

affected information collections are the EDGAR Forms ID, ET, SE and TH, and Exchange Act Forms 3, 4 and 5. The changes made to the proposed amendments would not increase the burden estimates for Forms ID, ET, SE and TH previously submitted to the OMB.¹¹⁴ We expect that the adopted amendments will obligate reporting persons to disclose on Forms 3, 4 and 5 essentially the same information that they are required to disclose today.¹¹⁵

V. Cost-Benefit Analysis

The adopted amendments relating to mandated electronic filing and Web site posting largely represent the implementation of a Congressional mandate. As we stated in the Proposing Release, we expect these amendments will achieve the same benefits for investors and filers that we sought when we first adopted mandated EDGAR rules for most filings.¹¹⁶

We solicited comment on the expected benefits and costs and on any others that could result from adoption of mandated electronic filing and Web site posting requirements. We also requested data as to what percentage of filings are done by or with the help of the issuer. We discuss the responses below.

A. Benefits

We expect the adopted amendments regarding mandated electronic filing and Web site posting to benefit investors and filers.

Mandated electronic filing should benefit members of the investing public and financial community by making information contained in Commission filings easily available to them minutes after receipt by the Commission and, thereby, make them more likely to access and act quickly on the information. The electronic format of the information should facilitate research and data analysis. The new

accelerated section 16(a) filing requirement described above should make quick electronic access even more valuable.

Filers should benefit from changes to the electronic filing system specifically designed to make electronic filing easier while continuing to provide speedy, secure and reliable delivery.

The use of EDGAR also will facilitate more efficient storage, retrieval and analysis of ownership and transaction information than filing in paper. Quicker access to ownership and transaction information should not only facilitate review of the information but also enhance the Commission's ability to study and address issues that relate to this information.

Website posting by issuers with corporate Web sites will provide a convenient, rapidly disseminated electronic source in addition to EDGAR that is conducive to research and data analysis. In general, Web site posting will help to make ownership and transaction information more broadly accessible.

Of the commenters that expressed support for some or all of the proposed amendments, three cited benefits among those we stated we expected to result. All three commenters cited more timely access to information. Two commenters cited easier access to information. No commenter provided data to quantify the value of benefits identified.

B. Costs

We expect that the adopted amendments regarding mandated electronic filing and Web site posting will result in some costs to insiders and issuers. However, we expect that many insiders and issuers will not bear the full range of costs resulting from the adoption of these amendments for the reasons described below.

The expected costs of mandated electronic filing consist of both initial and ongoing costs. Initial costs are those associated with obtaining, completing and sending to the Commission a Form ID to obtain filing credentials, and the purchase of compatible computer equipment and software. Initial costs further include those associated with learning about the electronic filing system, placing the filing data in electronic format for the initial electronic filing and subscribing to an Internet service provider. Ongoing costs are those associated with maintaining the framework developed through the initial costs (for example, updating information required by Form ID) and any additional costs arising from each subsequent filing (for example, placing

the new filing data in electronic format).¹¹⁷

We expect that many insiders will incur few, if any, additional costs from electronic filing. We understand that many issuers help their insiders or submit the insiders' filings on their behalf. To the extent insiders do not receive this assistance, we believe many already will have the necessary computer equipment and Internet access to enable them to file using the templates that will appear on the Commission's Web site. Finally, some insiders already have filed Forms ID and gained experience in arranging electronic filing. As previously noted, approximately 38% of the Forms 3, 4 and 5 filed in March 2003 were filed electronically.

Even issuers that help their insiders to file electronically, whether to a greater or lesser extent, are not likely to incur additional costs. These issuers already are required to file on EDGAR and generally have the needed computer equipment and Internet service provider access to enable them to facilitate filing using the templates that will appear on the Commission's website.

Issuers should incur relatively few direct costs from the Web site posting requirement. Because the requirement applies only to issuers that already have a corporate Web site, issuers will not need to incur the costs associated with creating or maintaining a Web site. In addition, issuers could limit their additional costs associated with posting by hyperlinking to a third-party Web site such as EDGAR.¹¹⁸

Of the commenters expressing concerns in terms of cost or burden, most expressed concern about filing hours. Five commenters essentially stated that a 5:30 p.m. Eastern time filing deadline would be overly burdensome.¹¹⁹ As we noted earlier, we are extending the filing deadline to 10:00 p.m. Eastern time.

Two commenters expressed concern about the burden on issuers that satisfy their Web site posting requirement by hyperlinks if we require the hyperlinks to be updated with each section 16 report filing. As we noted earlier, it is possible, for example, to link to the section 16 reports relating to an issuer in the EDGAR database on our Web site

¹¹⁷ Other minor costs could include, for example, preparing a filing date adjustment request.

¹¹⁸ As previously noted, the expected costs to those outside the Commission from the adopted amendments relating to eliminating Form ET and magnetic cartridge transmission are expected to be *de minimis*. Magnetic cartridge transmission rarely is used.

¹¹⁹ Twelve commenters supported an extension of the filing deadline beyond 5:30 p.m.

¹¹⁴ See Proposing Release, Part V for a description of, and the burden estimates for, Forms ID, ET, SE and TH. The change to the proposed amendments that makes temporary hardship exemptions unavailable to section 16 reports would reduce the burden estimate for Form TH because no additional respondents would file Form TH as a result of the adopted amendments. Consequently, the estimated annual number of respondents to Form TH and estimated total annual hour burden for Form TH would remain at 70 and 23.1, respectively.

¹¹⁵ The addition to Forms 3, 4 and 5 of requirements to reference exhibits and amend the forms in a specified manner creates an additional burden that is so small it is not quantifiable. The other changes to Forms 3, 4 and 5 are minor and do not add any collection of information burden.

¹¹⁶ The expected benefits and costs to those outside the Commission from the adopted amendments relating to eliminating Form ET and magnetic cartridge transmission are expected to be *de minimis*. Magnetic cartridge transmission rarely is used.