



SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235-0528]

Proposed Collection; Comment Request; Extension: Rule 237

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520), the Securities and Exchange Commission (the “Commission”) is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget (“OMB”) for extension and approval.

In Canada, as in the United States, individuals can invest a portion of their earnings in tax-deferred retirement savings accounts (“Canadian retirement accounts”). These accounts, which operate in a manner similar to individual retirement accounts in the United States, encourage retirement savings by permitting savings on a tax-deferred basis. Individuals who establish Canadian retirement accounts while living and working in Canada and who later move to the United States (“Canadian-U.S. Participants” or “participants”) often continue to hold their retirement assets in their Canadian retirement accounts rather than prematurely withdrawing (or “cashing out”) those assets, which would result in immediate taxation in Canada.

Once in the United States, however, these participants historically have been unable to manage their Canadian retirement account investments. Most securities that are “qualified investments” for Canadian retirement accounts are not registered under the U.S. securities laws. Those securities, therefore, generally cannot be publicly offered and sold in the United States without violating the registration requirement of the Securities Act of 1933 (“Securities Act”).¹

¹ 15 U.S.C. 77; in addition, the offering and selling of securities of investment companies (“funds”) that are not registered pursuant to the Investment Company Act of 1940 (“Investment Company Act”) is generally prohibited by U.S. securities laws. 15 U.S.C. 80a.

As a result of this registration requirement, Canadian-U.S. Participants previously were not able to purchase or exchange securities for their Canadian retirement accounts as needed to meet their changing investment goals or income needs.

The Commission issued a rulemaking in 2000 that enabled Canadian-U.S. Participants to manage the assets in their Canadian retirement accounts by providing relief from the U.S. registration requirements for offers of securities of foreign issuers to Canadian-U.S. Participants and sales to Canadian retirement accounts.² Rule 237 under the Securities Act³ permits securities of foreign issuers, including securities of foreign funds, to be offered to Canadian-U.S. Participants and sold to their Canadian retirement accounts without being registered under the Securities Act.

Rule 237 requires written offering documents for securities offered and sold in reliance on the rule to disclose prominently that the securities are not registered with the Commission and are exempt from registration under the U.S. securities laws. The burden under the rule associated with adding this disclosure to written offering documents is minimal and is non-recurring. The foreign issuer, underwriter, or broker-dealer can redraft an existing prospectus or other written offering material to add this disclosure statement or may draft a sticker or supplement containing this disclosure to be added to existing offering materials. In either case, based on discussions with representatives of the Canadian fund industry, the staff estimates that it would take an average of 10 minutes per document to draft the requisite disclosure statement.

The Commission understands that there are approximately 2,272 Canadian issuers other than funds that may rely on Rule 237 to make an initial public offering of their securities to Canadian-U.S. Participants.⁴ The staff estimates that in any given year approximately 23 (or 1

² See Offer and Sale of Securities to Canadian Tax-Deferred Retirement Savings Accounts, Release Nos. 33-7860, 34-42905, IC-24491 (June 7, 2000) [65 FR 37672 (June 15, 2000)]; this rulemaking also included new rule 7d-2 under the Investment Company Act, permitting foreign funds to offer securities to Canadian-U.S. Participants and sell securities to Canadian retirement accounts without registering as investment companies under the Investment Company Act. 17 CFR 270.7d-2.

³ 17 CFR 230.237.

⁴ This estimate is based on the following calculation: 3,431 total issuers – (63 closed-end funds + 1,096

percent) of those issuers are likely to rely on Rule 237 to make a public offering of their securities to participants, and that each of those 23 issuers, on average, distributes 3 different written offering documents concerning those securities, for a total of 69 offering documents.

The staff therefore estimates that during each year that Rule 237 is in effect, approximately 23 respondents⁵ would be required to make 69 responses by adding the new disclosure statements to approximately 69 written offering documents. Thus, the staff estimates that the total annual burden associated with the Rule 237 disclosure requirement would be approximately 12 hours (69 offering documents x 10 minutes per document). The total annual cost of internal burden hours is estimated to be \$6,132 (12 hours x \$511 per hour of attorney time).⁶

In addition, issuers from foreign countries other than Canada could rely on Rule 237 to offer securities to Canadian-U.S. Participants and sell securities to their accounts without becoming subject to the registration requirements of the Securities Act. However, the staff believes that the number of issuers from other countries that rely on Rule 237, and that therefore are required to comply with the offering document disclosure requirements, is negligible.

Written comments are invited on: (a) whether this proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden imposed by the proposed collection of information, including the validity of the methodology

exchange-traded products) = 2,272 total equity and bond issuers; see The MiG Report, Toronto Stock Exchange and TSX Venture Exchange (February 2025) (providing number of issuers on the Toronto Exchange); this calculation excludes Canadian funds to avoid double-counting disclosure burdens under rule 237 and rule 7d-2.

⁵ This estimate of respondents only includes foreign issuers; the number of respondents would be greater if foreign underwriters or broker-dealers draft stickers or supplements to add the required disclosure to existing offering documents.

⁶ The Commission's estimate concerning the wage rate for attorney time is based on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association ("SIFMA"); the \$511 per hour figure for an attorney is from SIFMA's *Management & Professional Earnings in the Securities Industry 2013*, modified by Commission staff to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits, overhead, and adjusted to account for the effects of inflation.

and the assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated, electronic collection techniques or other forms of information technology.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB Control Number.

Please direct your written comment to Austin Gerig, Director/Chief Data Officer, Securities and Exchange Commission, c/o Tanya Ruttenberg, 100 F Street NE, Washington, DC 20549 and submit it by e-mail to PaperworkReductionAct@sec.gov within 60 days of publication of this notice, by **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

Dated: April 18, 2025.

Stephanie J. Fouse,

Assistant Secretary.

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