

SUPPORTING STATEMENT FOR FINAL RULES RELATING TO *CYBERSECURITY RISK MANAGEMENT, STRATEGY, GOVERNANCE, AND INCIDENT DISCLOSURE*

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

A. JUSTIFICATION

1. CIRCUMSTANCES MAKING THE COLLECTION OF INFORMATION NECESSARY

On July 26, 2023, the Securities and Exchange Commission (“Commission”) adopted rules and rule amendments to enhance and standardize disclosures regarding cybersecurity risk management, strategy, governance, and incidents by public companies that are subject to the reporting requirements of the Securities Exchange Act of 1934 (“Exchange Act”).² Specifically, the final rules require current disclosure about material cybersecurity incidents on Form 8-K, and likewise add “material cybersecurity incident” as a trigger for disclosure on Form 6-K. The rules also require disclosures in annual reports on Form 10-K or Form 20-F about a registrant’s processes to assess, identify, and manage material cybersecurity risks, management’s role in assessing and managing material cybersecurity risks, and the board of directors’ oversight of cybersecurity risks. Further, the rules require cybersecurity disclosures to be presented in Inline eXtensible Business Reporting Language (“Inline XBRL”).

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

- Form 8-K (OMB Control No. 3235-0060);
- Form 6-K (OMB Control No. 3235-0116);
- Form 10-K (OMB Control No. 3235-0063); and
- Form 20-F (OMB Control No. 3235-0288).

2. PURPOSE AND USE OF THE INFORMATION COLLECTION

The final rules are intended to better inform investors about a registrant’s cybersecurity risk management, strategy, and governance and to provide timely disclosure of material cybersecurity incidents.

¹ 44 U.S.C. §3501, *et seq.*

² See Release No. 33-11216 (July 26, 2023) (“final rules”).

3. CONSIDERATION GIVEN TO INFORMATION TECHNOLOGY

The forms that are affected by the final rules are filed electronically with the Commission using the Commission's Electronic Data Gathering and Retrieval ("EDGAR") system.

The final rules require registrants to tag the information specified by Item 1.05 of Form 8-K and Items 106 of Regulation S-K in Inline XBRL in accordance with Rule 405 of Regulation S-T (17 CFR 232.405) and the EDGAR Filer Manual.³ The requirements include block text tagging of narrative disclosures, as well as detail tagging of quantitative amounts disclosed within the narrative disclosures. Inline XBRL is both machine-readable and human-readable, which improves the quality and usability of XBRL data for investors.⁴ Requiring Inline XBRL tagging of the disclosures provided pursuant to these disclosure items will benefit investors by making the disclosures more readily available and easily accessible to investors, market participants, and others for aggregation, comparison, filtering, and other analysis, as compared to requiring a non-machine readable data language such as ASCII or HTML.

4. DUPLICATION OF INFORMATION

Business development companies ("BDCs") that are subject to the final rules may also become subject to the proposed rule amendments in the Division of Investment Management's cybersecurity proposing release, if and when those rules are finalized.⁵ To the extent that BDCs would need to provide substantively the same or similar disclosure on both Form 8-K and in registration statements, the compliance costs could be duplicative. However, the potential duplication should not result in a significant increase in compliance costs, because BDCs should be able to provide similar disclosure for both sets of rules.

The Commission also recognized the possibility that the final rules may conflict with the disclosure timeline set forth in 47 CFR 64.2011, a Federal Communications Commission rule regarding the disclosures that certain telecommunications carriers must make when they experience certain customer data breaches. Accordingly, the Commission adopted a narrow

³ This tagging requirement is codified through cross-references to Rule 405 of Regulation S-T in Item 1.05 of Form 8-K, Item 106 of Regulation S-K, and Item 16K of Form 20-F, and by revising Rule 405(b) of Regulation S-T to include the listed disclosure Items. In conjunction with the EDGAR Filer Manual, Regulation S-T governs the electronic submission of documents filed with the Commission. Rule 405 of Regulation S-T specifically governs the scope and manner of disclosure tagging requirements for operating companies and investment companies, including the requirement in Rule 405(a)(3) to use Inline XBRL as the specific structured data language for tagging the disclosures.

⁴ See *Inline XBRL Filing of Tagged Data, Securities Act*, Release No. 10514 (June 28, 2018) [83 FR 40846 (Aug. 16, 2018)]. Inline XBRL allows filers to embed XBRL data directly into an HTML document, eliminating the need to tag a copy of the information in a separate XBRL exhibit. Inline XBRL is both human-readable and machine-readable for purposes of validation, aggregation, and analysis. *Id.* at 40851.

⁵ See *Cybersecurity Risk Management for Investment Advisers, Registered Investment Companies, and Business Development Companies*, Release No. 33-11028 (Feb. 9, 2022) [87 FR 13524 (Mar. 9, 2022)]. See also *Cybersecurity Risk Management for Investment Advisers, Registered Investment Companies, and Business Development Companies; Reopening of Comment Period*, Release No. 33-11167 (Mar. 15, 2023) [88 FR 16921 (Mar. 21, 2023)].

exception that allows a registrant that is subject to 47 CFR 64.2011 to delay providing the required Form 8-K disclosure for such period that is applicable 47 CFR 64.2011(b)(1), so long as the registrant notifies the Commission no later than the date when the Form 8-K disclosure was otherwise required to be provided.

We are not aware of any other rules that conflict with or substantially duplicate the final rules.

5. REDUCING THE BURDEN ON SMALL ENTITIES

The final rules will affect some companies that are small entities that are subject to the reporting requirements of the Exchange Act. The Commission performed a Final Regulatory Flexibility Act Analysis (“FRFA”). As part of the FRFA, the Commission estimated that as of December 31, 2022, there were approximately 800 issuers and 10 BDCs that may be considered small entities that would be subject to the final rules.

The Commission considered a variety of alternatives to achieve the purpose of the final rules of providing material information regarding a registrant’s existing cybersecurity strategy, risk management, and governance, as well as information regarding material cybersecurity incidents. The Commission did not adopt additional alternative approaches in this rulemaking because it does not believe it would be appropriate to establish alternative compliance requirements or exempt small entities from the scope of the rules, given that the disclosure requirements are intended to promote consistent disclosure among issuers. The Commission also noted the significant cybersecurity risks smaller reporting companies face and the outsized impacts that cybersecurity incidents may have on their businesses and believes that investors need access to timely disclosure on material cybersecurity incidents and the material aspects of registrants’ cybersecurity risk management and governance. The Commission did note that smaller reporting companies would likely benefit from additional time to comply with the incident disclosure requirements. Accordingly, the final rules provide smaller reporting companies an additional 180 days from the non-smaller reporting company compliance date before they must begin complying with Item 1.05 of Form 8-K.

6. CONSEQUENCES OF NOT CONDUCTING COLLECTION

The forms were adopted under the Exchange Act and set forth the disclosure requirements for current reports, periodic reports, and proxy and information statements filed by registrants to help investors make informed investment and voting decisions. Less frequent collection would deprive investors of access to information that is important to these decisions.

7. SPECIAL CIRCUMSTANCES

There are no special circumstances in connection with the final rules.

8. CONSULTATIONS WITH PERSONS OUTSIDE THE AGENCY

In March 2022, the Commission issued a proposing release *Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure*,⁶ which solicited comment on the proposal and the “collection of information” requirements and associated paperwork burdens of the proposed amendments. Comments on the Commission’s releases are generally received from registrants, investors, and other market participants. In addition, the Commission and staff participate in an ongoing dialogue with representatives of various market participants through public conferences, meetings, and informal exchanges. The Commission considers all comments received. Additionally, as noted in the adopting release, members of the Commission staff consulted with the Federal Communications Commission (FCC) and the United States Department of Justice (DOJ) among other federal agencies, commentators, and market participants.

9. PAYMENT OR GIFT TO RESPONDENTS

No payment or gift has been provided to any respondents.

10. CONFIDENTIALITY

All of the affected information collections filed with the Commission are available to the public.

11. SENSITIVE QUESTIONS

No information of a sensitive nature would be required in connection with the final rules. These 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 the affected collections of information. The EDGAR PIA, published on March 6, 2025, 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 new disclosure and submission requirements will increase the burdens and costs for affected registrants. We derived the burden hour and cost estimates by estimating the average amount of time it would take a registrant to prepare and review the required disclosure and submission, as well as the average hourly rate for outside professionals who assist with such preparation. All of these burden estimates incorporate the tagging requirements in Rule 405 of Regulation S-T.

⁶ See Release No. 33-11038 (Mar. 9,2022) [87 FR 16590 (Mar. 23, 2022)].

Table 1 summarizes the estimated changes in burden attributable to the final rules for the affected forms and schedules:

Table 1: Estimated Paperwork Burden Associated with the Final Rules

Final Amendments and Effects	Affected Forms	Estimated Burden Increase	Number of Estimated Affected Responses[*]
Form 8-K <ul style="list-style-type: none"> Add Item 1.05 requiring disclosure of material cybersecurity incidents within four business days following determination of materiality. 	Form 8-K	9 hour increase in compliance burden per form	200 Filings
Form 6-K <ul style="list-style-type: none"> Add “cybersecurity incident” to the list in General Instruction B of information required to be furnished on Form 6-K. 	Form 6-K	9 hour increase in compliance burden per form	20 Filings
Regulation S-K Item 106 <ul style="list-style-type: none"> Add Item 106(b) requiring disclosure regarding cybersecurity risk management and strategy. Add Item 106(c) requiring disclosure regarding cybersecurity governance. 	Form 10-K and	Form 10-K: 10 hour increase in compliance burden per form	8,292 Filings
	Form 20-F	Form 20-F: 10 hour increase in compliance burden per form	729 Filings

The burden estimates include the time and cost of preparing the disclosure, as well as tagging the data in XBRL.

The estimated number of affected responses for Form 8-K and Form 6-K reflect that not every filing of these forms would include responsive disclosures. Rather, these disclosures would be required only when a registrant has made the determination that it has experienced a material cybersecurity incident. Further, in the case of Form 6-K, the registrant would only have to provide the disclosure if it is required to disclose such information elsewhere.

Table 2 below sets forth our estimates of the number of current filings on the forms which will be affected by the final rules. We used this data to extrapolate the effect of these changes on the paperwork burden for the listed periodic reports.⁷

⁷ The OMB PRA filing inventories represent a three-year average. Averages may not align with the actual number of filings in any given year.

Table 2: Estimated Paperwork Burden of Cybersecurity Disclosure

Form	Current Annual Responses in PRA Inventory	Estimated Number of Filings that Would Include Cybersecurity Disclosure
8-K	70,560	200
6-K	34,794	20
10-K	8,292	8,292
20-F	729	729

Table 3 on the next page summarizes the current paperwork burden to prepare and review the current required disclosure and submissions, including the current annual responses, current burden hours, and current cost burdens. This information is then compared to the changes in those respective burdens under the final rules and the overall cost and burden of such implementation of the final rules.

Table 3. Requested Paperwork Burden under the Final Rules

	Current Burden			Program Change			Revised Burden		
Form	Current Annual Responses (A)	Current Burden Hours (B)	Current Cost Burden (C)	Change in Number of Affected Responses (D)	Change in Company Hours (E)	Change in Professional Costs (F)	Annual Responses (G) = (A)+(D)	Burden Hours (H) = (B) + (E)	Cost Burden (I) = (C) + (F)
Form 8-K	70,560	445,300	\$59,373,418	200	1,350	\$270,000	70,760	446,650	\$59,643,418
Form 6-K	34,794	227,031	\$30,270,780	20	135	\$27,000	34,814	227,166	\$30,297,780
Form 10-K	8,292	13,988,811	\$1,835,594,519	--	62,190	\$12,438,000	8,292	14,051,001	\$1,848,032,519
Form 20-F	729	479,667	\$576,970,825	--	1,823	\$3,280,500	729	481,490	\$580,251,325

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 \$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

As explained in further detail in Items 1, 12, and 13 above, changes in burden for Form 8-K, Form 6-K, Form 10-K, and Form 20-F will result from the final rules.

Table 4 below shows the total estimated annual compliance burden, in hours and in costs that will result from the final rules.⁸ 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 the required information.

Table 4. Calculation of the Incremental Change in Burden Estimates of Current Responses Resulting from the Final Rules

Collection of Information	Number of Estimated Affected Responses (A)	Burden Hour Increase per Response (B)	Change in Burden Hours (C) = (A) x (B)	Change in Company Hours (D) = (C) x 0.75 or .25	Change in Professional Hours (E) = (C) x 0.25 or .75	Change in Professional Costs (F) = (E) x \$600
8-K	200	9	1,800	1,350	450	\$270,000
6-K	20	9	180	135	45	\$27,000
10-K	8,292	10	82,920	62,190	20,730	\$12,438,000
20-F	729	10	7,290	1,822.50	5,467.50	\$3,280,500

⁸ The table's estimated number of responses aggregates the responses for both the disclosure requirement and the submission requirement. Some registrants will be counted twice, once for each response. For convenience, the estimated hour and cost burdens in the table have been rounded to the nearest whole number.

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 purposes of the PRA, the Commission estimates that 75 percent of the burden of preparation of Form 8-K, Form 6-K, and Form 10-K would be carried by the registrant internally and that 25 percent of the burden of preparation would be carried by outside professionals. By contrast, the Commission estimates that estimates that 75 percent of the burden of preparation of Form 20-F would be allocated to outside professionals and 25 percent of the preparation burden would be allocated internally. In all cases, we estimate that the outside professionals retained by the registrant would cost an average cost of \$600 per hour.⁹

These estimates represent the average burden for all respondents, both large and small. In deriving our estimates, we recognize that the burdens will likely vary among individual respondents based on a number of factors, including the nature of their business.

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 these forms. Including the expiration date on the electronic version of the forms will result in increased costs because the need to make changes to the forms 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 PRA submissions.

B. STATISTICAL METHODS

The information collections do not employ statistical methods.

⁹ The Commission recognized that the costs of retaining outside professionals may vary depending on the nature of the professional services, but for purposes of this PRA analysis, the Commission estimated that such costs would be an average of \$600 per hour. This estimate is based on consultations with several registrants, law firms and other persons who regularly assist registrants in preparing and filing periodic reports with the Commission.

Form 8-K Short Statement

The final rules require registrants to disclose information about a cybersecurity incident within four business days after the registrant determines that a cybersecurity incident it has experienced is material. The Commission estimates that the final rules will result in an increase in the paperwork burden of affected entities. For purposes of the PRA, the Commission estimates that for Form 8-K the final rules will result in an increase of 1,350 burden hours and \$270,000 for the services of outside professionals.

Form 6-K Short Statement

The final rules require the addition of “material cybersecurity incident” as a reporting topic. The Commission estimates that the amendments will result in an increase in the paperwork burden of affected entities. For purposes of the PRA, the Commission estimates that for Form 6-K the final rules will result in an increase of 135 burden hours and \$27,000 for the services of outside professionals.

Form 10-K Short Statement

The final rules require annual disclosure of a registrant's processes, if any, for assessing, identifying, and managing material risks from cybersecurity threats, as well as description of whether any risks from cybersecurity threats, including as a result of previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect the registrant. The final rules also require a description of the board of directors' oversight of risks from cybersecurity threats, and a description of management's role in assessing and managing the registrant's material risks from cybersecurity threats.

The Commission estimates that the final rules will result in an increase in the paperwork burden of affected entities. For purposes of the PRA, the Commission estimates that for Form 10-K the final rules will result in an increase of 62,190 burden hours and \$12,438,000 for the services of outside professionals.

Form 20-F Short Statement

The final rules require annual disclosure of a foreign private issuer's processes, if any, for assessing, identifying, and managing material risks from cybersecurity threats, as well as description of whether any risks from cybersecurity threats, including as a result of previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect the registrant. The final rules also require a description of the board of directors' oversight of risks from cybersecurity threats, and a description of management's role in assessing and managing the registrant's material risks from cybersecurity threats.

For purposes of the PRA, the Commission estimates that, for Form 20-F, the final rules will result in an increase of 1,823 burden hours and \$3,280,500 for the services of outside professionals.