

**SUPPORTING STATEMENT
for the Paperwork Reduction Act
Information Collection
“Form N-54A”**

A. JUSTIFICATION

1. Information Collection Necessity

Certain investment companies can elect to be regulated as business development companies, as defined in Section 2(a)(48) of the Investment Company Act of 1940 (“Investment Company Act”), under Sections 55 through 65 of the Investment Company Act. Under Section 54(a) of the Investment Company Act,¹ any company defined in Section 2(a)(48)(A) and (B) may elect to be subject to the provisions of Sections 55 through 65 by filing with the Commission a notification of election, if such company has: (1) a class of equity securities registered under Section 12 of the Securities Exchange Act of 1934 (“Exchange Act”); or (2) filed a registration statement pursuant to Section 12 of the Exchange Act for a class of equity securities. The Commission has adopted Form N-54A as the form for notification of election to be regulated as business development companies.

2. Information Collection Purpose

The purpose of Form N-54A is to notify the Commission that the investment company making the notification elects to be subject to Sections 55 through 65 of the Investment Company Act, enabling the Commission to administer those provisions of the Investment Company Act to such companies.

¹ 15 U.S.C. 80a-53(a).

3. Role of Improved Information Technology

The Commission's electronic filing system (Electronic Data Gathering, Analysis and Retrieval or "EDGAR") automates the filing, processing and dissemination of full disclosure filings. The system permits public 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.

4. Efforts to Identify Duplication

The Commission periodically evaluates reporting and recordkeeping requirements for duplication and reevaluates them whenever it proposes a rule or form or a change in a rule or form. The information required by Form N-54A is not generally duplicated elsewhere.

5. Effect on Small Entities

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. The current disclosure requirements for Form N-54A do not distinguish between small entities and other business development companies. Although the burden on small business development companies may be greater than those of larger ones, the Commission believes the burden imposed on any business development company is small due to the extent and type of information required by the form.

6. Consequences of Less Frequent Collection

Investment companies electing to be regulated as business development companies are required to file the notification of election on Form N-54A only once, and therefore the filing of Form N-54A is not a recurring event requiring periodic collection.

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

This collection is not inconsistent with 5 CFR 1320.5(d)(2).

8. Consultation Outside the Agency

The Commission and the Division of Investment Management staff 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 that may confront the industry. The Commission requested public comment on the collection of information requirements in Form N-54A 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

No payment or gift to respondents is provided.

10. Assurance of Confidentiality

No assurance of confidentiality is provided. Responses to the disclosure requirements will not be kept confidential.

11. Sensitive Questions

No questions of a sensitive nature are involved.

12. Time Burden Estimate

The following estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act of 1995 (“PRA”)² and are not derived from a

² 44 U.S.C. 3501 et seq.

comprehensive or even representative survey or study of the cost of Commission rules and forms. Compliance with Form N-54A is mandatory for companies electing to be regulated as business development companies. The Commission estimates that on average approximately seven companies file notifications on Form N-54A each year. Each of those business development companies need only make a single filing of Form N-54A. The Commission further estimates that this information collection imposes burden of 0.5 hours, resulting in a total annual PRA burden of 3.5 hours. Based on the estimated wage rate, the total cost to the business development company industry of the hour burden for complying with Form N-54A would be approximately \$1,120.³

13. Total Annual Cost Burden Estimate

Cost burden is the cost of services purchased to prepare and update Form N-54A, such as for the services of outside counsel. The Commission estimates that seven investment companies elect each year to be regulated as business development companies and must file Form N-54A. The form must be filed only once. As a result, the total annualized cost burden for Form N-54A, other than the cost burden outlined in Item 12 above, is minimal.

14. Estimate Federal Government Cost

The annual cost of reviewing and processing disclosure documents, including new registration statements, post-effective amendments, proxy statements, and shareholder

³ The industry burden is calculated by multiplying the total annual hour burden to prepare Form N-54A (3.5) by the estimated hourly wage rate of \$320. The estimated wage figure is based on published rates for compliance attorneys from the Securities Industry and Financial Markets Association's Report on Management & Professional Earnings in the Securities Industry 2010, 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, yielding an effective hourly rate of \$320.

reports of investment companies amounted to approximately \$21.3 million in fiscal year 2010, based on the Commission's computation of the value of staff time devoted to this activity and related overhead.

15. Explanation of Changes in Burden

The increase in burden hours for Form N-54A is attributable to an increase in the number of respondents from six to seven, resulting in an increase of 0.5 hours. There are no changes to the total annual cost burden which the Commission estimates to be minimal.

16. Information Collection Planned for Statistical Purposes

The results of any information collection will not be published.

17. Approval to not Display Expiration Date

We request authorization to omit the expiration date on the electronic version of the information collection for design and IT project scheduling reasons. The OMB control number will be displayed.

18. Exceptions to Certification Statement

The Commission is not seeking an exception to the certification statement.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

The collection of information will not employ statistical methods.