

**SUPPORTING STATEMENT
For Form N-8F**

A. JUSTIFICATION

1. Necessity for the Information Collection

Section 8(f) of the Investment Company Act of 1940 (the “Act”) provides, in part, that “[w]henever the Commission, on its own motion or upon application, finds that a registered investment company has ceased to be an investment company, it shall so declare by order and upon the taking effect of such order the registration of such company shall cease to be in effect.” (15 U.S.C. 80a-8(f)) In order to expedite the deregistration process and assist funds in preparing their applications, the Commission adopted rule 8f-1 (17 CFR 270.8f-1), allowing an investment company to file an application seeking such a deregistration order (“Deregistration Order”) with the Commission on Form N-8F if the investment company: (1) has sold substantially all of its assets to, merged into, or consolidated with another registered investment company; (2) has distributed substantially all of its assets to its shareholders and has completed, or is in the process of, winding up its affairs; (3) qualifies for an exclusion from the definition of “investment company” under section 3(c)(1) or section 3(c)(7) of the Act (15 U.S.C. §§ 80a-3(c)(1) or 80a-3(c)(7));¹ or (4) has become a business development company.

The present Form N-8F has been in use by the Commission since June of 1999 to gather, in a standardized format, the necessary information for the Commission to make an appropriate decision on the request for a Deregistration Order. Form N-8F assists the

¹ Sections 3(c)(1) and (c)(7) apply to issuers (a) which are not making and do not propose to make a public offering and (b) the outstanding securities of which are either beneficially owned by not more than one hundred people or were acquired exclusively by qualified purchasers.

application process for both the applicants and the Commission, and therefore use of the form continues to be necessary.

2. Purpose of the Information Collection

Form N-8F streamlines the application for Deregistration Orders provided for under section 8(f) of the Act. The form identifies for the applicants the information to submit to allow a determination about whether to issue a Deregistration Order, and provides this information to the Commission in a standardized and readily accessible format. Without Form N-8F the application process would be more difficult and slower.

3. Role of Improved Information Technology

The Commission's electronic filing system, EDGAR, is designed to automate the filing, processing and dissemination of all disclosure filings. The system permits publicly held companies to transmit their filings to the Commission electronically over the Internet, increasing the speed and accuracy of filings. This automation has increased the speed, accuracy, and availability of information, generating benefits to investors and financial markets. Currently, all applications on Form N-8F are required to be filed electronically.

4. Efforts to Identify Duplication

The requests for data in Form N-8F are not duplicated elsewhere and the information is not available from other sources.

5. Effect on Small Entities

Form N-8F is available for use by any investment company seeking deregistration under the circumstances addressed by rule 8f-1, including those that are small entities. Form N-8F simplifies, to the particular benefit of small entities, the deregistration process

by providing an efficient and streamlined means to relay necessary information, and alternative methods to minimize burdens on small entities are not needed.

6. Consequences of Less Frequent Collection

Deregistration is not a recurring event. Investment companies seeking deregistration need to file Form N-8F only once.

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

Not applicable.

8. Consultation Outside the Agency

The Commission and the staff of the Division of Investment Management participate in an ongoing dialogue with representatives of the investment company industry through public conferences, meetings, and informal exchanges. These various forums provide the Commission and the staff with a means of ascertaining and acting upon paperwork burdens confronting the industry.

In addition, this rule was published for notice and comment from the public before the Commission adopted it. The Commission has also requested public comment on the collection of information requirements of Form N-8F before it submitted this request for extension and approval to the Office of Management and Budget. The Commission received no comments from the public in response.

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality

Not applicable.

11. Sensitive Questions

Not applicable.

12. Estimate of Hour Burden

Investment companies generally have the information requested by Form N-8F readily available. Indeed, applicants undergoing a liquidation or a merger will generally have already assembled at least some of the requested information as required under their respective state laws governing such transactions. Approximately 251 investment companies file a Form N-8F annually.² The Commission staff has estimated the average amount of time required to complete the Form N-8F to be three hours.³ Therefore, the total burden per year for all applicants would be 753 hours, amounting to a total annual cost to the industry estimated at \$118,974.⁴

13. Estimate of Total Annual Cost Burden

The Commission staff estimates that there is no cost burden of Form N-8F excluding that identified in Item No. 12 of this Supporting Statement.

14. Estimate of Cost to the Federal Government

The annual operating cost of reviewing and processing new registration statements, post effective amendments, proxy statements, and shareholder reports of investment companies amounted to approximately \$16.8 million in fiscal year 2006,

² The estimate is based on the number of applications filed with the Commission in 2006.

³ The estimate is adopted from the previous Paperwork Reduction Act submission generated in December 1998 at the time of the most recent amendment to Form N-8F.

⁴ The cost figure is based on an hourly wage rate of \$158 for paralegal time. The \$158/hour figure for a paralegal is from the SIA Report on Management & Professional Earnings in the Securities Industry 2006, modified to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead.

based on our computation of the value of staff time devoted to this activity and related overhead.

15. Explanation of Changes in Burden

The change in the estimated annual burden hours for all applicants from 783 hours to 753 hours is based on the decrease in the estimated annual number of filings since the previous submission from 261 to 251.

16. Information Collection Planned for Statistical Purposes

Not applicable

17. Approval to not Display Expiration Date

Not applicable

18. Exceptions to Certification Statement

Not applicable

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable