

SUPPORTING STATEMENT  
FOR THE PAPERWORK REDUCTION ACT INFORMATION COLLECTION  
SUBMISSION FOR RULE 12h-1(f)

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

Under Section 12(g) of the Securities Exchange Act of 1934 (“Exchange Act”), an issuer that has a class of equity security (other than an exempted security) held of record by 2,000 persons, or 500 persons who are not accredited investors and total assets in excess of \$10 million at the end of its most recently ended fiscal year must register that class of equity security with the Commission, unless there is an available exemption from registration. Stock options, including stock options issued to employees under stock option plans, are a separate class of equity security for purposes of the Exchange Act.

Rule 12h-1(f) (17 CFR 240.12h-1(f)) provides an exemption for private, non-reporting issuers from Exchange Act Section 12(g) registration for compensatory employee stock options issued under employee stock option plans where certain conditions, including certain information provision conditions, are present. Among other things, the exemption requires an issuer to provide information to option holders and holders of shares received on exercise of compensatory employee stock options.

2. Purpose and Use of the Information Collection

The purpose of the information collection is to provide holders of compensatory employee stock options in private, non-reporting issuers that are relying on the exemption from Exchange Act registration of the compensatory employee stock options appropriate disclosure and investor protections under the Federal securities laws.

3. Consideration Given to Information Technology

The information required under Rule 12h-1(f) is not filed with the Commission. Rule 12h-1(f) permits issuers to provide the required information to the option holders and holders of shares received on exercise of compensatory employee stock options either by: (1) physical or electronic delivery of the information; or (2) notice to the option holders and holders of shares received on exercise of compensatory employee stock options of the availability of the information on a password-protected Internet site and any password needed to access the information.

4. Duplication of Information

The information required by Rule 12h-1(f) is similar to the information that is required under the exemption from registration provided in Rule 701 (17 CFR 230.701). It is likely that an issuer that has 500 or more option holders is either already obligated to provide the same information to option holders due to sales of securities in reliance on Rule 701 or already prepares and, as such, provides such information to its shareholders.

5. Reducing the Burden on Small Entities

Generally, small entities do not satisfy the asset threshold of Section 12(g) of the Exchange Act and therefore the exemption would not be needed by such entities until their asset size increased to more than \$10 million at the end of a fiscal year.

6. Consequences of Not Conducting Collection

The exemption eliminates the requirement to register under Section 12(g) of the Exchange Act provided that the conditions, including the information requirements, of the exemption are satisfied. Without the information collection, the information about the issuer would not be required to be provided to option holders and holders of shares received on exercise of options.

7. Special Circumstances

There are no special circumstances.

8. Consultations with Persons Outside the Agency

No public 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 to respondents.

10. Confidentiality

Information provided to option holders and holders of shares received on exercise of options pursuant to Rule 12h-1(f) is not filed with the Commission but could be subject to confidentiality or other arrangements between and among relevant parties.

11. Sensitive Questions

No information of a sensitive nature, including social security numbers, will be required under this collection of information. The information collection does not collect personally identifiable information (PII). The agency has determined that a system of records notice (SORN) and privacy impact assessment (PIA) are not required in connection with the collection of information.

12. Estimate of Respondent Reporting Burden

**Estimated Reporting Burden**

Information Collection Title	OMB Control Number	Number of Responses	Burden Hours
Rule 12h-1(f)	3235-0632	40	20

For purposes of the Paperwork Reduction Act (“PRA”), we estimate that Rule 12h-1(f) takes approximately 2 hours per response to comply with and that 40 issuers rely on Rule 12h-1(f) once per year each. We further estimate that 25% of the collection of information burden is carried by the issuers internally and that 75% of the burden of preparation is carried by outside professionals retained by the issuer. Based on our estimates, we calculated the total annual burden to be 20 hours ((2 hours per response x 25%) x 40 responses annually). The estimated burden hours is made solely for the purpose of the PRA.

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 issuers based on the nature of their operations.

13. Estimate of Total Annualized Cost Burden

**Estimated Annualize Cost Burden**

Information Collection Title	OMB Control Number	Number of Responses	Cost Burden
Rule 12h-1(f)	3235-0632	40	\$36,000

We estimate that 75% of the 2 hours per response (1.5 hours per response) is carried by outside professionals retained by the issuer. We estimate that those outside professionals will charge the issuer \$600 per hour for an estimated total annual cost burden of \$36,000 (\$600 per hour x 1.5 hours per response) x 40 responses).

The estimated hourly cost of \$600 for outside professionals retained by the issuer is based on our consultations with issuers and professional firms who regularly assist issuers in preparing and filing disclosure documents with the Commission. Our estimates reflect average burdens, and therefore, some issuers may experience costs in excess of our estimates, and some companies may experience costs that are lower than our estimates. The estimated cost burden is made solely for the purpose of the PRA.

14. Costs to Federal Government

No special filing is required to be made with the government, so no cost is attributed to the review and processing of the information.

15. Reason for Change in Burden

There is no change in burden.

16. Information Collection Planned for Statistical Purposes

The information collection is not planned for statistical methods.

17. Approval to Omit OMB Expiration Date

The Commission is not seeking approval to omit the expiration date.

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 collection does not employ statistical methods.