

SUPPORTING STATEMENT FOR AMENDMENTS TO FINANCIAL DISCLOSURES ABOUT ACQUIRED BUSINESSES

A. JUSTIFICATION

1. CIRCUMSTANCES MAKING THE COLLECTION OF INFORMATION NECESSARY

In Release No. 33-10786,¹ the Commission adopted amendments to the Commission's rules and forms to improve their application, assist registrants in making more meaningful determinations of whether a subsidiary or an acquired or disposed business is significant, and to improve the disclosure requirements for financial statements relating to acquisitions and dispositions of businesses, including real estate operations and investment companies.²

The amendments contain "collection of information" requirements within the meaning of the Paperwork Reduction Act of 1995 ("PRA"). The titles of the collections of information impacted by the amendments are:³

- "Form 8-K" (OMB Control No. 3235-0060)
- "Form 10" (OMB Control No. 3235-0064)
- "Form S-1" (OMB Control No. 3235-0065)

¹ See *Amendments to Financial Disclosures about Acquired and Disposed Businesses*, Release No. 33-10786 (May 20, 2020). A copy of the adopting release is attached.

² The Commission adopted Rule 6-11 of Regulation S-X and amendments to Form N-14 to specifically govern financial reporting for acquisitions involving investment companies. The Commission's Division of Investment Management will separately submit, pursuant to the Paperwork Reduction Act of 1995, supporting statements and related attachments for Form N-1A, Form N-2, and Form N-14.

³ A number of forms could require Rule 3-05, Rule 3-14, and other disclosure impacted by the amendments such that the amendments could affect the PRA burden associated with those forms. Based on staff experience, however, Rule 3-05 or Rule 3-14 Financial Statements are not generally included in these forms. The potentially affected Forms include "Form S-4" (OMB Control No. 3235-0324), "Form S-11" (OMB Control No. 3235-0067), "Form F-4" (OMB Control No. 3235-0325), "Form 20-F" (OMB Control No. 3235-0288), "Form 10-K" (OMB Control No. 3235-0063), "Regulation 14A" and "Schedule 14A" (OMB Control No. 3235-0059), "Regulation 14C" and "Schedule 14C" (OMB Control No. 3235-0057), "Form 10-Q" (OMB Control No. 3235-0070), "Form 1-K" (OMB Control No. 3235-0720), and "Form 1-SA" (OMB Control No. 3235-0721). For example, staff experience has shown that for filings on Form S-4, registrants most often incorporate Rule 3-05 or Rule 3-14 Financial Statements by reference to a previously filed Form 8-K. While the amendments would also apply to registered investment companies, based on staff experience, Rule 3-05 or Rule 3-14 Financial Statements are not generally included in "Form N-3" (OMB Control No. 3235-0316), "Form N-4" (OMB Control No. 3235-0318), "Form N-5" (OMB Control No. 3235-0169), and "Form N-6" (OMB Control No. 3235-0503). Because we do not expect these forms to be generally affected by the amendments, we are not adjusting the burden estimates associated with these collections of information. The paperwork burdens for Regulation S-X are imposed through the forms that are subject to the requirements in these regulations and are reflected in the analysis of those forms. OMB has discontinued the OMB Control Number for this regulation so that the PRA inventory would not reflect duplicative burdens.

- “Form S-3” (OMB Control No. 3235-0073)
- “Form F-3” (OMB Control No. 3235-0256)
- “Form F-1” (OMB Control No. 3235-0258) and
- “Form 1-A” (OMB Control No. 3235-0286)

2. PURPOSE AND USE OF THE INFORMATION COLLECTION

The regulations and forms listed above were adopted under the Securities Act or the Exchange Act and set forth the disclosure requirements for registration statements and current reports filed by registrants to help investors make informed investment and voting decisions.

The Commission is amending the rules relating to the determination of whether a subsidiary or an acquired business is significant and the financial statement requirements for acquired and disposed businesses. The purpose of the amendments to Rules 1-02(w), 3-05, 3-14, and Article 11 of Regulation S-X, and to the related rules and forms, is to improve the significance determination and the financial information about acquired or disposed businesses, facilitate more timely access to capital, and reduce the complexity and costs of preparing the disclosure.

3. CONSIDERATION GIVEN TO INFORMATION TECHNOLOGY

The collection of information requirements of the amendments will be set forth in Regulation S-X and the respective Forms. The information required by these rules is filed electronically with the Commission using the Commission’s Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system.

4. DUPLICATION OF INFORMATION

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

5. REDUCING THE BURDEN ON SMALL ENTITIES

The amendments will affect some companies that are small entities that have a class of securities that are registered under Section 12 of the Exchange Act. The Commission performed an Initial Regulatory Flexibility Act Analysis and estimated that there are approximately 1,173 issuers, other than investment companies, that may be considered small entities and are potentially subject to the amendments.

The Commission considered a variety of alternatives to achieve our regulatory objective to improve significance determinations and the financial information about acquired or disposed businesses, facilitate more timely access to capital, and reduce the complexity and costs of preparing the disclosure. The Commission did not adopt additional alternative approaches in this

rulemaking because we do not believe they meet the regulatory objective as well as the final amendments.

6. CONSEQUENCES OF NOT CONDUCTING COLLECTION

The regulations and forms listed above set forth the disclosure requirements for registration statements and current reports filed by registrants to help investors make informed investment and voting decisions. Failure to conduct these collections of information would reduce the information available to investors to make these decisions. We believe that the amendments improve the usefulness and relevance of the financial information provided by the collections of information.

7. SPECIAL CIRCUMSTANCES

There are no special circumstances in connection with these amendments.

8. CONSULTATIONS WITH PERSONS OUTSIDE THE AGENCY

In September 2015, the Commission issued a *Request for Comment on the Effectiveness of Financial Disclosures About Entities Other Than the Registrant*;⁴ and on May 3, 2019, the Commission issued a proposing release, *Amendments to Financial Disclosures about Acquired and Disposed Businesses*, soliciting comment on the “collection of information” requirements and associated paperwork burdens of the proposed amendments.⁵ 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.

9. PAYMENT OR GIFT TO RESPONDENTS

No payment or gift to respondents.

10. CONFIDENTIALITY

All documents submitted to the Commission are available to the public.

11. SENSITIVE QUESTIONS

No information of a sensitive nature will be required under the following collections of information in connection with these rulemaking amendments: Form S-1, Form S-3, Form 10, Form 8-K, Regulation A (Form 1-A), Form F-1, and Form F-3. 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

⁴ See Release No. 33-9929 (Sept. 25, 2015) [80 FR 59083 (Oct. 1, 2015)].

⁵ See Release No. 33-10635 (May 3, 2019) [84 FR 24600 (May 28, 2019)].

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 act assessment (“PIA”) of the EDGAR system, in connection with these collections of information. The EDGAR PIA, published on February 5, 2020, is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

12./13. ESTIMATES OF HOUR AND COST BURDENS

The paperwork burden estimates associated with the amendments include the burdens attributable to collecting, preparing, reviewing, and retaining records.

i. Rules 1-02(w), 3-05 and 3-14 and Related Amendments

The amendments to Rule 1-02(w), Rule 3-05 and related amendments, among other things, reduce a registrant’s paperwork burden by:

- revising the significance tests to improve their application and to assist registrants in making more meaningful significance determinations;
- revising the scaling requirements to reduce from three to two the maximum number of years of required Rule 3-05 Financial Statements;
- permitting the use of or reconciliation to International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS-IASB”) in appropriate circumstances, thus permitting registrants to reconcile their financial statements to the basis of accounting they are already using and not requiring additional one-time reconciliations to U.S. GAAP;
- permitting the omission of separate acquired business financial statements once the acquired business has been included in the registrant’s filed post-acquisition audited financial statements for either nine months or a complete fiscal year; and
- permitting registrants to use pro forma financial information for significance testing under appropriate circumstances, thereby simplifying the application of the rules and more accurately determining the significance of an acquired business.⁶

Rule 3-14 provides similar requirements to Rule 3-05 for financial statements of real estate operations acquired or to be acquired, but differs from Rule 3-05, in part, because unique industry considerations warrant differentiated disclosure. The amendments related to Rule 3-14, among other things, align the requirements under Rules 3-14 with Rule 3-05 where appropriate;

⁶ The amendments would also: permit registrants to provide appropriately abbreviated financial statements for significant acquisitions of acquired businesses that meet certain qualifying conditions specified in the new rules and for registrants that acquire certain oil and gas producing activities; and clarify and update the rules related to the provision of financial information. Because these revisions are generally codifying existing disclosure practice or clarifying our rules, we do not believe that these amendments would affect the paperwork burden for registrants.

clarify the determination of significance and the definition of “real estate operation” under Rule 3-14; establish an explicit requirement for interim income statements; and provide special provisions for blind pool offerings.

More specifically, where no unique industry considerations warrant differentiated disclosure, the Rule 3-14 amendments:

- conform significance thresholds at the higher Rule 3-05 thresholds for significance;
- align the years of required financial statements for acquisitions from related parties;
- permit the application of Rule 3-06⁷ to Rule 3-14; and
- include a conforming filing period for the filing of Rule 3-14 Financial Statements in registration and proxy statements.

We believe that the Rule 3-14 amendments will reduce the paperwork burden for the affected forms for the same reasons as those discussed above for the related changes to Rule 3-05.

While the amendments to Rule 1-02(w), Rule 3-05, and Rule 3-14 may eliminate some disclosure required by the existing rule, they may also require other disclosure not required by the existing rule. For example, if significance is more accurately determined, an acquired business deemed significant under the existing tests would no longer be required to provide Rule 3-05 Financial Statements. Alternatively, a more accurate test could identify some acquired businesses as significant that were deemed insignificant under the existing rule. Considering the various impacts to the existing collection of information requirements outlined above, we estimate that the amendments to Rule 1-02(w), Rule 3-05 and Rule 3-14 will reduce the overall paperwork burden for registrants, some aspects of which could reduce the paperwork burden significantly for some registrants.

To determine the paperwork burden for a registrant to file a registration statement with amended Rule 3-05 or Rule 3-14 Financial Statements, we estimated the number of burden hours required for an issuer to provide the existing financial statements. In response to the 2015 Request for Comment and the proposing release, no commenter provided information that would assist us in deriving an estimate for the cost of Rule 3-05 or Rule 3-14 Financial Statements. In order to develop an estimate, the staff relied on its discussions with registrants and consultants and reviewed recent waiver request letters that cited the cost of compliance.⁸ For PRA purposes,

⁷ Rule 3-06 of Regulation S-X (17 CFR 210.3-06) permits the filing of financial statements covering a period of 9 to 12 months to satisfy a requirement to file financial statements for a period of one year in certain circumstances.

⁸ Only two waiver request letters received in 2017 cited additional costs of complying with the Rule 3-05 Financial Statement requirements ranging from \$43,000 to \$200,000. Additionally, one consultant suggested a typical range of audit fees as \$100,000 to \$250,000 and consulting fees of \$40,000 to \$100,000. Based on this information, we estimated that Rule 3-05 or Rule 3-14 Financial Statements require on average approximately an additional 500 burden hours for registrants to prepare. We believe that this estimate falls within the range of

we estimate that existing Rule 3-05 or Rule 3-14 Financial Statements require an average of 500 burden hours. We further estimate that all of the amendments to Rule 1-02(w), Rule 3-05, and Rule 3-14 will reduce a registrant's burden by 125 hours for each filing, as compared to the registrant providing the existing Rule 3-05 and Rule 3-14 Financial Statements.

ii. Pro Forma Financial Information

Article 11 of Regulation S-X provides the pro forma financial information requirements that must accompany Rule 3-05 Financial Statements and Rule 3-14 Financial Statements. Under existing Article 11, registrants are required to provide pro forma financial information for a business acquisition combining the historical financial statements of the registrant and the acquired business adjusted as provided in the rules. The amendments revise the pro forma financial information requirements to improve the content and relevance of the information provided.

Existing Rule 11-01 requires registrants to provide pro forma financial information upon the disposition or probable disposition of a significant portion of a business if that disposition is not fully reflected in the financial statements of the registrant. Existing Rule 11-01 determines significance for dispositions using a 10% significance threshold. The amendments raise the significance threshold for the disposition of a business from 10% to 20%, to conform to the threshold at which an acquired business is significant under Rule 3-05. These changes will reduce a registrant's paperwork burden by eliminating the requirement for pro forma financial information for less significant dispositions.

Existing Rule 11-02 provides presentation requirements designed to elicit disclosures that distinguish between the one-time impact and the on-going impact of a transaction on the registrant. The amendments replace the existing pro forma adjustments with simplified requirements to depict the accounting for the transaction and to provide the option to depict synergies and dis-synergies of the acquisitions and dispositions for which pro forma effect is being given. We are adopting amendments that permit, rather than require, registrants to include certain forward-looking information in the Management's Adjustments to the pro forma financial information. We have not revised our burden estimates from the Proposing Release as a result of this change in order to more conservatively estimate the burden on issuers of providing this disclosure because these changes may additionally increase burdens to the extent registrants provide the disclosure.

Like Article 11, Rule 8-05(b) provides that smaller reporting companies' pro forma statements must consist of a pro forma balance sheet and a pro forma statement of comprehensive income for the most recent year and interim period, but does not provide further preparation guidance, such as the types of pro forma adjustments that can be made. The amendments require that the preparation, presentation, and disclosure of pro forma financial information by smaller reporting companies substantially comply with Article 11 in order to provide investors with more uniform information upon which to make their investment

costs suggested by the waiver requests and consultant's estimate and would appropriately account for company and professional hours required.

decisions. These changes may increase a registrant's paperwork burden by requiring pro forma financial information in some additional circumstances and requiring that the information be provided in a clearer and more robust manner.⁹

To determine the paperwork burden for a registrant to file a registration statement with the amended pro forma financial information, we estimated the number of burden hours required for an issuer to provide the existing pro forma financial information.¹⁰ No commenter provided information in response to the 2015 Request for Comment or the proposing release that would assist us in deriving an estimate for the cost of pro forma financial information. For PRA purposes, we estimate that existing pro forma financial information requires an average of 100 burden hours.¹¹ We further estimate that the amendments to the pro forma financial information requirements, including the option to provide certain forward-looking information, would increase a registrant's burden by 25 hours, as compared to the registrant providing the existing pro forma financial information.

iii. Estimate of the Number of Affected Filings

Although the amendments generally reduce the paperwork burden for filings on an affected form that includes existing Rule 3-05 or Rule 3-14 Financial Statements, not all filings on the affected forms include these disclosures because they are provided only in certain instances. Therefore, to estimate the overall paperwork burden reduction from the amendments, we must estimate the number of filings that include Rule 3-05 and Rule 3-14 Financial Statements. To do so, Commission staff searched the various form types filed from January 1, 2017 until October 1, 2018 for indications of acquisition or disposition disclosure.¹² Based on the staff's findings, the table below sets forth our estimates of the number of filings on these forms that included Rule 3-05 or Rule 3-14 Financial Statements in calendar year 2017 and the first nine months of 2018.

⁹ The incremental conditions that would require a smaller reporting company to present pro forma financial information under the amendments include: roll-up transactions as defined in 17 CFR 229.901(c); when such presentation is necessary to reflect the operations and financial position of the smaller reporting company as an autonomous entity; and other events for which disclosure of pro forma financial information would be material to investors. It is not clear whether smaller reporting companies generally meet these conditions such that additional disclosure would be required.

¹⁰ Because pro forma financial information is most typically associated with acquisition and dispositions, we rely on the same estimates of affected forms for pro forma burden estimates as those used for Rule 3-05 and Rule 3-14 burden estimates.

¹¹ As we have estimated that Rule 3-05 or Rule 3-14 Financial Statements would require approximately 500 total burden hours for a registrant, we estimate that the required pro forma financial information represents approximately 20% of that burden. While pro forma financial information is an important aspect of acquired business financial information disclosure, it is only an incremental part of that disclosure, which also requires the production of acquired business historical financial statements and audits of those statements.

¹² To develop these estimates, Commission staff searched and analyzed filings for the calendar year 2017 and the first nine months of 2018 on the Intelligize research platform. Commission staff then reviewed Forms S-1, S-3, F-1, F-3, S-11, 10, and 8-K, using text and other searches for appropriate word combinations. The staff then manually reviewed the filings to identify and more accurately determine which filings contained Rule 3-05 and Rule 3-14 Financial Statements.

Table 1: Number of Filings on Affected Forms in the Reviewed Period

Forms	Number of Filings (A)	Number of Filings Including 3-05 or 3-14 Financial Statements (B)	Percentage of Filings Affected (C)
10	198	18	9.1%
S-1	1,369	118	8.6%
S-3	1,415	164	11.6%
F-1	169	4	2.4%
F-3	321	8	2.5%
8-K	118,195	946	0.8%

We used this data to extrapolate the effect of these changes on the paperwork burden. In order to appropriately adjust the current burden estimates, we applied these percentages to the current estimates for the number of responses in the Commission's current OMB PRA filing inventory.¹³

Table 2: Calculation of the Number of Filings on Affected Forms For PRA Purposes

Forms	Number of Responses in Current PRA Estimates (A)	Estimated Percentage of Filings Affected (B)	Estimated Number of Filings Including 3-05 or 3-14 Financial Statements (C)
10	216	9.1%	20
1-A ¹⁴	205	10.0%	21
S-1	898	8.6%	77
S-3	1,651	11.6%	192
F-1	66	2.4%	2
F-3	113	2.5%	3
8-K	118,387	0.8%	947

iv. Burden and Cost Estimates for the Amendments

Below we estimate the aggregate change in paperwork burden as a result of the amendments. These estimates represent the average burden for all registrants, both large and small. In deriving our estimates, we recognize that the burdens will likely vary among individual registrants based on a number of factors, including the nature of their business. 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 disclosure required under the amendments. The portion of the burden carried by outside professionals is reflected as

¹³ The OMB PRA filing inventories represent a three-year average. Averages may not align with the actual number of filings in any given year.

¹⁴ Based on data from domestic registration statements, we estimate that approximately 10% of Forms 1-A are affected.

a cost, while the portion of the burden carried by the registrant internally is reflected in hours.

For purposes of the PRA, we estimate that 75% of the burden of preparation of Forms 8-K and 1-A is carried by the registrant internally and 25% of the burden of preparation is carried by outside professionals retained by the company at an average cost of \$400 per hour.¹⁵ Additionally, we estimate that 25% of the burden of preparation for Forms 10, S-1, S-3, F-1, and F-3 is carried by the registrant 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.

The tables below illustrate the change to the total annual compliance burden of affected forms, in hours and in costs, as a result of the amendments. We determined the incremental change in burden hours per current affected response for registrants that are not investment companies by offsetting the estimated reduction of 125 burden hours due to the amendments to Rules 3-05 and 3-14 with the estimated increase of 25 burden hours due to the amendments to the pro forma financial information requirements. This results in a burden hour reduction per current affected response from all of the amendments of 100 burden hours.¹⁶

¹⁵ We recognize that the costs of retaining outside professionals may vary depending on the nature of the professional services, but for purposes of this PRA analysis, we estimate that such costs would be an average of \$400 per hour. This estimate is based on consultations with several registrants, law firms, and other persons who regularly assist registrants in preparing and filing reports with the Commission.

¹⁶ See Table 3, Column B

Table 3: Calculation of the Reduction in Burden Estimates of Current Responses

Forms	Number of Estimated Affected Responses (A) ¹⁷	Burden Hour Reduction per Current Affected Response (B)	Reduction in Burden Hours for Current Affected Responses (C) = (A) x (B)	Reduction in Company Hours for Current Affected Responses (D) = (C) x 0.75 or 0.25	Reduction in Professional Hours for Current Affected Responses (E) = (C) x 0.25 or 0.75	Reduction in Professional Costs for Current Affected Responses (F) = (E) x \$400
10	20	(100)	(2,000)	(500)	(1,500)	(\$600,000)
1-A	21	(100)	(2,100)	(1,575)	(525)	(\$210,000)
S-1	77	(100)	(7,700)	(1,925)	(5,775)	(\$2,310,000)
S-3	192	(100)	(19,200)	(4,800)	(14,400)	(\$5,760,000)
F-1	2	(100)	(200)	(50)	(150)	(\$60,000)
F-3	3	(100)	(300)	(75)	(225)	(\$90,000)
8-K	947	(100)	(94,700)	(71,025)	(23,675)	(\$9,470,000)
Total	1,262		(126,200)	(79,950)	(46,250)	(\$18,500,000)

Table 4: Requested Paperwork Burden

	Current Burden			Program Change			Requested Change in Burden		
Forms	Current Annual Responses (A)	Current Burden Hours (B)	Current Cost Burden (C)	Number of Affected Responses (D) ¹⁸	Reduction in Company Hours (E) ¹⁹	Reduction in Professional Costs (F) ²⁰	Annual Responses (G) = (A)	Burden Hours (H) = (B) + (E)	Cost Burden (I) = (C) + (F)
10	216	11,321	\$13,451,488	20	(500)	(\$600,000)	216	10,821	\$12,851,488
1-A	205	111,871	\$15,008,702	21	(1,575)	(\$210,000)	205	110,296	\$14,798,702
S-1	898	143,903	\$176,325,643	77	(1,925)	(\$2,310,000)	898	141,978	\$174,015,643
S-3	1,651	191,808	\$233,992,780	192	(4,800)	(\$5,760,000)	1,651	187,008	\$228,232,780
F-1	66	26,621	\$32,190,375	2	(50)	(\$60,000)	66	26,571	\$32,130,375
F-3	113	4,409	\$5,665,400	3	(75)	(\$90,000)	113	4,334	\$5,575,400
8-K	118,387	818,158	\$108,674,430	947	(71,025)	(\$9,470,000)	118,387	747,133	\$99,204,430

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 \$125,800,170 in fiscal year 2021, based on the

¹⁷ Derived from Table 2, Column C.

¹⁸ Derived from Table 3, Column A.

¹⁹ Derived from Table 3, Column D.

²⁰ Derived from Table 3, Column F.

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 above, the rule and form amendments would implement changes to the rules relating to the determination of whether a subsidiary or an acquired business is significant and the financial statement requirements for disclosure for acquired or disposed businesses. The Commission adopted these changes to improve significance determinations and the financial information about acquired or disposed businesses, facilitate more timely access to capital, and reduce the complexity and costs of preparing the disclosure. The changes in burdens relate to the incremental burden for a registrant to prepare the amended disclosure in the affected forms.

As set forth in Table 3 above, the estimated total incremental burden due to the rule and form amendments is a reduction of 79,750-internal burden hours and a reduction of \$18,500,000.

16. INFORMATION COLLECTIONS PLANNED FOR STATISTICAL PURPOSES

The information collections are 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 forms. 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 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 Paperwork Reduction Act submissions.

B. STATISTICAL METHODS

The information collections do not employ statistical methods.

Form 10 Short Statement

The amendments to Rule 1-02(w), Rule 3-05, Rule 3-14, Article 11 and related amendments, among other things, reduce a registrant's paperwork burden by: revising the significance tests and thresholds provided in Rule 1-02(w) and Rule 3-05 to improve their application and to assist registrants in making more meaningful significance determinations; revising the scaling requirements to reduce from three to two the maximum number of years of required Rule 3-05 Financial Statements; permitting Rule 3-05 Financial Statements to be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS-IASB") in appropriate circumstances, thus permitting registrants to reconcile their financial statements to the basis of accounting they are already using and not requiring additional one-time reconciliations to U.S. GAAP; permitting the omission of Rule 3-05 Financial Statements from certain registration statements and proxy statements once the acquired business is reflected in filed post-acquisition audited financial statements of the registrant for either nine months or a complete fiscal year, depending on the circumstances; and permitting registrants to use pro forma financial information for significance testing under appropriate circumstances, thereby simplifying the application of the rules and more accurately determining the significance of an acquired business. The amendments related to Rule 3-14, among other things, would align the requirements under Rules 3-05 and 3-14 where appropriate; clarify the determination of significance and the definition of "real estate operation" under Rule 3-14; establish an explicit requirement for interim income statements; and provide special provisions for blind pool offerings. As a result of these effects, we expect that the impact of the rule amendments will be a reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form 10, the amendments will result in a reduction of 500 internal burden hours and a reduction in the cost burden of \$600,000 for the services of outside professionals.

Form 1-A Short Statement

The amendments to Rule 1-02(w), Rule 3-05, Rule 3-14, Article 11, and related amendments, among other things, will reduce a registrant's paperwork burden by: revising the significance tests and thresholds provided in Rule 1-02(w) and Rule 3-05 to improve their application and to assist registrants in making more meaningful significance determinations; revising the scaling requirements to reduce from three to two the maximum number of years of required Rule 3-05 Financial Statements; permitting Rule 3-05 Financial Statements to be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS-IASB") in appropriate circumstances, thus permitting registrants to reconcile their financial statements to the basis of accounting they are already using and not requiring additional one-time reconciliations to U.S. GAAP; permitting the omission of Rule 3-05 Financial Statements from certain registration statements and proxy statements once the acquired business is reflected in filed post-acquisition audited financial statements of the registrant for either nine months or a complete fiscal year, depending on the circumstances; and permitting registrants to use pro forma financial information for significance testing under appropriate circumstances, thereby simplifying the application of the rules and more accurately determining the significance of an acquired business. The amendments related to Rule 3-14, among other things, will align the requirements under Rules 3-05 and 3-14 where appropriate; clarify the determination of significance and the definition of "real estate operation" under Rule 3-14; establish an explicit requirement for interim income statements; and provide special provisions for blind pool offerings. As a result of these effects, we expect that the impact of the rule amendments will be a reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form 1-A, the amendments will result in a reduction of 1,575 internal burden hours and a reduction in the cost burden of \$210,000 for the services of outside professionals.

Form S-1 Short Statement

The amendments to Rule 1-02(w), Rule 3-05, Rule 3-14, Article 11, and related amendments, among other things, will reduce a registrant's paperwork burden by: revising the significance tests and thresholds provided in Rule 1-02(w) and Rule 3-05 to improve their application and to assist registrants in making more meaningful significance determinations; revising the scaling requirements to reduce from three to two the maximum number of years of required Rule 3-05 Financial Statements; permitting Rule 3-05 Financial Statements to be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS-IASB") in appropriate circumstances, thus permitting registrants to reconcile their financial statements to the basis of accounting they are already using and not requiring additional one-time reconciliations to U.S. GAAP; permitting the omission of Rule 3-05 Financial Statements from certain registration statements and proxy statements once the acquired business is reflected in filed post-acquisition audited financial statements of the registrant for either nine months or a complete fiscal year, depending on the circumstances; and permitting registrants to use pro forma financial information for significance testing under appropriate circumstances, thereby simplifying the application of the rules and more accurately determining the significance of an acquired business. The amendments related to Rule 3-14, among other things, will align the requirements under Rules 3-05 and 3-14 where appropriate; clarify the determination of significance and the definition of "real estate operation" under Rule 3-14; establish an explicit requirement for interim income statements; and provide special provisions for blind pool offerings. As a result of these effects, we expect that the impact of the rule amendments will be a reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form S-1, the amendments will result in a reduction of 1,925 internal burden hours and a reduction in the cost burden of \$2,310,000 for the services of outside professionals.

Form S-3 Short Statement

The amendments to Rule 1-02(w), Rule 3-05, Rule 3-14, Article 11, and related amendments, among other things, will reduce a registrant's paperwork burden by: revising the significance tests and thresholds provided in Rule 1-02(w) and Rule 3-05 to improve their application and to assist registrants in making more meaningful significance determinations; revising the scaling requirements to reduce from three to two the maximum number of years of required Rule 3-05 Financial Statements; permitting Rule 3-05 Financial Statements to be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS-IASB") in appropriate circumstances, thus permitting registrants to reconcile their financial statements to the basis of accounting they are already using and not requiring additional one-time reconciliations to U.S. GAAP; permitting the omission of Rule 3-05 Financial Statements from certain registration statements and proxy statements once the acquired business is reflected in filed post-acquisition audited financial statements of the registrant for either nine months or a complete fiscal year, depending on the circumstances; and permitting registrants to use pro forma financial information for significance testing under appropriate circumstances, thereby simplifying the application of the rules and more accurately determining the significance of an acquired business. The amendments related to Rule 3-14, among other things, will align the requirements under Rules 3-05 and 3-14 where appropriate; clarify the determination of significance and the definition of "real estate operation" under Rule 3-14; establish an explicit requirement for interim income statements; and provide special provisions for blind pool offerings. As a result of these effects, we expect that the impact of the rule amendments will be a reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form S-3, the amendments result in a reduction of 4,800 internal burden hours and a reduction in the cost burden of \$5,760,000 for the services of outside professionals.

Form F-1 Short Statement

The amendments to Rule 1-02(w), Rule 3-05, Rule 3-14, Article 11, and related amendments, among other things, will reduce a registrant's paperwork burden by: revising the significance tests and thresholds provided in Rule 1-02(w) and Rule 3-05 to improve their application and to assist registrants in making more meaningful significance determinations; revising the scaling requirements to reduce from three to two the maximum number of years of required Rule 3-05 Financial Statements; permitting Rule 3-05 Financial Statements to be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS-IASB") in appropriate circumstances, thus permitting registrants to reconcile their financial statements to the basis of accounting they are already using and not requiring additional one-time reconciliations to U.S. GAAP; permitting the omission of Rule 3-05 Financial Statements from certain registration statements and proxy statements once the acquired business is reflected in filed post-acquisition audited financial statements of the registrant for either nine months or a complete fiscal year, depending on the circumstances; and permitting registrants to use pro forma financial information for significance testing under appropriate circumstances, thereby simplifying the application of the rules and more accurately determining the significance of an acquired business. The amendments related to Rule 3-14, among other things, will align the requirements under Rules 3-05 and 3-14 where appropriate; clarify the determination of significance and the definition of "real estate operation" under Rule 3-14; establish an explicit requirement for interim income statements; and provide special provisions for blind pool offerings. As a result of these effects, we expect that the impact of the rule amendments will be a reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form F-1, the amendments will result in a reduction of 50 internal burden hours and a reduction in the cost burden of \$60,000 for the services of outside professionals.

Form F-3 Short Statement

The amendments to Rule 1-02(w), Rule 3-05, Rule 3-14, Article 11, and related amendments, among other things, will reduce a registrant's paperwork burden by: revising the significance tests and thresholds provided in Rule 1-02(w) and Rule 3-05 to improve their application and to assist registrants in making more meaningful significance determinations; revising the scaling requirements to reduce from three to two the maximum number of years of required Rule 3-05 Financial Statements; permitting Rule 3-05 Financial Statements to be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS-IASB") in appropriate circumstances, thus permitting registrants to reconcile their financial statements to the basis of accounting they are already using and not requiring additional one-time reconciliations to U.S. GAAP; permitting the omission of Rule 3-05 Financial Statements from certain registration statements and proxy statements once the acquired business is reflected in filed post-acquisition audited financial statements of the registrant for either nine months or a complete fiscal year, depending on the circumstances; and permitting registrants to use pro forma financial information for significance testing under appropriate circumstances, thereby simplifying the application of the rules and more accurately determining the significance of an acquired business. The amendments related to Rule 3-14, among other things, align the requirements under Rules 3-05 and 3-14 where appropriate; clarify the determination of significance and the definition of "real estate operation" under Rule 3-14; establish an explicit requirement for interim income statements; and provide special provisions for blind pool offerings. As a result of these effects, we expect that the impact of the rule amendments will be a reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form F-3, the amendments will result in a reduction of 75 internal burden hours and a reduction in the cost burden of \$90,000 for the services of outside professionals.

Form 8-K Short Statement

The amendments to Rule 1-02(w), Rule 3-05, Rule 3-14, Article 11, and related amendments, among other things, will reduce a registrant's paperwork burden by: revising the significance tests and thresholds provided in Rule 1-02(w) and Rule 3-05 to improve their application and to assist registrants in making more meaningful significance determinations; revising the scaling requirements to reduce from three to two the maximum number of years of required Rule 3-05 Financial Statements; permitting Rule 3-05 Financial Statements to be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS-IASB") in appropriate circumstances, thus permitting registrants to reconcile their financial statements to the basis of accounting they are already using and not requiring additional one-time reconciliations to U.S. GAAP; and permitting registrants to use pro forma financial information for significance testing under appropriate circumstances, thereby simplifying the application of the rules and more accurately determining the significance of an acquired business. The amendments related to Rule 3-14, among other things, align the requirements under Rules 3-05 and 3-14 where appropriate; clarify the determination of significance and the definition of "real estate operation" under Rule 3-14; establish an explicit requirement for interim income statements; and provide special provisions for blind pool offerings. As a result of these effects, we expect that the impact of the rule amendments will be a reduction in the paperwork burden of affected entities. For purposes of the PRA, we estimate that, for Form 8-K, the amendments will result in a reduction of 71,025 internal burden hours and a reduction in the cost burden of \$9,470,000 for the services of outside professionals.