

**SUPPORTING STATEMENT**  
**for the Paperwork Reduction Act Information Collection Submission for**  
**Rule 489 and Form F-N**

**A. JUSTIFICATION**

**1. Necessity of Information Collection**

The Investment Company Act of 1940 (“Investment Company Act”)<sup>1</sup> requires investment companies to register with the Securities and Exchange Commission (the “Commission”) before conducting any business in interstate commerce. In the absence of an exemption, foreign banks and foreign insurance companies and their holding companies and finance subsidiaries may be considered investment companies for purposes of the Investment Company Act and may be required to register as investment companies or file applications under Section 6(c) of the Investment Company Act<sup>2</sup>

Rule 3a-6<sup>3</sup> under the Investment Company Act exempts foreign banks and foreign insurance companies from the definition of “investment company” under the Act, and therefore from the requirement to register under the Act. In connection with the exemption provided by rule 3a-6, the holding companies and finance subsidiaries of foreign banks and insurance companies are eligible for exemption from the definition of investment company by rule 3a-1<sup>4</sup> and rule 3a-5<sup>5</sup> under the Investment Company Act, respectively. Rule 489<sup>6</sup> under the Securities

---

<sup>1</sup> 15 U.S.C. 80a-1 et seq.

<sup>2</sup> 15 U.S.C. 80a-6(c).

<sup>3</sup> 17 CFR 270.3a-6.

<sup>4</sup> 17 CFR 270.3a-1.

<sup>5</sup> 17 CFR 270.3a-5.

Act of 1933<sup>7</sup> (the “Securities Act”) requires foreign banks and foreign insurance companies and holding companies and finance subsidiaries of foreign banks and foreign insurance companies that are exempted from the definition of “investment company” by virtue of rules 3a-6, 3a-1, and 3a-5 to file Form F-N<sup>8</sup> to appoint an agent for service of process when making a public offering of securities in the United States. Form F-N designates an agent for service of process in the United States.

## **2. Purpose and Use of the Information Collection**

The information is collected so that the Commission and private plaintiffs may serve process on foreign entities in actions and administrative proceedings arising out of or based on the offer or sales of securities in the United States by such foreign entities. Without an agent for service in the United States, serving process on such foreign entities could be difficult and expensive.

## **3. Consideration Given to Information Technology**

The Commission’s electronic filing system (“EDGAR”) automates the filing, processing, and dissemination of full 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.

(.continued)

<sup>6</sup> 17 CFR 230.489.

<sup>7</sup> 15 U.S.C. 77a et seq.

<sup>8</sup> 17 CFR 239.43.

Form F-N is required to be filed electronically on EDGAR.<sup>9</sup> The public may access filings on EDGAR through the Commission's website (<http://www.sec.gov>) or at EDGAR terminals located at the Commission's public reference rooms.

#### **4. 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. There is no other rule that requires the entities subject to rule 489 to provide the Commission with the same information.

#### **5. Effect on Small Entities**

Foreign businesses are not small entities for the purposes of the Regulatory Flexibility Act.<sup>10</sup> Rule 489 and Form F-N, therefore, place no burden on small entities.

#### **6. Consequences of Not Conducting the Collection**

Form F-N is required to be filed only when a foreign bank, foreign insurance company, or a finance subsidiary or holding company of a foreign bank or insurance company makes a public offering of securities in the United States. In the absence of the filing requirements in rule 489 and Form F-N, it would be difficult and expensive for the Commission and private plaintiffs to serve process on the foreign entities in actions and administrative proceedings arising out of or based on the offer or sales of securities in the United States by such foreign entities.

---

<sup>9</sup> See rule 101(a)(1)(v) of Regulation S-T, 17 CFR 232.101(a)(1)(v).

<sup>10</sup> 5 U.S.C. 603.

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

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

**8. Consultations Outside the Agency**

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 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 rule 489 and Form F-N 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 was provided.

**10. Confidentiality**

No assurance of confidentiality was provided.

**11. Sensitive Questions**

No questions of a sensitive nature are involved.

## **12. Estimate of Time Burden**

The following estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act of 1995<sup>11</sup> and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. Compliance with rule 489 and Form F-N is mandatory to qualify for the exemption. Responses to the disclosure requirements will not be kept confidential.

Foreign banks, foreign insurance companies, and holding companies and finance subsidiaries of foreign banks and foreign insurance companies are required to file Form F-N each time they make a public offering of securities in the United States. The form is required to be amended only if the entity appoints a successor agent or if the name or address of the agent changes. During calendar year 2010, the Commission received a total of 15 responses from 13 entities. The information requested in Form F-N is minimal and should be readily available to the entity filing the form. The Commission has previously estimated that the total annual burden associated with information collection and Form F-N preparation and submission is one hour per filing. Based on the Commission's experience with disclosure documents generally, the Commission continues to believe that this estimate is appropriate. The total annual burden for rule 489 and Form F-N is thus 15 hours (15 [responses] x 1 [hour per response]). The Commission, using an estimated hourly wage rate of \$67 for a compliance clerk, estimates that

---

<sup>11</sup> 44 U.S.C. 3501 et seq.

the total annual cost of the hour burden imposed by rule 489 and Form F-N is \$1,005 (15 [hours] x \$67 [per hour]).<sup>12</sup>

### **13. Estimate of Annual Cost Burden**

Cost burden is the cost of services purchased to comply with rule 489 and Form F-N, such as for the services of computer programmers, outside counsel, financial printers, and advertising agencies. The cost burden does not include the cost of the hour burden discussed in Item 12 above. If a respondent does not have an office in the United States, it may incur the cost of paying an agent to accept service of process. The Commission continues to believe that this cost is minimal.

### **14. Cost to the Federal Government**

Because the sole purpose of Form F-N is to appoint an agent for service of process in the event of a suit against the registrant, Commission staff does not review Form F-N submissions when they are filed. Also, Form F-N submissions are filed electronically. Processing Form F-N submissions thus involves minimal cost to the Commission.

### **15. Changes in Burden**

The total burden hours associated with rule 489 and Form F-N is being revised based on the decrease in the number of submissions annually (from 24 to 15). As a result, the total burden

---

<sup>12</sup> The hourly wage rate for a compliance clerk is from SIFMA's Office Salaries in the Securities Industry 2010, modified by Commission staff to account for an 1800-hour work-year and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead.

hours for compliance with rule 489 and Form F-N will decrease from 24 burden hours to 15 burden hours.

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

The results of any information collected 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 form 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.