

SUPPORTING STATEMENT
Form N-8B-2

A. JUSTIFICATION

1. Necessity for the Information Collection

Unit investment trusts (“UITs”) are required to register with the Securities and Exchange Commission (“Commission”) as investment companies under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.) (the “Investment Company Act”). Section 8(b) of the Investment Company Act (15 U.S.C. 80a-8(b)) provides that each registered investment company must file a registration statement with the Commission that includes certain information about the company and recites the company’s policies on certain significant matters. UITs other than separate accounts that are currently issuing securities, including UITs that are issuers of periodic payment plan certificates and UITs of which a management investment company is the sponsor or depositor, satisfy this requirement by filing on Form N-8B-2. Among other items, this Form requires disclosure about the organization of a UIT, its securities, the personnel and affiliated persons of the depositor, distribution and redemption of securities, the trustee or custodian, and financial statements.

UITs also may be required to register offerings of securities with the Commission under the Securities Act of 1933 (15 U.S.C. 77a et seq.) (“Securities Act”). Section 5 of the Securities Act (15 U.S.C. 77e) requires that, unless an exemption is available, a registration statement be filed before any securities are offered to the public by use of the mails or other facilities of interstate commerce, and that the statement be declared effective before any securities are sold. The purpose of the registration statement is not to gather information for the Commission to use,

but rather to provide disclosure of financial and other information on the basis of which investors may make informed decisions regarding the merits of the securities being offered for sale. To that end, section 5(b) of the Securities Act (15 U.S.C. 77e(b)) requires that investors be furnished with a prospectus containing material information along with or prior to the confirmation of sale or delivery of securities, whichever occurs first. UITs that are required to file on Form N-8B-2 to register under the Investment Company Act satisfy the requirements imposed under the Securities Act by filing a registration statement on Form S-6. This form requires a prospectus that includes much of the information required in Form N-8B-2 and certain financial statements for the trust, in addition to undertakings by the UIT to file, among other things, periodic reports with the Commission.

For UITs that are required to file on Form N-8B-2 to register under the Investment Company Act, the Commission has yet to adopt an integrated registration form satisfying the requirements of the Securities Act and the Investment Company Act. Absent an integrated disclosure system, filings on Form N-8B-2 serve as the only means by which such UITs can satisfy the filing and disclosure requirements imposed by section 8(b) of the Investment Company Act.

2. Purpose of the Information Collection

The purpose of Form N-8B-2 is to satisfy the filing and disclosure requirements of the Investment Company Act. This information collection differs significantly from many other federal information collections, which are primarily for the use and benefit of the collecting agency. The information required to be filed with the Commission assures the public availability

and dissemination of the information and permits verification of compliance with Investment Company Act 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 all 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 N-8B-2 are required to use EDGAR to make such filings.

4. Efforts to Identify Duplication

Form S-6, the form used by certain UITs to register their securities under the Securities Act, requires a prospectus that includes much of the information requested in Form N-8B-2. To eliminate the duplicative information presented in the registration forms used by those UITs, the Commission has proposed¹ and repropoed,² but has not yet adopted, Form N-7, an integrated disclosure form under the Securities Act and the Investment Company Act.

Other than the information required in Form S-6, the Commission believes that there are no federal rules duplicating, overlapping, or conflicting with Form N-8B-2.

5. Effect on Small Entities

The current disclosure requirements for registration statements do not distinguish between small entities and other investment companies. The burden on smaller investment

¹ Investment Company Act Release No. 14513 (May 14, 1985) (50 FR 21282 (May 23, 1985)).

² Investment Company Act Release No. 15612 (Mar. 9, 1987) (52 FR 8268 (Mar. 17, 1987)).

companies to prepare and file registration statements may be greater than for larger investment companies. The Commission believes, however, that imposing different requirements on smaller investment companies would not be consistent with investor protection and the purposes of the registration statements. 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

Section 8(b) of the Investment Company 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-2, UITs required to file on Form N-8B-2 to register under the Investment Company Act 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

The Commission and the staff of the Division of Investment Management participate in an ongoing dialogue with representatives of the investment company industry and 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.

The Commission requested public comment on the information collection requirement with respect to Form N-8B-2 before submitting this request for extension 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.

Form N-8B-2 imposes two types of reporting burdens on UITs: the burden of preparing and filing the initial Form N-8B-2 and the burden of preparing and filing post-effective amendments. The Commission estimates that the burden hours that would be imposed by Form N-8B-2 are as follows:

Calculation of Hour Burden

Initial Form N-8B-2 Filings

The Commission estimates that approximately two respondents each file one Form N-8B-2 initial filing annually with the Commission. Based on consultations by Commission

staff with a sample of filers, we estimate that the burden for compliance with Form N-8B-2 would require approximately 44 hours per initial filing. The total hour burden per initial Form N-8B-2 filing therefore would be 88 hours in the aggregate (2 respondents x 1 initial filing per respondent x 44 hours per initial filing). Based on an estimated wage rate of the professionals who fill out the form, the total estimated aggregate annual cost of the hour burden for initial Form N-8B-2 filings is \$24,728 (\$281 x 88 hours).³

Post-Effective Amendments

The Commission estimates that approximately 14 respondents each file one post-effective amendment to Form N-8B-2 annually with the Commission. Based on consultations by Commission staff with a sample of filers and the Commission's experience with disclosure documents generally, we estimate that the burden for preparing post-effective amendments to Form N-8B-2 requires approximately 16 hours per filing. The total burden hours for Form N-8B-2 filings would be 224 hours in the aggregate (14 respondents x one post-effective amendment per respondent x 16 hours per post-effective amendment). Based on an estimated wage rate of the professionals who fill out the form, the total estimated aggregate annual cost of the hour burden for Form N-8B-2 post-effective amendments is \$62,944 (\$281 x 224 hours).⁴

³ The estimated wage figure is based on published rates for Compliance Attorneys (\$270) and Senior Programmers (\$292). The \$270/hour figure for a Compliance Attorney and \$292/hour figure for a Senior Programmer are from SIFMA's Management & Professional Earnings in the Securities Industry 2008, modified by Commission staff to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead. The estimated wage rate was further based on the estimate that Compliance Attorneys and Senior Programmers would divide time equally, resulting in a weighted wage rate of \$281 (((\$270 x .50) + (\$292 x .50)).

⁴ Id.

Total N-8B-2 Annual Hour Burden

$$\begin{aligned} & 88 \text{ (estimated aggregate annual hour burden for initial filings)} \\ + & \underline{224} \text{ (estimated aggregate annual hour burden for post-effective amendments)} \\ = & 312 \end{aligned}$$

Total Filings on Form N-8B-2

$$\begin{aligned} & 2 \text{ (initial filing)} \\ + & \underline{14} \text{ (post-effective amendments)} \\ = & 16 \end{aligned}$$

Weighted Average Hour Burden Per Filing

Total annual hour burden/total N-8B-2 filings

$$312/16 = 19.5$$

The number of filings on Form N-8B-2 is based on the Commission's industry statistics and the hourly annual burden was derived by comparison of Form N-8B-2 with other disclosure documents and Commission staff's consultation with a sample of filers under both the Investment Company Act and the Securities Act. The number of burden hours may vary depending on the complexity of the filing, the levels of experience in preparing Form N-8B-2, and whether preparation of Form N-8B-2 is performed by the sponsor's legal staff or outside counsel.

13. Estimate of Total Annual Cost Burden

The preparation and filing of Form N-8B-2 and any post-effective amendments by UITs 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-2 and is based on consultations with a sample of filers. The dollar amounts have been adjusted for the effects of inflation since 2001:⁵

Cost Burden of Preparing and Filing Initial Form N-8B-2

Cost burden per filing of preparing and filing initial Form N-8B-2	\$ 9,150
Number of initial Form N-8B-2s filed annually	2
Cost burden of preparing and filing initial Form N-8B-2	\$ 18,300

Cost Burden of Preparing and Filing Post-Effective Amendments

Cost burden of preparing and filing post-effective amendments to Form N-8B-2	\$6,100
Number of post-effective amendments to Form N-8B-2 filed annually	14
Cost burden of preparing and filing post-effective amendments to Form N-8B-2	\$85,400

Total Cost Burden

Initial Form N-8B-2	\$ 18,300
+ Post-effective amendments	<u>\$ 85,400</u>
Total	\$ 103,700

This estimate is based on information obtained from a sample of participants in the UIT industry, adjusted for the effects of inflation since 2001. This cost burden does not include the cost of the hour burden discussed in item 12.

⁵ In 2001, we estimated the cost burden per filing for preparing and filing initial Form N-8B-2 to be \$7,500 per filing and the cost burden for preparing and filing post-effective amendments to Form N-8B-2 to be \$5,000 per filing. To account for the effects of inflation since that time, we adjusted these figures upwards based on the information provided by the inflation calculator on the Bureau of Labor Statistics Web site (http://www.bls.gov/data/inflation_calculator.htm), resulting in a cost burden for preparing and filing initial Form N-8B-2 of approximately \$9,150 per filing and a cost burden for preparing and filing post-effective amendments to Form N-8B-2 of approximately \$6,100 per filing.

14. Estimate of Cost to the Federal Government

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 \$19.6 million in fiscal year 2008, based on our 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 registration statements on Form N-8B-2 is 188 hours and the total cost burden allocated to Form N-8B-2 is \$52,500. These burdens were based on the previous estimate of 10 responses (1 initial filing + 9 post-effective amendments = 10 total responses). The previous total cost burden was also based on the previous estimate of \$7,500 for the cost burden per filing of preparing and filing an initial Form N-8B-2 and \$5,000 for the cost burden per filing of preparing and filing a post-effective amendment to Form N-8B-2.

The new estimate of the total annual hour burden is 312 hours and the new estimate of the total cost burden is \$103,700. These new burdens are based on the new estimated total number of responses of 16 (2 initial filings + 14 post-effective amendments = 16 total responses) and the new estimates of \$9,150 for the cost burden per filing of preparing and filing an initial Form N-8B-2 and \$6,100 for the cost burden per filing of preparing and filing a post-effective amendment to Form N-8B-2. The increase in the total annual hour burden of 124 hours and the increase in the total annual cost burden of \$51,200 are due to an increase in estimated responses representing initial filings and an increase in the estimated number of responses representing

post-effective amendments. The increase in the total annual cost burden is also due to an adjustment to the prior cost burden per filing estimates to account for inflation.

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.