

SUPPORTING STATEMENT
Form N-8b-4

A. JUSTIFICATION

1. Necessity for the Information Collection

Section 8(b) of the Investment Company Act of 1940 (“1940 Act”) requires every investment company that has registered with the Commission by filing a notification of registration, to file a registration statement under the 1940 Act within a reasonable time thereafter. Pursuant to rule 8b-5 under the 1940 Act (17 CFR 270.8b-5), the registration statement must be filed within three months after the filing of the notification of registration. The registration statement is required to be in such form and to contain such information and documents as the Commission prescribes as necessary or appropriate in the public interest or for the protection of investors. Generally, a registration statement under the 1940 Act is required to contain information with respect to: (a) the registrant’s classification or sub-classification as defined in Sections 4 and 5 of the 1940 Act; (b) borrowing money or securities; (c) the issuance of senior securities; (d) the extent to which the company will engage in the business of underwriting securities issued by others; (e) the concentration of portfolio investments in a particular industry or industries; (f) the purchase and sale of real estate and commodities; (g) loans to other persons; (h) portfolio turnover; and (i) any fundamental policies of the company.

To facilitate the registration under the 1940 Act by different types of investment companies, the Commission has adopted separate registration forms which vary in their registration requirements. The forms require disclosure of the essential facts pertinent to each type of investment company while at the same time minimizing the burden and expense of compliance with the law.

Registration statements become public immediately upon filing and the public has access to any such filing through the Commission's Public Reference Room. The Commission staff reviews registration statements under the 1940 Act for the adequacy and accuracy of the disclosure contained within. However, the Commission does not disapprove of the merits of any offering made by an investment company. Registration statements under the 1940 Act are not declared effective by the staff but, rather, become effective upon filing. A registrant may choose to amend such filings to correct deficiencies in the registration statement discovered after the statement was filed or to incorporate any important changes or developments.

Form N-8b-4 was adopted by the Commission in 1950 and is the registration statement designed for use by face-amount certificate companies.¹ Such investment companies issue certificates obliging the company to pay, at maturity, fixed sums (*e.g.* the face amounts of the certificates) to purchasers who have made single payments or a series of installment payments. The rates of return on the certificates issued by face-amount certificate companies are almost entirely predetermined although such companies may, and on occasion do, vote supplemental credits in addition to the interest rate called for by the certificate. Form N-8b-4 requires face-amount certificate issuers to disclose in the 1940 Act registration statement information that relates to the unique features of such investment companies in addition to the more general types of information required to be disclosed by all investment company registrants in the registration statement under the 1940 Act.

2. Purpose of the Information Collection

Registration statements are required in order to provide the Commission, investors, and the public with certain basic information about investment companies. The information enables

¹ In addition to filing a registration statement on Form N-8b-4, face-amount certificate companies file a registration statement on Form S-1 to comply with the Securities Act of 1933.

the Commission to determine whether a company's operations and policies comply with the 1940 Act and provides information upon which the Commission may base changes in its regulatory program for companies subject to the form. Absent the requirement to file, the Commission would be unable to determine whether the operations of investment company registrants are in compliance with that Act or whether changes are necessary regarding the regulation of such companies.

3. Role of Improved Information Technology

The Commission's electronic filing system ("EDGAR") automates 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 face-amount certificate companies must file Form N-8b-4 electronically.

4. Efforts to Identify Duplication

Form S-1, the form used by face-amount certificate companies to register their securities under the Securities Act of 1933, requires a prospectus that includes much of the information requested in Form N-8b-4. To eliminate duplicative information presenting in the registration forms used by face-amount certificate companies, the Commission allows face-amount certificate companies to respond to many of the items called for by the Form N-8b-4 by incorporating by reference certain disclosures contained in face-amount certificate companies' Form S-1 registration statement.²

Other than the information required in Form S-1, the Commission believes that there are no duplicative, overlapping, or conflicting federal rules with Form N-8b-4.

² See Rule 8b-23 under the 1940 Act and General Instruction 1 to Form N-8b-4.

5. Effect on Small Entities

Form N-8b-4 must be filed by all face-amount certificate companies, regardless of size. It would not be in the best interest of investors to reduce the reporting and recordkeeping requirements for small entities.

6. Consequences of Less Frequent Collection

Section 8(b) of the 1940 Act requires each registered investment company to file an initial registration with the Commission that includes certain information about the company and recites the company's policies on certain significant matters. Absent information collection on Form N-8b-4, face-amount certificate companies would fail to satisfy this legal requirement.

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

Not applicable.

8. Consultation Outside the Agency

Prior to its adoption in 1950, Form N-8b-4 was proposed for public comment. The form was adopted after consideration by the Commission of all views and comments received.

The Commission requested public comment on the collection of information requirements of Form N-8b-4 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 following estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.), and are not derived from a quantitative, comprehensive, or even representative survey or study of the burdens associated with Commission rules and forms.

Based on the Commission's experience with Form N-8b-4 and with disclosure documents in general, we estimate that the reporting burden of compliance with Form N-8b-4 is approximately 171 hours per respondent.³ We estimate the total number of respondents for Form N-8b-4 is one. Each registrant files Form N-8b-4 for its initial filing and does not file any post-effective amendment to Form N-8b-4.⁴ Therefore, we estimate the total annual hour burden for this form to be 171 hours (171 burden hours per respondent x 1 respondent x 1 response = 171 total annual burden hours).

³ This figure comes from the last OMB information collection approval for this form which occurred in 2005. The form or the burden of compliance has not changed since the last approval. Of the four existing face-amount certificate companies, none has filed a Form N-8b-4 in many years making it difficult to estimate any change in burden hours.

⁴ Pursuant to Section 30(b)(1) of the 1940 Act, each respondent keeps its registration statement current through the filing of periodic reports as required by Section 13 of the Securities Exchange Act of 1934 and the rules thereunder. Post-effective amendments are filed with the Commission on the face-amount certificate company's Form S-1 (Securities Act of 1933 registration statement for face-amount certificate companies). Hence, respondents only file Form N-8b-4 for their initial registration statement and not for post-effective amendments.

Of the 171 hours spent annually for compliance with Form N-8b-4, the Commission estimates that:

- Seventy four percent (127 hours) are spent by compliance attorneys at an estimated hourly wage of \$270, for a total of \$34,290 per year;
- Twenty six percent (44 hours) are spent by clerical staff at an estimated hourly wage of \$40, for a total of \$1,760 per year.

Thus, the estimated aggregate annual cost of the hour burden for initial N-8b-4 filings is \$36,050 (\$34,290 + \$1,760).⁵

13. Estimate of Total Annual Cost Burden

The preparation and filing of Form N-8b-4 by face-amount certificate companies will not require any investment in capital equipment. The total cost burden computed below is the cost of services purchased to prepare Form N-8b-4 and does not include the cost of the hour burden discussed in Item 12:

Total Annualized Cost Burden of Preparing and Filing Form N-8b-4

Cost burden per filing of preparing and filings Form N-8b-4	\$ 7,500
Number of Form N-8b-4s filed annually	1
Cost burden of preparing and filing Form N-8b-4	\$ 7,500

The total annualized cost burden of preparing and filing Form N-8b-4 is based on the Commission's industry statistics and was derived by comparison of Form N-8b-4 with other disclosure documents.⁶

⁵ The Commission's estimates concerning wage rates for compliance attorneys and clerical staff time is based on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association. See SIFMA's Report on Management and Professional Earnings in the Securities Industry 2007 (September 2007).

⁶ This figure comes from the last OMB information collection approval for this form which occurred in 2005. The form or the burden of compliance has not changed since the last approval.

14. Estimate of Cost to the Federal Government

There are no agency records, prior to FY80, that would permit us to compute the cost of developing Form N-8b-4. The annual operation cost of reviewing and processing all new registration statements, post-effective amendments, proxy statements, and shareholder reports of investment companies amounted to approximately \$20.8 million in fiscal year 2007, based on our computation of the value of staff time devoted to this activity and related overhead.

15. Explanation of Changes in Burden

The current burden hours for Form N-8b-4 remains unchanged at 171 hours since the last time it was approved. The total annualized cost burden remains unchanged at \$7,500 since the last time it was approved.⁷

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.

⁷ Although the total annualized cost burden of compliance has not changed since the last approval, we note that the previously submitted cost burden was required to be rounded to \$7,000 for purposes of form 83-I which has since been revised.