

or security holder groups would submit a nomination. We estimate that the disclosure burden for each of these 90 nominating security holders or nominating security holder groups to provide notice of its intent to require that the company include the security holder's nominee in the company's proxy materials would be approximately 4 hours, for a total of 360 hours. We also estimate that the disclosure burden for these 90 security holders or security holder groups to review and file an Exchange Act Schedule 13G and certification would be approximately 12 hours, for a total of 1,080 hours.

In order to conservatively estimate the PRA burden, we estimate that 49 nominees would be excluded from the proposed Exchange Act Rule 14a-11 nomination procedure.¹⁹⁹ We estimate that the annual disclosure burden for companies to notify the 49 nominating security holders or nominating security holder groups of their determination not to include the nominee(s) in its proxy materials would be 1 hour, for a total of 49 hours. We estimate the annual disclosure burden for companies to include the remaining 41 nominees in their proxy materials to be 1 burden hour, for a total of 41 hours. Of these 41 companies, we estimate that 20 companies would include a statement with regard to the security holder nominee or nominee.²⁰⁰ We estimate

that this burden would be approximately 2 hours. Similarly, we estimate the disclosure burden for the security holder or security holder group to prepare a statement of support for its nominee or nominees to be approximately 2 burden hours.²⁰¹

We estimate that this total burden of 1,610 hours would result in 668 hours of internal time and \$282,600 of outside costs.

All of the figures above are estimates because there is no reliable way to predict how many more security holder proposals would be submitted based on the proposed amendments, how often the events would be triggered or how many security holders would be able to meet the applicable requirements (*e.g.*, minimum ownership threshold). We request comment and supporting empirical data on whether, for purposes of the PRA, there likely would be an increase in the number of Exchange Act Rule 14a-8 security holder proposals that companies receive as a result of creating triggering events to activate the nomination procedure; how often the triggering events likely would be triggered; and how likely it would be for

We estimate that 50% of companies would include such a statement.

²⁰¹ For funds, we estimate that 10 nominees will be excluded from the security holder nomination procedure each year, and the annual disclosure burden for a fund to notify the 10 nominating security holders or groups of the fund's determination not to include the nominee in its proxy materials would be 1 hour, for a total of 10 hours. We estimate that the annual disclosure burden for a fund to include the remaining 8 nominees in its proxy materials to be 1 burden hour, for a total of 8 hours. Of these 8 funds, we estimate that 4 funds and nominating security holders will include a statement with regard to the security holder nominee or nominees and the disclosure burden would be approximately 4 hours, for a total of 16 hours. The total burden with respect to the Exchange Act Rule 14a-11 nomination procedure would be 322 hours (72 hours + 216 hours + 10 hours + 8 hours + 16 hours), corresponding to 242 hours of fund personnel time and \$24,000 for the services of outside professionals. See note 197, above. This burden also would be added to the PRA burden of Rule 20a-1.

security holders or security holder groups to be able to meet the requirements under proposed Exchange Act Rule 14a-11. We also request comment and supporting empirical data on the costs of submitting a no-action request.

C. Revisions to PRA Reporting and Cost Burden Estimates

Table 1 below illustrates the incremental annual compliance burden of the collection of information in hours and in cost for securities ownership reports filed by investors and proxy and information statements, periodic reports and current reports under the Exchange Act.²⁰² The burden was calculated by multiplying the estimated number of responses by the estimated average number of hours each entity spends completing the form. We estimate that 75% of the burden of preparation of the proxy and information statement, periodic reports and current reports is carried by the company and security holder or security holder groups internally and that 25% of the burden of preparation is carried by outside professionals at an average cost of \$300 per hour. We estimate that 100% of the burden for preparing Form N-SAR is carried by the fund. We estimate that 25% of the burden of preparation of securities ownership filings is carried by the security holder or security holder groups internally and that 75% of the burden of preparation is carried by outside professionals at an average cost of \$300 per hour. The portion of the burden carried by outside professionals is reflected as a cost, while the portion of the burden carried internally by the company and security holder or security holder groups is reflected in hours.²⁰³

²⁰² As discussed further below, we estimate that no small businesses will be affected by the proposed rule so we did not include any PRA estimates for the Form 10-QSB and Form 10-KSB.

²⁰³ The estimated PRA burdens have not been rounded to the nearest whole number and \$100 in order to accurately reflect figures in the text.

¹⁹⁹ The proposed rules contemplate that the company only would be required to include in its proxy statement and form of proxy the nominee or nominees of the security holder or security holder group with the largest beneficial ownership. As such, only 45 of the 90 nominating security holders or security holder groups would be eligible to nominate a candidate or candidates to the board. Further, although there is no reliable way to predict the number of companies that would determine that they are not required to include a nominee in their proxy materials due to the nominee being ineligible under proposed Exchange Act Rule 14a-11, we estimate that approximately 10% of companies would make this determination.

²⁰⁰ There is no way to determine how many companies would choose to include a statement regarding the security holder nominee or nominees