

TABLE 1.—CALCULATION OF INCREMENTAL PRA BURDEN ESTIMATES ²⁰⁴

	Annual responses	Annual responses affected	Incremental hours/form	Incremental burden	75% Company	25% Professional	\$300 Prof. cost
		(A)	(B)	(C)=(A) × (B)	(D)=(C) × 0.75	(E)=(C) × 0.25	(F)=(E) × \$300
SCH 14A * †	7,188	104	12.56	1,306	980	326	\$97,800
SCH 14C * †	446	7	12.56	88	66	22	\$6,600
FORM 10-K *	8,484	28	0.9	25	19	6	\$1,800
FORM 10-Q *	¹ 23,743	83	0.9	75	56	19	\$5,700
FORM 8-K	² 333,915	3	5	15	11	4	\$1,200
FORM N-CSR	³ 6,658	281	0.575	161.5	21.1	40.4	\$12,120
Rule 20a-1 * †	1,058	24	22.75	546	410	136	\$40,800
	Annual responses	Annual responses affected	Incremental hours/form	Incremental burden	25% Company	75% Professional	\$300 Prof. cost
SCH 13G	9,500	90	12	1,080	270	810	\$243,000
	Annual responses	Annual responses affected	Incremental hours/form	Incremental burden	100% Company and security holders	0% Professional	\$300 Prof. cost
FORM N-SAR	⁴ 9306	281	(0.5)	(140.5)	(140.5)	0	0
Total	3,156	1792.6	1363.4	\$409,020

* These figures have been prorated across all the estimated number of responses affected.

† We have reflected the security holder's provision of notice to the company of its intent to require the company to include the security holder's nominee on the company's proxy card as a burden under Exchange Act Schedules 14A and 14C and Rule 20a-1.

¹ 7,914 respondents.

² 13,200 respondents.

³ 3,829 respondents.

⁴ 4,653 respondents.

D. Solicitation of Comment

Pursuant to 44 U.S.C. 3506(c)(2)(B), we solicit comments to: (i) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (ii) evaluate the accuracy of our estimate of the burden of the proposed collection of information; (iii) determine whether

there are ways to enhance the quality, utility and clarity of the information to be collected; and (iv) evaluate whether there are ways to minimize the burden of the collection of information on those who are to respond, including through the use of automated collection techniques or other forms of information technology.

Persons submitting comments on the collection of information requirements should direct the comments to the Office of Management and Budget, Attention: Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Washington, DC 20503, and should send a copy to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609, with reference to File No. S7-19-03. Requests for materials submitted to OMB by the Commission with regard to these collections of information should be in writing, refer to File No. S7-19-03, and be submitted to the Securities and Exchange Commission, Records Management, Office of Filings and Information Services, 450 Fifth Street, NW., Washington, DC 20549. OMB is required to make a decision concerning the collection of information between 30 and 60 days after publication of this release. Consequently, a comment to

OMB is best assured of having its full effect if OMB receives it within 30 days of publication.

IV. Cost-Benefit Analysis

A. Background

On April 14, 2003, the Commission directed the Division of Corporation Finance to review the proxy rules and regulations and their interpretations regarding procedures for the nomination and election of corporate directors ²⁰⁵ and on May 1, 2003, the Commission solicited public input on the Division's review.²⁰⁶ On July 15, 2003, after considering the views expressed by commenters, the Division of Corporation Finance provided to the Commission its report and recommended changes to the proxy rules related to the nomination and election of directors.²⁰⁷ To best address many of the issues raised by commenters, the Division recommended changes in two areas—disclosure related to nominating committee functions and security holder communications with boards of directors and enhanced

²⁰⁵ See Press Release No 2003-46 (April 14, 2003).

²⁰⁶ See Release No 34-47778 (May 1, 2003).

²⁰⁷ See Staff Report: Review of the Proxy Process Regarding the Nomination and Election of Directors, Division of Corporation Finance (July 15, 2003).

²⁰⁴ The incremental burden estimate for Form N-CSR includes 140.5 hours (281 responses X 0.5 hours per response) transferred in connection with the deletion of Item 77C of Form N-SAR. This Item currently requires disclosure regarding each matter submitted to a vote of security holders. In addition, the burden for Form N-CSR includes disclosure parallel to that proposed with respect to the nomination procedure triggering events on Forms 10-Q and 10-K. As discussed above, we estimate that the disclosure burden would be 21 hours for this nomination procedure disclosure. Thus, we estimate that the incremental burden estimate for Form N-CSR will increase by a total of 161.50 hours (140.5 hours + 21 hours) or 0.57 hours per response (161.5 hours/281 responses) as a result of the required disclosure in this proposed rulemaking. We estimate, however, that the net incremental burden increase for funds to comply with Form N-SAR and Form N-CSR would be 21 hours.

The incremental burden estimate for Rule 20a-1 includes the disclosure that would be required on Exchange Act Schedule 14A, discussed above, with respect to funds. We estimate that the burden associated with these disclosure requirements would be 546 hours (224 hours + 322 hours) or 22.75 hours per response (546 hours/24 responses) as a result of the required disclosure in this proposed rulemaking.