

**SUPPORTING STATEMENT**  
**Form N-8A**

**A. JUSTIFICATION**

**1. Necessity for the Information Collection**

The Investment Company Act of 1940 (“1940 Act”) (15 U.S.C. 80a-1 et seq.) requires investment companies to register with the Commission before they conduct any business in interstate commerce. Section 8(a) of the 1940 Act provides that registration is accomplished at the time that the investment company files a notification of registration with the Commission in such form as the Commission prescribes. Form N-8A is the form for notification of registration that the Commission has adopted under section 8(a).

The purpose of such notification of registration provided on Form N-8A is to notify the Commission of the existence of active investment companies and to enable the Commission to administer the provisions of the 1940 Act with respect to those companies. After an investment company has filed its notification of registration under section 8(a), the company is then subject to the provisions of the 1940 Act which govern certain aspects of its organization and activities, such as the composition of its board of directors and the issuance of senior securities.

Since an investment company is required by section 8(b) to file a detailed registration statement with the Commission within three months after the filing of Form N-8A, the Form N-8A is a simple, short form requiring that the investment company provide only summary identifying information. In order to eliminate unnecessary duplication, if the investment company is filing simultaneously its notification of

registration and registration statement, Form N-8A requires only that the registrant file the cover page (giving its name, address and agent for service of process) and sign the form in order to effect registration.

## **2. Purpose of the Information Collection**

As noted above, the purpose of Form N-8A is to notify the Commission that an investment company is registering under the 1940 Act. The Commission uses this form to determine the existence of active investment companies prior to the filing of the extensive registration statement required by section 8(b). The notification submitted on Form N-8A represents less information than that required in the detailed registration statement required by section 8(b).

## **3. Role of Improved Information Technology**

The Commission's electronic filing system, called EDGAR (for Electronic Data Gathering, Analysis and Retrieval), is designed to automate the filing, processing and dissemination of full disclosure filings. The system permits publicly held companies to transmit their filings to the Commission electronically. As of November 6, 1995, all registered investment companies were required to use EDGAR for their disclosure filings. Therefore, the filing requirement for Form N-8A is satisfied using EDGAR.

## **4. Efforts to Identify Duplication**

The Commission periodically evaluates form-based reporting requirements for duplication and reevaluates them whenever it proposes or amends a rule or form. Form N-8A does not require duplicative reporting. As noted above, an investment company that simultaneously files its notification of registration and its detailed registration statement under section 8(b) may file an abbreviated Form N-8A.

**5. Effect on Small Entities**

Section 8(a) applies to all investment companies required to register under the 1940 Act, both large and small. The Commission believes the burden imposed on any investment company by Form N-8A is small due to the extent and type of information captured by the form.

**6. Consequences of Less Frequent Collection**

Investment companies are required to file Form N-8A only once, so the alternative would be to not require it. If Form N-8A were not required, in order to assure investor protection, the Commission would have to delay registration by investment companies until filing of the section 8(b) statement, a result that would adversely affect all investment companies.

**7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)**

Not applicable.

**8. Consultation Outside the Agency**

The Commission requested public comment on the collection of information requirements in Form N-8A before it submitted this request for extension and approval to the Office of Management and Budget. The Commission received no comments in response to its request.

The Commission proposed amendments to Form N-8A for public comment before their adoption (*see* Investment Company Act Release No. 9782 (May 31, 1977)) and made changes to the form based on the comments it received from the public (*see* Investment Company Act Release No. 10378 (Aug. 28, 1978)). The Commission and

staff of the Division also participate in an ongoing dialogue with representatives of the investment company industry through public conferences, meetings and informal exchanges. These forums provide the Commission and the staff with useful means to identify and address paperwork burdens that may confront the industry.

**9. Payment or Gift to Respondents**

Not applicable.

**10. Assurance of Confidentiality**

Not applicable.

**11. Sensitive Questions**

Not applicable.

**12. Estimate of Hour Burden**

The following estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act. The estimate is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms.

The number of filings of Form N-8A by investment companies is estimated based on the Commission's industry statistics. The hour burden of preparing and filing a Form N-8A is based on the Commission's experience with the contents of Form N-8A and with disclosure documents generally.

The cost of preparing Form N-8A is minimal because there is no filing fee charged and only readily available identifying information concerning the issuer is required. In the case of investment companies that are filing Form N-8A simultaneously with the registration statement under the 1940 Act, Form N-8A may consist of only a signed cover page.

The Commission estimates that approximately 156 investment companies file Form N-8A each year. An investment company has to file Form N-8A only once. The hour burden per investment company of preparing and filing Form N-8A is approximately one hour. Therefore, the total annual hour burden to prepare and file Form N-8A for all investment companies is 156 hours.

Based on an estimated hourly wage rate of the professionals who fill out the form, the total estimated aggregate annual cost of the hour burden to comply with Form N-8A is \$40,716 (\$261 per hour X 156 hours).<sup>1</sup>

### **13. Estimate of Total Annual Cost Burden**

The Commission estimates that the total cost of outside services used in preparing and filing Form N-8A is \$400 per filing annually, for a total annual cost of \$62,400. Such outside services include costs associated with outside counsel and printing.

### **14. Estimate of Cost to the Federal Government**

The annual operation cost to the Commission of reviewing and processing all new registration statements, post-effective amendments, proxy statements, and shareholder reports of investment companies amounted to approximately \$16.8 million in fiscal year 2006, based on our computation of the value of staff time devoted to this activity and related overhead.

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<sup>1</sup> The estimated hourly wage of \$261 is based on published compensation for compliance attorneys outside New York City (\$271/hour) and senior programmers outside New York City (\$251/hour), and the estimate that compliance attorneys and senior programmers would divide time equally on compliance with the proposed disclosure requirements, yielding a weighted hourly wage rate of \$261  $((\$271 \times .50) + (\$251 \times .50)) = \$261$ . The \$271/hour figure for compliance attorneys outside New York City and the \$251/hour figure for senior programmers outside New York City are from the SIA Report on Management & Professional Earnings in the Securities Industry 2005, modified to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

**15. Explanation of Changes in Burden**

The change in the estimate of burden hours for Form N-8A from the previous submission is due to a decrease in the number of respondents. The number of respondents has decreased from 263 to 156, resulting in a decrease of 107 burden hours. The change in the estimate of the total annual cost burden from the previous submission is also due to the decrease in the number of respondents, together with a change in the estimated per filing cost of outside services used in preparing and filing Form N-8A. The estimated per filing cost of outside services used in preparing and filing Form N-8A increased from \$366 per filing to \$400 per filing, however the number of respondents decreased from 263 to 156, resulting in an decrease of \$33,858 in the total annual cost burden.

**16. Information Collection Planned for Statistical Purposes**

Not applicable.

**17. Approval to not Display Expiration Date**

Not applicable.

**18. Exception to Certification Statement**

Not applicable.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

Not applicable.