3235-0286	64,563	\$20,173,183

This increase of 64,563 reporting burden hours and the increase of \$20,173,183 in cost burden is due to adjustments. The increase in both the burden hours and cost burden reflect an increase in number of respondents filing Form 1-A under Regulation A per year from 205 issuers per year to 325 issuers per year. Also, the increase in cost burden is due to a change in how the Commission calculates the burden from using an estimate hourly cost of \$400 to \$600 for outside legal and accounting services used in connection with public company reporting.

16. Information Collection 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 1-A. 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 EDGAR 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.