

**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));<sup>1</sup> or (4) has become a business development company.

Form N-8F (17 CFR 274.218) is the form prescribed for use by registered investment companies in certain circumstances to request such a Deregistration Order. The form requests information about (i) the investment company’s identity, (ii) the

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<sup>1</sup> 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.

investment company's distributions, (iii) the investment company's assets and liabilities, (iv) the events leading to the request to deregister, and (v) the conclusion of the investment company's business. The information is needed by the Commission to determine whether a Deregistration Order is appropriate.

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 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 (Electronic Data Gathering, Analysis and Retrieval or "EDGAR") is designed to automate the filing, processing, and dissemination of full disclosure filings. The system permits publicly held companies to transmit filings to the Commission electronically. This automation has increased the speed, accuracy, and availability of information, generating benefits to investors and financial markets. All applications on Form N-8F are required to be filed electronically on EDGAR. (17 CFR 232.101(a)(1)(i) and (iv)). 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**

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. 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**

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 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 collection of information requirements in Form N-8F 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**

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 330 investment companies file a Form N-8F annually.<sup>2</sup> The Commission staff has estimated the average amount of time required to complete the Form N-8F to be three hours.<sup>3</sup> Therefore, the total burden per year for all applicants would be 990 hours, amounting to a total annual cost to the industry estimated at \$159,390.<sup>4</sup> The current approved annual hour burden

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<sup>2</sup> The estimate is based on the number of applications filed with the Commission in 2009.

<sup>3</sup> 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.

<sup>4</sup> The cost to the industry is calculated by multiplying the total annual hour burden (990 hours) by the published hourly wage rate for Paralegals (\$161) from SIFMA's

for completing Form N-8F is 753 hours. The increase in estimated annual burden hours for all applicants from 753 hours to 990 hours is based on the increase in the annual number of applicants from 251 to 330. This represents an increase of 237 hours for all applicants.

**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 section 12 of this Supporting Statement.

**14. Estimate of Cost to the Federal Government**

The Division of Investment Management processes filings on Form N-8F. The annual operating cost to the Commission of processing all applications for orders (including exemptive relief requests) was approximately \$9.6 million in fiscal year 2009, based on our computation of the value of staff time devoted to this activity and related overhead. The costs associated with processing Form N-8F are likely to be a relatively small portion of the total cost.

**15. Explanation of Changes in Burden**

As noted in section 12 above, the new estimated annual hour burden for Form N-8F represents an increase of 237 hours for all applicants. This increase is based on the increase in the estimated annual number of filings since the previous submission from 251 to 330. Commission staff continues to believe that there is no cost burden for completing and filing Form N-8F excluding that identified in section 12 above.

**16. Information Collection Planned for Statistical Purposes**

Not applicable

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Management & Professional Earnings in the Securities Industry 2009, 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.

**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