

**SUPPORTING STATEMENT
FORM N-6F**

A. JUSTIFICATION

1. Necessity for the Information Collection

a. Investment Company Act of 1940

The Securities and Exchange Commission is statutorily mandated to ensure that information essential for informed decision-making in connection with the purchase and sale of publicly traded securities is publicly disclosed. In particular, Section 7(a) of the Securities Act of 1933 (“1933 Act”) states that a registration statement for the public offer and sale of securities “shall contain such . . . information, and shall be accompanied by . . . documents, as the Commission may by rules or regulations require as being necessary or appropriate in the public interest or for the protection of investors.”

In order to engage in business, an investment company is required by Section 7 of the Investment Company Act of 1940 (“1940 Act”) to register under Section 8(a) of the 1940 Act and to file a registration statement under Section 8(b) containing such information as the Commission has determined to be necessary or appropriate in the public interest or for the protection of investors. 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.

The purpose of this notification requirement 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.

Section 8(b) of the 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. 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 (i) the registrant's classification or subclassification as defined in Sections 4 and 5 of the 1940 Act; (ii) borrowing money or securities; (iii) the issuance of senior securities; (iv) the extent to which the company will engage in the business of underwriting securities issued by others; (v) the concentration of portfolio investment in a particular industry or industries; (vi) the purchase and sale of real estate and commodities; (vii) loans to other persons; (viii) portfolio turnover; and (ix) any fundamental policies of the company.

Section 5(c) of the 1933 Act requires a company to have filed a registration statement with the Commission before it offers securities to the public by the use of the mails or other channels of interstate commerce, and section 5(a) of the 1933 Act requires the registration statement to become effective before the securities are sold. Section 5(b) requires that a prospectus containing the pertinent information set forth in the registration statement be

furnished to the purchaser prior to the sale or at the time of confirmation or delivery of the securities to the purchaser.

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

b. Form N-6F

Most investment companies having more than one hundred shareholders are subject to the regulatory provisions contained in Sections 1 through 53 of the 1940 Act. Certain investment companies, however, can elect to be regulated pursuant to Sections 55 through 65 of the 1940 Act. The latter system of regulation designated business development companies greater flexibility in their capital structure, compensation of directors and officers, and transactions with portfolio companies than does the system of regulation embodied in other sections of the 1940 Act.

Because the system of regulation contained in Sections 55 through 65 of the 1940 Act is elective, business development companies must notify the Commission of their election to be regulated pursuant to those sections.¹ Certain companies may have to make a filing with the Commission before they are ready to elect to be subject to Sections 55 through 65 of the 1940 Act.² A company that is excluded from the definition of “investment company” by Section 3(c)

¹ Section 54(a) of the 1940 Act.

² A company might not be prepared to elect to be subject to Sections 55 through 65 of the 1940 Act because its capital structure or management compensation plan is not yet in compliance with

(1) of the 1940 Act because it has fewer than one hundred shareholders and is not making a public offering of its securities (and, therefore, is not subject to the requirements of the 1940 Act) may lose its exclusion solely because it proposes to make a public offering of securities as a business development company. The company would not lose its exclusion, under certain conditions, if it notifies the Commission of its intent to make an election. To save companies the expense of drafting their own form of notification, and to expedite processing, the Commission has adopted Form N-6F as the Form for notice of intent to file a notification of election to be regulated as a business development company.

2. Purpose of the Information Collection

The purpose of Form N-6F is to allow business development companies to take advantage of the less burdensome regulatory provisions available to such companies under the 1940 Act. If this Form were not available, the Commission would have no means of implementing the less burdensome regulatory provisions of the 1940 Act applicable to business development companies. There would be a lack of uniformity in the manner in which the Commission was notified of registrant elections, and uncertainty would exist among registrants as to whether they could avail themselves of the special business development company provisions.

3. Role of Improved Information Technology

The Commission's electronic filing system (Electronic Data Gathering, Analysis and Retrieval or "EDGAR") is designed to automate the filing, processing and dissemination of full

the requirements of those sections.

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. As of May 1996, all funds file Form N-6F electronically via EDGAR.

4. Efforts to Identify Duplication

Completing and filing Form N-6F does not call for duplicative, overlapping, or conflicting disclosure. The Commission staff reviews the collection of information requirements on an ongoing basis to find and eliminate duplicative requirements.

5. Effect on Small Entities

The current disclosure requirements for Form N-6F do not distinguish between small entities and other funds. Many business development companies that have elected to be regulated under the 1940 Act, however, may be small entities. By allowing business development companies to utilize the less burdensome regulatory provisions of the 1940 Act, the Form contributes to a lessening of the overall paperwork burden on these entities. There is no fee for filing the Form.

6. Consequences of Less Frequent Collection

The Form must be filed only once.

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

Not applicable.

8. Consultation Outside the Agency

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. These various forums provide the Commission and the staff with a medium of ascertaining and acting upon paperwork burdens confronting the industry.

The Commission requested public comment on the collection of information requirements in Form N-6F 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 estimate of average burden hours and costs is made solely for purposes of the Paperwork Reduction Act and is not derived from a quantitative, comprehensive, or even representative survey or study of the burdens associated with Commission rules and forms.

Number of respondents	6
Frequency of response per respondent	1
Hours per response	0.5
Total annual burden	3

The Commission, using an estimated hourly wage rate of \$511 for Deputy General Counsel,³ estimates that the total annual cost of the hour burden imposed by Form N-6F is \$1,533.

13. Estimate of Total Annual Cost Burden

The Form must be filed only once and just by the few investment companies that file notice of intent to elect to be regulated as a business development company. As a result, the total annualized cost burden for Form N-6F, other than the cost burden outlined in Item 12 of this Supporting Statement, is minimal.

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 \$20,770,000 in fiscal year 2007, based on the Commission's computation of the value of staff time devoted to this activity and related overhead. The Commission does not expect a change in staff time or annual operating costs to review and process the registration forms and proxy statements because of the minimal change in the number of respondents filing Form N-6F.

15. Explanation of Changes in Burden

³ Based on salaries and earnings from the Securities Industry and Financial Markets Association, Report on Management & Professional Earnings in the Securities Industry 2007 (Sept. 2007).

Currently, the approved annual hour burden for preparing and filing registration statements on Form N-6F is 1 hour based on the previous estimate of 2 responses. The new estimate of the total annual hour burden is 3 hours based on the new estimated total number of responses of 6. The increase in the total annual hour burden is 2 hours. This increase is due to the increase in our estimates of the annual number of responses.

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 METHODS

Not applicable.