

above, we received several comment letters on the proposals. We have made several changes to the proposals in response to these comments which will reduce the incremental burden associated with the final rule and rule amendments. Accordingly, we are revising our previous burden estimates.

The titles for the collections of information are:

- (1) "Proxy Statements—Regulation 14A (Commission Rules 14a-1 through 14a-15 and Schedule 14A)" (OMB Control No. 3235-0059);
- (2) "Information Statements—Regulation 14C (Commission Rules 14c-1 through 14c-7 and Schedule 14C)" (OMB Control No. 3235-0057);
- (3) "Form 10-K" (OMB Control No. 3235-0063);
- (4) "Form 10-KSB" (OMB Control No. 3235-0420);
- (5) "Form 20-F" (OMB Control No. 3235-0288);
- (6) "Form 40-F" (OMB Control No. 3235-0381);
- (7) "Regulation S-K" (OMB Control No. 3235-0071);
- (8) "Regulation S-B" (OMB Control No. 3235-0417); and
- (9) "Form N-CSR" (OMB Control No. 3235-0570).

These regulations and forms were adopted pursuant to the Securities Act, the Exchange Act and the Investment Company Act and set forth the disclosure requirements for periodic reports, registration statements and proxy and information statements filed by companies to ensure that investors are informed. The hours and costs associated with preparing, filing and sending these forms constitute reporting and cost burdens imposed by each collection of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

B. Summary of Amendments

Under our amendments, we would direct SROs to prohibit the listing of any security of an issuer that is not in compliance with several enumerated standards relating to the issuer's audit committee. We are making these changes pursuant to the legislative mandate in section 10A(m) of the Exchange Act, as added by section 301 of the Sarbanes-Oxley Act. As part of our amendments, we are adopting several limited exemptions from the requirements to address the special circumstances of particular issuers. If an issuer were to avail itself of one of these exemptions, it would need to disclose this fact and its assessment of whether,

and if so, how, such reliance will materially adversely affect the ability of the audit committee to act independently and to satisfy the other requirements of the final rule. Such disclosure will need to appear in its proxy or information statement for shareholders' meetings at which elections for directors are held. The disclosure also will need to appear in, or be incorporated by reference into, the annual reports of these companies filed with the Commission. We are excluding issuers from these disclosure requirements for reliance on certain exemptions, such as the overlapping board exemption, the multiple listing exemption and the exemption for exchange-traded UITs, foreign government issuers and Asset-Backed Issuers and similar issuers. Collectively, we call these changes the "Exemption Disclosure."

Under our amendments, listed issuers also will be required to disclose the names of the members of their audit committee, or that their entire board of directors is acting as their audit committee, in their annual reports. Listed issuers that will be excluded from the Exemption Disclosure will also be excluded from this disclosure, except for issuers relying on the overlapping board exemption. We call these changes the "Identification Disclosure."

Finally, we are adopting several updates to existing disclosure requirements regarding audit committees to reflect our amendments and changes made by the Sarbanes-Oxley Act. We call these changes the "Disclosure Updates."

These disclosure changes are designed to alert investors of basic information about an issuer's audit committee, including the identity of the issuer's audit committee, whether the issuer is availing itself of an exemption and whether the members of the audit committee are independent. Compliance with the revised disclosure requirements is mandatory. There will be no mandatory retention period for the information disclosed, and responses to the disclosure requirements will not be kept confidential. We do not believe that the imposition of these disclosure changes will alter significantly the number of respondents that file on the affected forms.

In addition to the above, our final rule adopts, as proposed, a requirement that SROs must require a listed issuer to notify the applicable SRO promptly after an executive officer of an issuer becomes aware of any material noncompliance by the listed issuer with the proposed requirements. We believe

that any burden imposed by this collection of information will be minimal. For the most part, we believe that listed issuers are already required to make the type of disclosure contemplated by this requirement, either pursuant to existing SRO rules or as a requirement of existing listing agreements. We therefore believe that any reporting and recordkeeping requirements imposed by this aspect of the requirements are "usual and customary" activities for listed issuers.²²⁶

C. Summary of Comment Letters and Revisions to Proposals

We requested comment on the PRA analysis contained in the Proposing Release. We received no comments in response to this request. While we have adopted the disclosure amendments substantially as proposed, some of the changes we have made in the final rules will reduce the number of listed issuers that will be required to make the required disclosure. For example, we have excluded additional issuers from the Exemption Disclosure. These changes will reduce the burden on these registrants. Accordingly, we are revising our PRA reporting and cost burden estimates.

D. Revisions to PRA Reporting and Cost Burden Estimates

As a result of the changes described above, the reporting and cost burden estimates for the collections of information have changed. For purposes of the PRA, we now estimate that the annual incremental paperwork burden for all companies to prepare the disclosure that will be required under our amendments will be approximately 401 hours of personnel time and a cost of approximately \$62,400 for the services of outside professionals. We derived these estimates first by estimating the total amount of time it will take for a company to prepare the required disclosure. The Disclosure Updates simply update the disclosure requirements to reflect our amendments and changes to terminology made by the Sarbanes-Oxley Act. We do not believe these changes will change the burden required by this disclosure. The Exemption Disclosure will require only a minimal additional statement by issuers that avail themselves of one of the exemptions in Exchange Act rule 10A-3. We estimated that the Exemption Disclosure will add 0.25 hours per affected filing. The Identification Disclosure will require a company to disclose either the members

²²⁶ See 5 CFR 1320.3(b)(2).