

of its audit committee, or a brief statement that the board of directors of the issuer is acting as the audit committee. We estimated that the Identification Disclosure will add 0.25 hours per affected filing.

The Exemption Disclosure and Identification Disclosure apply only to listed issuers. Accordingly, not all issuers will be required to make the disclosure. We estimate that there are approximately 7,250 issuers that are listed on a national securities exchange or traded on the Nasdaq National Market or the Nasdaq Smallcap Market.²²⁷ Each of these listed issuers, except for certain issuers relying on exemptions, will be required to at least provide the basic Identification Disclosure in their annual report. Some of these listed issuers also will need to make the Exemption Disclosure.²²⁸ We have increased the number of issuers that will not need to make the Exemption Disclosure.

Further, since the disclosure in the annual report may be incorporated by reference from an issuer's proxy or information statement, we assume that

the disclosure will appear in a maximum of one report per affected issuer. As the information will appear in part III of an issuer's Form 10-K or 10-KSB (which can be incorporated by reference from the issuer's proxy statement if directors are to be elected), or in item 5 of Form N-CSR, which may also be incorporated by reference, we assume that affected issuers will follow the general practice of most issuers of including the disclosure in their proxy or information statement where directors are elected and incorporating by reference the disclosure into their annual report. Accordingly, we reduced the number of affected reports on Forms 10-K, 10-KSB and N-CSR to account for this assumption.²²⁹ Further, we assume that the Identification Disclosure is already provided in these proxy or information statements,²³⁰ and the burden hours for this disclosure by these filers therefore has already been assigned to Schedules 14A and 14C. Accordingly, we estimated that the Identification Disclosure will not affect the burden for Schedules 14A and 14C.

The tables below illustrate the revised incremental annual compliance burdens of the collections of information in hours and in cost for annual reports and proxy and information statements under the Exchange Act. The burden was calculated by multiplying the estimated number of affected responses by the estimated average number of hours each entity spends preparing the disclosure. We have based our estimates of the number of affected responses on the actual number of filers during the 2002 fiscal year and our estimates of the number of listed issuers that may be affected by the disclosure changes.²³¹ For Exchange Act annual reports and proxy and information statements, 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 \$300 per hour.²³² 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.

CALCULATION OF THE INCREMENTAL BURDEN OF THE EXEMPTION DISCLOSURE ²³³

	Affected responses (A)	Incremental hours/form (B)	Total incremental burden (C)=(A)×(B)	75% company (D)=(C)×0.75	25% professional (E)=(C)×0.25	\$300 professional cost (F)=(E)×300
20-F	292 ²³⁴	0.25	73	18	55	\$16,500.00
40-F	7 ²³⁵	0.25	2	1	2	\$600.00
10-K	54 ²³⁶	0.25	14	11	4	\$1,200.00
10-KSB	22 ²³⁷	0.25	6	5	2	\$600.00
14A	271 ²³⁸	0.25	68	51	17	\$5,100.00
14C	17 ²³⁹	0.25	4	3	1	\$300.00
Total			167	89	81	\$24,300.00

CALCULATION OF THE INCREMENTAL BURDEN OF THE IDENTIFICATION DISCLOSURE

	Affected responses (A)	Incremental hours/form (B)	Total incremental burden (C)=(A)×(B)	75% company (D)=(C)×0.75	25% professional (E)=(C)×0.25	\$300 professional cost (F)=(E)×300
20-F	0 ²⁴⁰	0.25	0	0	0	\$0.00
40-F	134 ²⁴¹	0.25	34	9	26	\$7,800.00
10-K	1,073 ²⁴²	0.25	268	201	67	\$20,100.00
10-KSB	430 ²⁴³	0.25	108	81	27	\$8,100.00
N-CSR	113 ²⁴⁴	0.25	28	21	7	\$2,100.00

²²⁷ We derived this estimate from 2002 data from the Standard & Poors Research Insight Compustat Database and the Commission's 2001 annual report.

²²⁸ With respect to investment companies, the independence exemptions will not be available. A general exemption will be applicable to UITs, but UITs are excluded from Exemption Disclosure requirements. We anticipate that only a negligible number of investment companies will fall under the other general exemptions. Accordingly, we anticipate that the reporting burden imposed by the Exemption Disclosure requirements on listed investment companies will be negligible.

²²⁹ Foreign private issuers are exempt from the requirements to provide proxy materials, so we assume no adjustment to the number of affected annual reports on Forms 20-F and 40-F.

²³⁰ See Item 7(d)(1) of Schedule 14A.

²³¹ We estimate that 5% of listed issuers will be required to provide disclosure regarding the new issuer exemption in Exchange Act Rule 10A-3(b)(iv)(A). This is based on a weighted average of the number of listed companies that went public over the last three years.

²³² This allocation of the burden is consistent with our recent PRA submissions for Exchange Act periodic reports and proxy and information

statements. See, e.g., Release No. 33-8144 (Nov. 4, 2002). Traditionally, we have estimated that the company carried 25% of the burden internally and 75% of the burden of preparation was carried by outside professionals retained by the company. We believe that the new allocation more accurately reflects current practice for annual reports and proxy and information statements. We estimate, however, that the traditional 25% company and 75% outside professional allocation remains applicable for Forms 20-F and 40-F because those forms are prepared by foreign private issuers who rely more heavily on outside counsel for their preparation.