

SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission
“Rule 23c-1”

A. JUSTIFICATION

1. Necessity for the Information Collection

Section 23(c) of the Investment Company Act of 1940 (15 U.S.C. 80a-23(c)) (“Act”) prohibits a registered closed-end investment company (“closed end fund” or “fund”) from purchasing any security of which it is the issuer except on a securities exchange, pursuant to a tender, or under such other circumstances as the Securities and Exchange Commission (the “Commission”) may permit by rules, regulations, or orders designed to insure that the purchases are made in a manner or on a basis which does not unfairly discriminate against any holders of the securities to be purchased. Rule 23c-1 under the Act (17 CFR 270.23c-1) permits a closed-end fund to purchase its securities, other than on a securities exchange or pursuant to a tender, if certain conditions are met.

Rule 23c-1(a) permits a closed-end fund to repurchase its securities for cash if, in addition to the other requirements set forth in the rule, the following conditions are met: (i) payment of the purchase price is accompanied or preceded by a written confirmation of the purchase (“written confirmation”); (ii) the asset coverage per unit of the security to be purchased is disclosed to the seller or his agent (“asset coverage disclosure”); and (iii) if the security is a stock, the fund has, within the preceding six months, informed stockholders of its intention to purchase stock (“six month notice”).

In addition, the fund must file with the Commission a copy of any written solicitation to purchase securities given by or on behalf of the fund to 10 or more persons. The copy must be filed as an exhibit to Form N-CSR (17 CFR 249.331 and 274.128).¹

¹ Item 9 of Form N-CSR requires closed-end funds to disclose information similar to the information that was required in Form N-23C-1, which was discontinued in 2004.

2. Purpose of the Information Collection

The purpose of the information collection requirements in rule 23c-1 is to protect shareholders of closed-end funds from fraud in connection with the repurchase by funds of the funds' own securities.

3. Role of Improved Information Technology

Form N-CSR must be filed with the Commission electronically on EDGAR. 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. In addition, some closed-end funds may communicate with third parties electronically, which could reduce the burdens associated with the third party notifications required by the rule.

4. Efforts to Identify Duplication

The requirements of rule 23c-1 are not duplicated elsewhere in federal securities laws, and similar information is not available from other sources.

5. Effect on Small Entities

Rule 23c-1 is available to any closed-end fund, including those that are small entities, that wishes to repurchase its own securities. Any fund that wishes to rely on rule 23c-1 must comply with its information collection requirements. These requirements are necessary for investor protection.

6. Consequences of Less Frequent Collection

The information collection requirements of rule 23c-1 are applicable only when a closed-end fund decides to purchase securities of which it is the issuer. Because the information required to be provided to shareholders must be reasonably current, less frequent reporting would not serve the investor protection purposes of the rule.

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

The rule's required provision of written confirmations, asset coverage disclosures, and six month notices may cause information to be provided to third parties more often than quarterly, depending upon the frequency with which a closed-end fund repurchases its securities.

8. Consultation Outside the Agency

The Commission and its staff participate in ongoing dialogue with representatives of the fund industry through public conferences, meetings and informal exchanges. These various forums provide the Commission and its 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 rule 23c-1 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 are provided.

10. Assurance of Confidentiality

No assurance of confidentiality is provided.

11. Sensitive Questions

No questions of a sensitive nature are asked.

12. Estimate of Time Burden

The burden associated with filing Form N-CSR is addressed in the submission related to that Form and is not included in the estimates contained in this submission. Depending upon the number of securities repurchases by closed-end funds that may rely on the rule, the burden hours associated with complying with the rule's paperwork requirements could vary

widely.

Commission staff estimates that 29 closed-end funds undertake a total of 261 securities repurchases annually under rule 23c-1.² Staff estimates further that, with respect to each repurchase, each fund spends 2.5 hours to comply with the rule's written confirmation, asset coverage disclosure and six month notice requirements. Thus, Commission staff estimates the total annual respondent reporting burden is 653 hours.³ Commission staff further estimates that the cost of the hourly burden per repurchase is \$294 (one half hour of a compliance attorney's time at \$320 per hour,⁴ and two hours of clerical time at \$67 per hour⁵). The total annual cost for all funds is estimated to be \$76,734.⁶

13. Estimate of Annual Cost Burden

Commission staff estimates that there is no cost burden relating to the paperwork burdens of rule 23c-1.

² This data is based on responses to Item 9 in Form N-CSRs filed October 1, 2010 through September 30, 2011. Although 36 closed-end funds made disclosures regarding repurchases in response to Item 9, not all repurchases are made pursuant to rule 23c-1. We estimate that approximately 20% of such closed-end funds have not made repurchases pursuant to rule 23c-1. Therefore, our estimate does not include all 36 funds that made disclosures of repurchases under Item 9, but only a subset thereof.

³ This estimate is based on the following calculation: 261 repurchases x 2.5 hours per repurchase = 653 hours.

⁴ The \$320/hour figure for a compliance attorney is from SIFMA's 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.

⁵ The \$67/hour figure 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.

⁶ This estimate is based on the following calculation: 261 repurchases x \$294 per repurchase = \$76,734.

14. Estimate of Cost to the Federal Government

There are no costs to the Federal government associated with rule 23c-1.

15. Explanation of Changes in Burden

The reduction in burden hours from 810 hours to 653 hours is a result of a decrease in our estimate of the number of closed-end funds that made securities repurchases under the rule.

16. Information Collection Planned for Statistical Purposes

This collection does not involve statistical methods.

17. Approval to not Displayed Expiration Date

We request authorization to omit the expiration date on the electronic version of the form due to IT project scheduling. The OMB control number will be displayed.

18. Exceptions to Certification Statement

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.