

SUPPORTING STATEMENT
Form N-14

A. JUSTIFICATION

1. Necessity for the Information Collection

Section 5(c) of the Securities Act of 1933 (“Securities Act”) (15 U.S.C. 77a et seq.) requires a company to have filed a registration statement with the Commission before it offers securities to the public by use of the mails or other channels of interstate commerce. Section 5(b) requires that a prospectus containing the pertinent information set forth in the registration statement be furnished to the purchaser of a security prior to or with the confirmation of sale or delivery of the security after sale, whichever comes first.¹ Investment companies are required to register under Section 8(a) of the Investment Company Act of 1940 (“Investment Company Act”) (15 U.S.C. 80a-1 et seq.) and to file a registration statement under Section 8(b) of the Investment Company Act containing such information as the Commission has determined to be necessary or appropriate in the public interest or for the protection of investors.

Form N-14 (17 CFR 239.23) is the form for registration under the Securities Act of securities to be issued by management investment companies registered under the Investment Company Act and business development companies as defined by Section 2(a)(48) of the Investment Company Act in: (1) a transaction of the type specified in Securities Act Rule 145(a) (17 CFR 230.145(a)); (2) a merger in which a vote or consent of the security holders of the company being acquired is not required pursuant to applicable state law; (3) an exchange offer for securities of the issuer or another person; (4) a public reoffering or resale of any securities acquired in an offering registered on Form N-14; or (5) two or more of the transactions listed in (1) through (4) registered on one registration statement. Rule 145(a)

¹ See Securities Act Release No. 8591 (July 19, 2005) (70 FR 44722, 44782 (Aug. 3, 2005)).

provides that submitting a proposal for certain reclassification of securities, mergers, consolidations, or transfers of assets for the vote or consent of security holders, is deemed to involve an “offer,” “offer to sell,” “offer for sale,” or “sale” of the securities to be issued in the transaction. The effect of the rule is to require registration of the securities to be issued in connection with such transactions, unless an exemption from registration is available.

2. Purpose of the Information Collection

The principal purpose of Form N-14 is to make material information regarding securities to be issued in connection with business combination transactions available to investors. The information required to be filed with the Commission permits verification of compliance with securities law requirements and assures the public availability and dissemination of such information. Without the registration statement requirement, material information may not necessarily be available to investors.

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. Form N-14 is required to be filed with the Commission electronically on EDGAR. (17 CFR 232.101(a)(1)(i)). 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. Prospectuses may be

sent to investors by electronic means so long as certain requirements are met.² The Commission has no information concerning the percentage of such documents sent electronically, but believes it is a small percentage.

4. Efforts to Identify Duplication

The Commission periodically evaluates rule-based reporting and recordkeeping requirements for duplication, and reevaluates them whenever it proposes a rule or a change in a rule. The information in Form N-14 is not generally duplicated elsewhere.

5. Effect on Small Entities

With respect to registering securities to be offered in a merger or other business combination, Form N-14 applies equally to all registrants, regardless of size. The burden on smaller investment companies, however, to prepare and file registration statements may be greater than for larger investment companies. This burden includes the cost of producing, printing, filing, and disseminating prospectuses. 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

The purpose of Form N-14 is to meet the filing and disclosure requirements of the Securities Act and the Investment Company Act and to

² See Use of Electronic Media for Delivery Purposes, Securities Act Release No. 7233 (Oct. 6, 1995) [60 FR 53458 (Oct. 13, 1995)].

enable filers to provide investors with information necessary to evaluate an investment in the security. Less frequent filing would be inconsistent with the filing and disclosure requirements of the Securities Act and the Investment Company Act. In addition, if the form were to be filed less frequently, investors may not be provided with the information necessary to evaluate an investment in the security.

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 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 of Form N-14 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

Based on the Commission's experience with the filing and amending of Form N-14 and with disclosure documents generally, we estimate that the reporting burden of compliance with Form N-14 is approximately 620 hours per respondent for a new Form N-14 registration statement, and 350 hours per respondent for amending the Form N-14 registration statement. It is estimated that 266 registrants each file one new registration statement on Form N-14 each year, and 20 registrants each file one amendment to a registration statement on Form N-14 annually. The total annual burden for the 286 responses is 171,920 hours (266 new Form N-14 registration statements x 620 hours per new Form N-14 registration statement + 20 amendments to Form N-14 registration statements x 350 hours per amendment). The weighted average burden per response is 601.12 hours (171,920 burden hours ÷ 286 responses).

Based on the estimated wage rate, the total cost to the fund industry of the hour burden for complying with Form N-14 filings is approximately \$40,745,040.³

³ The cost to the industry is calculated by multiplying the total annual hour burden (171,920 hours) by the estimated hourly wage rate of \$237. The estimated hourly wage rate is based on published rates for Compliance Attorneys (\$291/hour) and Senior Accountants (\$183/hour). The \$291/hour figure for a Compliance Attorney and \$183/hour figure for a Senior Accountant are from SIFMA's 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. The estimated wage rate was further based on the estimate that Compliance Attorneys and Senior Accountants would divide time equally, resulting in a weighted wage rate of \$237 (((\$291 x 0.50) + (\$183 x 0.50)).

13. Estimate of Total Annual Cost Burden

The cost of compliance will vary considerably depending on factors such as whether a filing is a new registration statement or an amendment to a previously filed Form N-14; whether the contemplated merger or business combination presents novel or complex legal issues or is similar to other mergers; and whether amendments are required in response to staff comments.

The current estimated cost burden for preparing and filing an initial registration statement on Form N-14 is \$22,320 and for preparing and filing an amendment to a registration statement on Form N-14 is \$12,600. Adjusting for the effects of inflation since 2001, we now estimate that the cost burden for preparing and filing an initial registration statement on Form N-14 is approximately \$27,500, and for preparing and filing an amendment to a registration statement on Form N-14 is approximately \$15,500.⁴ The total annual cost burden to respondents for outside professionals associated with the collection of data relating to Form N-14 is currently \$7,057,800. The new total cost burden allocated to Form N-14 is as follows:

Cost Burden of Preparing and Filing Initial Registration Statements on Form N-14

• Cost burden of preparation and filing of initial registration statement on Form N-14	\$27,500
• Number of initial registration statements on Form N-14 filed annually	266
• Total cost burden of preparing and filing initial registration statements on Form N-14	\$7,315,000

⁴ To account for the effects of inflation since the year 2001, we adjusted the estimated cost burden for preparing and filing an initial registration statement on Form N-14 in 2001 (\$22,320) and the estimated cost burden for preparing and filing an amendment to a registration statement on Form N-14 in 2001 (\$12,600) 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 registration statements on Form N-14 of approximately \$27,500 per filing and a cost burden for preparing and filing amendments to registration statements on Form N-14 of approximately \$15,500 per filing.

Cost Burden of Preparing and Filing Amendments to Registration Statements on
Form N-14

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| • Cost burden of preparation and filing of amendment to registration statement on Form N-14 | \$15,500 |
| • Number of amendments to registration statements on Form N-14 filed annually | 20 |
| • Total cost burden of preparing and filing amendments to registration statements on Form N-14 | \$310,000 |

Total Cost Burden

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|---|-------------|
| • Total cost burden of preparing and filing initial registration statements on Form N-14 and amendments to registration statements on Form N-14 | \$7,625,000 |
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The cost burden is the cost of goods and services purchased to prepare and update registration statements on Form N-14, such as for the services of outside counsel. The cost burden does not include the hour burden discussed in Item 12.

14. Estimate of Cost to the Federal Government

The annual operational cost of reviewing and processing new registration statements, post-effective amendments, proxy statements, and shareholder reports of all investment companies amounted to approximately \$20.4 million in fiscal year 2009, based on the Commission's computation of the value of staff time devoted to these activities and related overhead.

15. Explanation of Changes in Burden

Currently, the approved annual hour burden for preparing and filing registration statements on Form N-14 is 196,050 hours and the total approved annual cost burden is

\$7,057,800, based on the previous estimate of 375 responses (including 240 registrants that file an initial registration statement on Form N-14 each year and 135 registrants that file one amendment to a registration statement on Form N-14 each year). The new estimate of the total annual hour burden is 171,920 hours and the new estimate of the total annual cost burden is approximately \$7,625,000, based on the new estimate of 286 responses (including 266 registrants that file an initial registration statement on Form N-14 each year and 20 registrants that file one amendment to a registration statement on Form N-14 each year). The decrease in the total annual hour burden of 24,130 hours is due to the decrease in the estimated number of amendments to a registration statement on Form N-14 (each of which has an estimated reporting burden of 350 hours per filing), offset slightly by the small increase in the estimated number of initial filings on Form N-14 (each of which has an estimated reporting burden of 620 hours per filing). The increase in the total annual cost burden of approximately \$567,000 is due to an adjustment to the prior cost burden per filing estimates to account for inflation (from \$22,320 for preparing and filing an initial registration statement on Form N-14 and \$12,600 for preparing and filing an amendment to a registration statement on Form N-14 to \$27,500 and \$15,500, respectively) and the increase in the estimated number of initial filings on Form N-14, offset slightly by the impact of the decrease in the estimated number of amendments to Form N-14.

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.