

**SUPPORTING STATEMENT FOR PROPOSED RULES  
UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND INVESTMENT  
COMPANY ACT OF 1940**

This submission, pursuant to the Paperwork Reduction Act of 1995, 44 U.S.C. §3501, et seq., consists of this supporting statement and the following attachments:

- A. Statutory Authority
- B. Proposing Release

**A. JUSTIFICATION**

**1. NECESSITY FOR THE INFORMATION COLLECTION**

In Securities Act Release No. 8982,<sup>1</sup> the Commission proposed amendments to Regulations S-X,<sup>2</sup> S-K<sup>3</sup> and C<sup>4</sup> under the Securities Act of 1933,<sup>5</sup> and Rule 12b-2,<sup>6</sup> Schedule 13E-3,<sup>7</sup> Schedule TO,<sup>8</sup> Regulation G,<sup>9</sup> and Form 8-K,<sup>10</sup> under the Securities Exchange Act of 1934.<sup>11</sup> The proposals set forth a “Roadmap” for the potential use of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board by U.S. issuers for purposes of their filings with the Commission. This Roadmap sets forth several milestones that, if achieved, could lead to the mandatory use of IFRS by U.S. issuers in 2014 if the Commission believes it to be in the public interest and for the protection of investors.

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<sup>1</sup> Release No. 33-8982 (November 14, 2008) [73 FR 70816].

<sup>2</sup> 17 CFR 210.1-01 -- 210.12-29.

<sup>3</sup> 17 CFR 229.10 et seq.

<sup>4</sup> 17 CFR 230.400 et seq.

<sup>5</sup> 15 U.S.C. 77a et seq.

<sup>6</sup> 17 CFR 240.12b-2.

<sup>7</sup> 17 CFR 240.13e-100.

<sup>8</sup> 17 CFR 240.14d-100.

<sup>9</sup> 17 CFR 244 et seq.

<sup>10</sup> 17 CFR 249.308.

<sup>11</sup> 15 U.S.C. 78a et seq.

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

The Commission is proposing a Roadmap that sets forth the potential use of IFRS as issued by the International Accounting Standards Board by U.S. issuers as part of its consideration of the role a single set of high-quality accounting standards plays in investor protection and the efficiency and effectiveness of capital formation. The proposed amendments would permit U.S. issuers that are among the largest companies worldwide within an industry group, and whose industry group uses IFRS as the basis of financial reporting more than any other set of accounting standards, to elect to use IFRS beginning with their filings for fiscal years ending on or after December 15, 2009. These amendments include a process by which U.S. issuers would seek confirmation from Commission staff that they are eligible to use IFRS in their Commission filings before switching to IFRS accounting. The Request for a Letter of No Objection to use IFRS would constitute a new collection of information under the Exchange Act.

## **3. USE OF ELECTRONIC MEDIA**

Forms 8-K, 10-K, 10-Q and S-4; and Schedules 14A, 14C, TO and 13E-3 are filed electronically with the Commission using the Commission's Electronic Data Gathering and Retrieval ("EDGAR") system.

## **4. DUPLICATION**

The proposed disclosure would not duplicate, overlap, or conflict with other federal rules.

## **5. METHODS USED TO MINIMIZE BURDEN ON SMALL BUSINESSES**

Compliance with the proposed amendments should increase costs and burdens for companies that switch to IFRS accounting. The proposals, however, were designed to exclude smaller reporting companies from the group of issuers that would be eligible to elect to switch to IFRS financial statements under the proposed amendments. For these reasons, the proposed amendments should not have a significant economic impact on small entities.

## **6. DESCRIPTION OF CONSEQUENCES OF LESS FREQUENT COLLECTION**

The forms and schedules that would be affected by the proposed amendments set forth the disclosure requirements for annual, quarterly and current reports; registration statements; tender offer and going private transaction statements; and proxy and information statements filed by U.S. issuers to help shareholders make informed voting and investment decisions. Less frequent collection would deprive investors to access of information that is important to their voting and investment decisions.

**7. EXPLANATION OF SPECIAL CIRCUMSTANCES**

Not applicable.

**8. CONSULTATION OUTSIDE THE AGENCY**

The Commission has amended Forms 8-K, 10-K, 10-Q and S-4; and Schedules 14A, 14C, TO and 13E-3 several times since their adoption. Proposed changes are published for public comment. The Commission is soliciting comment on the proposed amendments. A copy of this release is attached.

**9. PAYMENT OR GIFT TO RESPONDENTS**

Not applicable.

**10. ASSURANCE OF CONFIDENTIALITY**

Not applicable.

**11. SENSITIVE QUESTIONS**

Not applicable.

**12. and 13. ESTIMATE OF HOUR AND COST BURDENS**

We derived the burden hour estimates for the forms and schedules by estimating the total amount of time that it would take an issuer to transition to presenting its financial statements in accordance with IFRS.<sup>12</sup> The estimates include the time and the cost of in-house preparers, reviews by executive officers, in-house counsel, outside consultants and members of the audit committee.<sup>13</sup> Our estimates are based on the number of filings, over the past three years, received from a selection of issuers with characteristics similar to those that we currently anticipate may be eligible to rely on the proposals, if adopted.<sup>14</sup> In addition, we assumed that substantially all of the burdens

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<sup>12</sup> The estimate is based in part on data published in a report on IFRS implementation in the E.U. prepared by the Institute of Chartered Accountants of England and Wales. The ICAEW estimated that the typical cost incurred by a publicly traded company established in the E.U. to prepare its first IFRS consolidated financial statements was approximately 0.05% of the company's revenue. We estimated that the cost of IFRS transition would be 0.125% of revenue for the U.S. issuers that would be eligible to use IFRS accounting.

<sup>13</sup> Consistent with other recent rulemakings, we estimate an hourly rate of \$400 based on our discussions with several private law firms as the cost to companies for the services of outside professionals retained to assist in the preparation of these disclosures. For Securities Act registration statements, we also consider additional reviews of the disclosure by underwriters and their counsel.

<sup>14</sup> We assumed that 110 U.S. issuers, representing an approximate minimum number of those U.S. issuers that would be eligible to use IFRS accounting under the proposals, would elect to switch from U.S. GAAP

associated with the proposed amendments would be associated with Forms 10-K and 10-Q as these would be the primary forms for which IFRS financial statements would be prepared and presented, and that any IFRS financial statements that would be required in the other forms and schedules would be incorporated from Forms 10-K and 10-Q. We note, however, that the hour burdens of the proposed amendments are difficult to ascertain, because the burdens could vary widely due to differences in the business and accounting systems of each company. Therefore, our estimates are based on averages among the various types and sizes of companies.

The table below breaks down these costs across the range of forms and schedules that would be affected by the proposed amendments. The burden was calculated by multiplying the estimated number of responses by the estimated average number of hours each entity would spend completing the different forms and schedules. For Exchange Act reports, the proxy and information statements, Schedules TO and 13-E3, and the Request for a Letter of No Objection to use IFRS, 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. For Form S-4, 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. There is no change to the estimated burden of the collections of information entitled “Regulation S-K,” “Regulation S-X,” and “Regulation C” because the burdens that these regulations impose are reflected in our revised estimates for the forms. The portion of the burden carried by outside professionals is reflected as a cost, while the portion of the burden carried by the company internally is reflected in hours.

	Number of Responses (A)	Burden Hours/Form (B)	Total Burden Hours (C)=(A)*(B)	75% Company (D)=(C)*0.75	25% Professional (E)=(C)*0.25	Professional Costs (F)=(E)*\$400
10-K	110	50,636	5,569,960	4,177,470	1,392,490	\$556,996,000
10-Q	330	4,134	1,364,098	1,023,073	341,024	\$136,409,780
8-K	880	110	96,996	72,747	24,249	\$9,699,615
Sch. 14A	108	1	108	81	27	\$10,800
Sch. 14C	2	1	2	1.5	0.5	\$200
Sch. TO	1	1	1	0.75	0.25	\$100
Sch. 13E-3	1	1	1	0.75	0.25	\$100
Form S-4	6	1	6	4.5	1.5	\$600
No Objection Request	110	50	5,500	4,125	1,375	\$550,000
Reg. S-K	N/A	1	1	N/A	N/A	N/A
Reg. S-X	N/A	1	1	N/A	N/A	N/A
Reg. C	N/A	1	1	N/A	N/A	N/A

to IFRS. This assumption is conservative, in that it is unlikely that all of those issuers would elect to file their financial statements in accordance with IFRS. We do not know the actual number of eligible issuers that would choose to switch to IFRS accounting.

Total	1,548		7,036,675	5,277,503.5	1,759,167.5	\$703,667,195
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**14. ESTIMATE OF COST TO FEDERAL GOVERNMENT**

The estimated cost of preparing the proposed amendments was approximately \$125,000.

**15. EXPLANATION OF CHANGES IN BURDEN**

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 change in burden from the most recent estimates. Columns (E) and (F) represent the program change, which encompasses any change in burden that is attributable to the proposed amendments. We made additional adjustments to the cost burdens of Schedules 14A, 14C and TO due to a change in the method we used to calculate the cost burdens. The adjustment to our calculation method resulted in an increase in the cost burdens of Schedules 14A, 14C and TO. Table 3 below illustrates the changes in cost burdens due to the revised estimate.

Table 2:

	Current Burden		Change in Burden		Program Change	
	Burden Hours (A)	Cost (B)	Burden Hours (C)	Costs (D)	Burden Hours (E)	Cost (F)
10-K	21,337,939	\$2,845,058,500	25,515,394	\$3,402,054,500	4,177,470	\$556,996,000
10-Q	4,565,268	\$608,702,400	5,588,34.50	\$745,112,180	1,023,073	\$136,409,780
8-K	406,590	\$54,212,000	1,228,444	\$163,774,452	821,554	\$109,562,452
Sch. 14A	555,683	\$63,709,987	555,749	\$74,101,862	66	\$10,800
Sch. 14C	52,337	\$5,951,639	52,340	\$6,978,466	3	\$199.33
Sch. TO	54,375	\$21,750,000	54,375	\$65,250,000	0	0
Sch. 13E-3	20,588	\$24,705,000	20,589	\$24,705,100	0.75	\$100
Form S-4	628,904	\$754,684,800	628,905.50	\$754,686,600	1.5	\$1,800
No Objection Request						
Reg. S-X	1	0	0	0	0	0
Reg. S-K	1	0	0	0	0	0
Reg. S-B	1	0	0	0	0	0

Table 3:

	Change Due to Adjustment in Agency Estimate	
	Burden Hours	Costs
Sch. 14A	0	\$10,381,079.67
Sch. 14C	0	\$1,026,627.67
Sch. TO	0	\$43,500,000

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

Not applicable.

**17. EXPLANATION AS TO WHY EXPIRATION DATE WILL NOT BE DISPLAYED**

Not applicable.

**18. EXCEPTIONS TO CERTIFICATION**

Not applicable.

**B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS**

Not applicable.