Small Business Administration
Small Business Investment Company Program
Stockholders' Confirmation (Corporation); Ownership Confirmation (Partnership)
OMB Control Number 3245-0172

Justification- Part A Supporting Statement

SBA is requesting a reinstatement without change for SBA Form 1405, Stockholders' Confirmation (Corporation), and SBA Form 1405A, Ownership Confirmation (Partnership).

1. Need & Method for the Information Collection. The Office of Investment and Innovation (OII) of the Small Business Administration (SBA) is required to examine Small Business Investment Companies (SBICs) pursuant to Section 310 of the Small Business Investment Act of 1958, as amended, 15 U.S.C. Section 687b, and the implementing regulations at 13 CFR 107.690-691. The purpose of the examination, as provided by statute, is to determine, in part, whether or not the SBIC has engaged "solely in lawful activities and those [activities] contemplated" by title III of the Small Business Investment Act of 1958, as amended. As part of its effort to meet this statutory requirement, SBA's Office of SBIC Examinations uses SBA Form 1405, Stockholder's Confirmation (Corporation), and SBA Form 1405A, Ownership Confirmation (Partnership), as a means of gathering information relevant to each SBIC examination. The examinations are required by statute to occur at least biennially (15 U.S.C. Section 687b(c)).

2. Use of the Information. SBA Forms 1405 and 1405A are used by SBIC examiners as part of all SBIC examinations. The forms are initially used for confirming ownership of newly licensed SBICs and subsequently used for confirming the ownership interests of 10% or greater and/or any significant changes to ownership that may have been reported by the licensed SBIC after the date of the last examination. The two versions of the form collect the same basic information, but the language varies depending on whether the SBIC is organized as a partnership (Form 1405A) or a corporation (Form 1405). The appropriate form is mailed to the SBIC's stockholders or partners. The completed forms are used to: (1) confirm each owner's equity interest in the SBIC; (2) ensure that any borrowed funds used to acquire the equity interest comply with regulatory restrictions; (3) identify any restrictions associated with the owner's capital contribution or capital commitment; and, (4) identify certain financial relationships between the SBIC and its investors.

3. Use of Information Technology. This information collection may employ technological collection techniques, but only to the extent accomplished via email. SBIC examiners select the SBIC investors (respondents) for the SBIC being examined and contact them directly via mail or email with the information collection. SBA has encouraged the use of email to transmit forms to respondents as well as receive responses back from respondents to the extent practicable. Although, at this time most submissions are accomplished via email, there may be times when only a physical address is available, and standard U.S. postal mail processes are utilized. Most typically, completed and signed forms are scanned and emailed to the SBA examiner, but physical mail may be utilized where email is not practicable. Beyond email receipt and transmission, SBA does not currently have web portals or other means by which

electronic submission of the forms can be accomplished. Approximately 100% of responses are collected electronically.

4. Non-Duplication. SBA Forms 1405 and 1405A provide SBIC examiners with independent confirmation of the information previously reported by the SBICs. Questions 1 and 2 of both forms cover information regarding the respondents' ownership and capital commitment; such information is also reported by SBICs on SBA Form 468 (Annual or Quarterly Financial Statement) although not necessarily as of the same date. The timetable for scheduling SBIC examinations is dependent upon mutual availability and typically does not coincide with- the scheduled reporting dates for SBICs to submit financial reports to SBA. The remaining questions on both forms cover information that is required to be maintained and/or reported by SBICs under the regulations but not necessarily collected by SBA directly beyond the time of licensing.

   The information on Forms 1405 and 1405A is necessary for SBA to independently verify information provided by SBICs, thereby allowing the agency to carry out its statutory mandate to determine SBICs' compliance with laws, regulations and established policies governing the SBIC program. It is a standard principle of auditing that evidence obtained from an independent source is more reliable than that secured from the audited organization. This type of independent confirmation is a standard tool used in virtually every type of audit.

5. Burden on Small Business. Owners of equity interests in SBICs asked to complete SBA Forms 1405 or 1405A include a wide range of businesses and other entities, as well as individuals. Therefore, some of the respondents are expected to be small businesses or other small entities. The impact on these respondents is not significant. Responses are voluntary and requests are made by SBIC Examiners no more often than once a year per SBIC. The information requested is not extensive and is the type of information that companies would generally maintain in the normal course of business. Most of the questions call for a simple "yes" or "no" answer; further response is necessary only in the unusual case where a discrepancy is noted. This information may help SBA identify and address any SBIC actions that could be deemed detrimental and/or contrary to the laws, rules and regulations, and established policies governing the SBIC program. Approximately 100% of respondents are small entities.

6. Less Frequent Collection. This information is collected by SBIC Examiners no more often than once a year per SBIC. This collection provides financial information that is current at the time of an SBIC examination and may provide valuable insight regarding the SBIC's equity owners that may or may not be detectable solely from the SBIC's reported financial statements. Without independent confirmation, SBA would be unable to verify capitalization information reported by SBICs, increasing the risk of financial loss to the government. Confirmation from an SBIC's investors helps SBA to verify whether or not the SBIC is in compliance with certain key regulations, including those governing minimum capital requirements, collectability of capital commitments, and eligibility for SBA financial assistance. The collection also helps to maintain the integrity of the SBIC program, because: (1) SBIC awareness of this aspect of SBA oversight may act as a deterrent to the submission of incorrect information; and, (2) confirmation of reported financial information may allow SBA to identify problems and take timely action, if necessary, to minimize financial losses to the government.

7. Paperwork Reduction Act Guidelines. This collection of information requests voluntary responses within 10 days of receipt by the respondent. The requested turn-around time is intended to minimize the time involved to conduct each SBIC examination, which is required by statute to occur at least biennially (15 U.S.C. Section 687b). To comply with this statutory mandate using limited examination staff resources, SBA must limit the time consumed by each examination as much as possible. SBA believes the 10-day response time is reasonable and balances SBA's need to limit the duration of each examination with the time needed by SBIC investors to respond to each request.

8. Consultation and Public Comments. A notice was published in the Federal Register on Friday, March 13, 2026, 91 FR 12480, with a public comment deadline on or before May 12, 2026. No comments were received.

9. Gifts or Payment. No payment or gifts are provided to respondents.

10. Privacy & Confidentiality. Forms 1405 and 1405A provide direct assurance on the first page of the form that, "confidential information will be protected from disclosure to the extent permitted by law, including Exemptions 4, 6, and 8 of the Freedom of Information Act, 5 U.S.C. 552." This includes the portfolio concern's confidential business and financial information. The financial data is protected from disclosure under the Freedom of Information Act; specifically, exemptions 4, 6 and 8, which allow SBA to withhold financial data on individual companies. System of Records Notice (SORN) titled, Small Business Investment Company Information System (SBA SBICS 40), which serves as the centralized and automated framework for the organization, retrieval, and analysis of information supporting SBA's oversight and risk management roles for the SBIC program. Records are maintained under conditions designed to preclude access by persons other than Agency personnel with a need to know.

11. Sensitive Questions. SBA Forms 1405 and 1405A request confidential business and financial information of an SBIC's investors, which SBA reviews to verify information reported by an SBIC and to determine whether an SBIC has provided any inaccurate investor information or otherwise engaged in prohibited actions. Although this information is needed to fulfill SBA's statutory responsibilities with respect to SBIC examinations, it is not retrieved by individual/personal identifiers.

12. Burden Estimate. A small sample of respondents was consulted regarding the amount of time required to prepare SBA Form 1405 and 1405A. The estimated annual hour burden of this information collection is based upon:

    SBIC program size: 368 SBICs
    Number of respondents: 368 x 2 (on average) = 736
    Number of responses per respondent: 1
    Estimated hours to complete form: 1 hour
    Total burden hours: 736

    The estimated hourly cost to respondents is calculated using the median hourly wage of $77.74 (median annual salary rate of $161,700) for a financial manager-finance (rate obtained from the

May 2024 Financial Managers : Occupational Outlook Handbook: : U.S. Bureau of Labor Statistics (bls.gov):

Estimated total hour cost: [$77.74 x 1] x 736 = $ 57,216.64

Burden per Response:

| | Time Per Response | Hours Per Response | Cost Per Response |
|---|---|---|---|
| Reporting | 60 minutes | 1 hour | 77.74 |
| Record Keeping | | | |
| Third Party Disclosure | | | |
| Total | 60 minutes | 1 hour | 77.74 |

Annual Burden:

| | Annual Number of Responses | Annual Time Burden (Hours) | Annual Cost Burden (Dollars) |
|---|---|---|---|
| Reporting | 736 | 736 hours | $57,216.64 |
| Record Keeping | | | |
| Third Party Disclosure | | | |
| Total | 736 | 736 hours | $57,216.64 |

13. Estimated non-recurring costs. There is no annual cost burden to respondents other than the cost of the hour burden provided in item 12.

14. Estimated cost to the Government. The estimated annual cost of this information collection to the Federal government is calculated using the base hourly rate of $66.36 (base annual salary of $138,024) for a GS-13, Step 5 (rate obtained from the 2026 OPM General Schedule, Locality Pay Area for Washington-Baltimore):

    Number of respondents: 736
    Hours to prepare/review, per form: 0.5
    Total estimated annual cost: [736 x 0.5] x $66.36 = $24,420.48

15. Reasons for changes. To address an increase in responses from 604 to 736 from 2023 submission and to reinstate the form due to its expiration in March.

16.

| | Requested | Program Change Due to New Statute | Program Change Due to Agency Discretion | Change Due to Adjustment in Agency Estimate | Change Due to Potential Violation of the PRA | Previously Approved |
|---|---|---|---|---|---|---|
| Annual Number of Responses for this IC | 736 | | | | 736 | 0 |
| Annual IC Time Burden (Hour) | 736 | | | | 736 | 0 |
| Annual IC Cost Burden (Dollars) | $57,216.64 | | | | $57,216.64 | 0 |

17. Publicizing results. Not applicable. Results of this collection of information will not be published.

18. OMB Not to Display Approval. Not applicable. The expiration date will be displayed.

19. Exceptions to "Certifications for Paperwork Reduction Submissions." Not applicable. There are no exceptions to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB 83-1.

B. Surveys, Censuses, and Other Collections that Employ Statistical Methods

This collection of information does not employ statistical methods.

Attachments:

- SBA Form 1405, Stockholder's Confirmation (Corporation)
- SBA Form 1405A, Ownership Confirmation (Partnership)