

SUPPORTING STATEMENT
Form S-6

A. JUSTIFICATION

1. Necessity for the Information Collection

Two separate statutes require unit investment trusts (“UITs”) offering their securities to the public to file registration statements with the Commission: (1) the Securities Act of 1933 (15 U.S.C. 77a et seq.) (“Securities Act”) and (2) the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.) (“Investment Company Act”).

Under the Securities Act a company must have filed a registration statement with the Commission before it offers a new issue of securities to the public by the use of the mails or other channels of interstate commerce (15 U.S.C. 77e(a)). In addition, the Securities Act also requires, either prior to the sale or at the time of confirmation or delivery of the securities, an issuing company to furnish investors with a prospectus containing pertinent information set forth in the registration statement (15 U.S.C. 77e(b)). The purpose of the registration statement and the prospectus is to provide disclosure of financial and other information that investors may use to make informed decisions regarding the merits of the securities offered for sale.

Form S-6 is used for registration under the Securities Act of the securities of any UIT that is registered under the Investment Company Act on Form N-8B-2.¹ A separate registration statement under the Securities Act must be filed for each series of units

¹ Form N-8B-2 is the form used for registration statements filed by UITs under the Investment Company Act (except for UITs that are insurance company separate accounts issuing variable annuity or variable life insurance contracts, which instead register on Form N-4 and Form N-6, respectively). The form requires that certain material information about the trust, its sponsor, its trustees, and its operation be disclosed. The registration on Form N-8B-2 is a one-time filing that applies to the first series of the UIT as well as any subsequent series that is issued by the trust. The securities issued for each series, however, are subject to a separate registration requirement under the Securities Act.

issued by the trust. Form S-6 consists of, among other things, a prospectus, certain written consents, an undertaking to file supplementary information, and certain exhibits containing financial and other information required in the registration statement but not required to appear in the prospectus.

Section 10(a)(3) of the Securities Act (15 U.S.C. 77j(a)(3)) provides that when a prospectus is used more than nine months after the effective date of the registration statement, the information therein shall be as of a date not more than sixteen months prior to such use. As a result, most UITs update their registration statements under the Securities Act on an annual basis in order that their sponsors may continue to maintain a secondary market in the units. UITs that are registered under the Investment Company Act on Form N-8B-2 file post-effective amendments to their registration statements on Form S-6 in order to update their prospectuses.

2. Purpose of the Information Collection

The purpose of Form S-6 is to provide a means of meeting the filing and disclosure requirements of the Securities Act so as to provide investors with information necessary to evaluate an investment in the UIT. This information collection differs significantly from many other federal information collections that are primarily for the use and benefit of the collecting agency. The form assures the public availability and dissemination of the information it solicits and permits verification of compliance with securities law requirements.

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. This automation has increased the speed, accuracy and availability of information, generating benefits to investors and financial markets. All UITs filing Form S-6 must use EDGAR to file the form. The public may access filings on EDGAR through the Commission's Internet Web site (<http://www.sec.gov>) or at EDGAR terminals located at the Commission's public reference rooms.

4. Efforts to Identify Duplication

Form S-6 requires a prospectus that includes much of the information requested in Form N-8B-2. Form N-8B-2, however, is filed only once to register the UIT under the Investment Company Act.²

5. Effect on Small Entities

² To eliminate the duplicative information presented in the registration forms used by UITs, the Commission has proposed and repropounded, but has not yet adopted, Form N-7, an integrated disclosure form under the Securities Act and the Investment Company Act. See, Investment Company Act Release No. 14513 (May 14, 1985) [50 FR 21282 (May 23, 1985)]; Investment Company Act Release No. 15612 (Mar. 9, 1987) [52 FR 8268 (March 17, 1987)].

Duplication has been lessened for insurance company separate accounts organized as UITs that offer variable annuity or variable life insurance contracts, because each such entity registers offerings of securities under the Securities Act and registers as an investment company under the Investment Company Act using a single form, Form N-4 (for insurance company separate accounts organized as UITs that offer variable annuity contracts) or Form N-6 (for insurance company separate accounts organized as UITs that offer variable life insurance contracts).

Because investors in a UIT are entitled to material information about the trust whether it is large or small, Form S-6's requirements apply equally to all UITs that are registered under the Investment Company Act on Form N-8B-2, regardless of size. The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act, to identify methods to minimize recordkeeping or reporting requirements affecting small businesses.

6. Consequences of Less Frequent Collection

In the absence of the disclosure requirements in Form S-6, investors may not receive information necessary to make informed investment decisions, and consumer confidence in the securities industry could be adversely affected. In addition, less frequent collection would mean that current information might not be available to investors.

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

Not applicable.

8. Consultation Outside the Agency

Form S-6 has previously been amended through rulemaking actions pursuant to the Administrative Procedures Act. Comments are generally received from registrants, trade associations, the legal and accounting professions, and other interested parties. In addition, the Commission and 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. The Commission staff has also solicited comments from the public on proposed Form N-7 and has received comments on Forms N-4 and N-6, which replaced Form S-6 for insurance company separate

accounts offering variable annuity contracts and variable life insurance contracts, respectively, as discussed in footnote 2 above.

The Commission requested public comment on the collection of information requirements for Form S-6 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.

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 number of UITs filing Form S-6 are estimates based on the Commission's industry statistics.³ The hour burden estimates for preparing and filing Form S-6 are based on consultations with a sampling of filers and the Commission's experience with the contents of the form. The number of burden hours may vary depending on, among other things, the complexity of the filing and whether preparation of the forms is performed by fund staff or outside counsel. The estimated average burden hours are made solely for purposes of the Paperwork Reduction Act and are not derived from a quantitative, comprehensive, or even representative survey or study of the burdens associated with Commission rules and forms.

³ The estimated number of Forms S-6 filed annually are based on the number of filings in calendar year 2006.

This collection of information is used for registration under the Securities Act of securities of any UIT registered under the Investment Company Act on Form N-8B2.

Compliance with the disclosure requirements of Form S-6 is mandatory.

Form S-6 imposes two types of reporting burdens on UITs that are registered under the Investment Company Act on Form N-8B-2: (1) the burden of preparing and filing the initial Form S-6; and (2) the burden of preparing and filing post-effective amendments. The Commission estimates that the burden hours that will be imposed by Form S-6 are as follows:

Calculation of Hour Burden of Initial Form S-6 Filings

- Number of initial Form S-6 filings annually 653
- Hour burden per initial Form S-6 filing 35

- Number of portfolios in initial Form S-6 annually 1
- Hour burden per portfolio for initial Form S-6 35
- Total annual hour burden for initial Form S-6 filings
(number of filings x hours per filing) 22,855

Calculation of Hour Burden of Post-Effective Amendments

- Number of post-effective amendments annually 700
- Hour burden per post-effective amendments 35
- Number of portfolios in post-effective amendments to Form S-6 annually 1
- Hour burden per portfolio for post-effective Form S-6 35
- Total annual hour burden to prepare post-effective amendments
(number of filings x hours per filing) 24,500

Total Annual Hour Burden

- Annual hours for post effective amendments
+ annual hours for initial Form S-6 filings
(22,835 + 24,500) = 47,355

Total Filings on Form S-6

- Initial filings + post-effective amendments
(653 + 700) = 1,353

Weighted Average Hour Burden Per Filing

- Total hour burden/total Form S-6 filings
(47,355/1,353) = 35

Based on the estimated wage rate, the total cost to the industry of the hour burden for complying with Form S-6 is approximately \$11,957,137.⁴

13. Estimate of Total Annual Cost Burden

Cost burden is the cost of goods and services purchased to prepare and update Form S-6, such as for the services of independent auditors and outside counsel. The cost burden does not include the hour burden discussed in Item 12. Estimates are based on the Commission’s experience with the filing of registration forms.

The total annual cost burden to respondents for outside professionals associated with the collection of data relating to Form S-6 is currently \$49,797,000. The new total cost burden allocated to Form S-6 would be as follows:

Cost Burden of Preparing and Filing Initial Form S-6

⁴ The cost to the industry is calculated by multiplying the total annual hour burden (47,355 hours) by the estimated hourly wage rate of \$252.50. The estimated wage figure is based on published rates for compliance attorneys (\$48.79) and programmers (\$45.61), modified to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead, yielding effective hourly rates of \$261 and \$244, respectively. See Securities Industry Association, Report on Management & Professional Earnings in the Securities Industry 2006. The estimated wage rate was further based on the estimate that attorneys and programmers would divide time equally, resulting in a weighted wage rate of \$252.50 (((\$261 x .50) + (\$244 x .50)).

- Cost burden per portfolio of preparing and filing initial Form S-6 \$30,000
- Number of initial Form S-6s filed annually 653
- Cost burden of preparing and filing initial Form S-6 \$19,590,000

Cost Burden of Preparing and Filing Post-Effective Amendments

- Cost burden per portfolio of preparing and filing post-effective amendments \$13,500
- Number of post-effective amendments filed annually 700
- Cost burden of preparing and filing post-effective amendments \$9,450,000

Total Cost Burden

- Initial Form S-6
+ Post-effective Amendments
Total \$29,040,000

14. Estimate of Cost to the Federal Government

The annual 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, based on the Commission's computation of the value of staff time devoted to this activity and related overhead.

15. Explanation of Changes in Burden

Currently, the approved annual hour burden for preparing and filing reports on Form S-6 is 107,800 hours based upon the previous estimate of 3,080 responses. The new estimate of the total annual hour burden is 47,355 hours based upon the new estimated total number of 1,353 responses. Therefore, there has been a decrease of the total annual hour burden for Form S-6 filings of 60,445 hours. The total approved annual cost burden to respondents for outside professionals associated with the collection of data relating to Form S-6 decreased from \$49,797,000 to \$29,040,000; a net decrease of \$20,757,000. The decreases in the burden hours and cost estimates can be attributed to a previously high estimate for the number of post-effective amendments expected to be filed.

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. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHOD

Not applicable.