

**SUPPORTING STATEMENT**  
**for the Paperwork Reduction Act Information Collection Submission**  
**“Form N-8A”**

**A. JUSTIFICATION**

**1. Necessity of Information Collection**

The Investment Company Act of 1940, as amended (“1940 Act”) (15 U.S.C. 80a1 et seq.), requires investment companies to register with the Commission before they conduct any business in interstate commerce. Section 8(a) of the 1940 Act provides that an investment company shall be deemed to be registered upon receipt by the Commission of a notification of registration in such form as the Commission prescribes. Form N-8A is the form for notification of registration that the Commission has adopted under section 8(a).

The purpose of such notification of registration provided on Form N-8A is to notify the Commission of the existence of investment companies required to be registered under the 1940 Act and to enable the Commission to administer the provisions of the 1940 Act with respect to those companies. After an investment company has filed its notification of registration under section 8(a), the company is then subject to the provisions of the 1940 Act which govern certain aspects of its organization and activities, such as the composition of its board of directors and the issuance of senior securities.

Form N-8A requires an investment company to provide its name, state of organization, form of organization, classification, the name and address of each investment adviser of the investment company, the current value of its total assets and certain other information readily available to the investment company. If the investment

company is filing a registration statement as required by Section 8(b) of the 1940 Act concurrently with its notification of registration, Form N-8A requires only that the registrant file the cover page (giving its name, address and agent for service of process) and sign the form in order to effect registration.

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

As noted above, the purpose of Form N-8A is to notify the Commission that an investment company is registering under the 1940 Act. The Commission uses this form to determine the existence of investment companies prior to the filing of the registration statement required by section 8(b). The notification submitted on Form N-8A represents less information than that required in the registration statement required by section 8(b).

## **3. Role of Improved Information Technology**

The Commission's electronic filing system, called EDGAR (for Electronic Data Gathering, Analysis and Retrieval), is designed to automate the filing, processing and dissemination of full disclosure filings. The system permits publicly held companies to transmit their filings to the Commission electronically. As of November 6, 1995, all registered investment companies were required to use EDGAR for their disclosure filings. Therefore, the filing requirement for Form N-8A is satisfied using EDGAR.

## **4. Duplication**

The Commission periodically evaluates form-based reporting requirements for duplication and reevaluates them whenever it proposes or amends a rule or form. Form N-8A does not require duplicative reporting. As noted above, an investment company that simultaneously files its notification of registration and its detailed registration statement under section 8(b) may file an abbreviated Form N-8A.

**5. Effect on Small Entities**

Section 8(a) applies to all investment companies required to register under the 1940 Act, regardless of size. Although the burden on smaller funds may be greater than for larger funds, the Commission believes the burden imposed on any investment company by Form N-8A is small due to the extent and type of information required by the form.

**6. Consequences of Less Frequent Collection**

Investment companies seeking to register under the 1940 Act are required to file Form N-8A only once, and therefore the filing of Form N-8A is not a recurring event requiring periodic collection.

**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-8A 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**

Not applicable.

**10. Confidentiality**

Not applicable.

**11. Sensitive Questions**

Not applicable.

**12. Time Burden Estimate**

The following estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act. The estimate is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms.

The number of filings of Form N-8A by investment companies is estimated based on the Commission's industry statistics. The hour burden of preparing and filing a Form N-8A is based on the Commission's experience with the contents of Form N-8A and with disclosure documents generally. In the case of investment companies that are filing Form N-8A simultaneously with the registration statement under the 1940 Act, Form N-8A may consist of only a signed cover page.

The Commission estimates that approximately 130 investment companies file Form N-8A each year. An investment company has to file Form N-8A only once. The hour burden per investment company of preparing and filing Form N-8A is approximately one hour. Therefore, the total annual hour burden to prepare and file Form N-8A for all investment companies is 130 hours.

Based on an estimated hourly wage rate of the professionals who fill out the form, the total estimated aggregate annual cost of the hour burden to comply with Form N-8A is \$41,600 (\$320 per hour x 130 hours).<sup>1</sup>

### **13. Annual Cost Burden**

The Commission estimates that the total cost of outside services used in preparing and filing Form N-8A is approximately \$443 per filing annually, for a total annual cost of approximately \$57,590.<sup>2</sup> Such outside services include costs associated with outside counsel and printing.

### **14. Federal Government Cost**

The annual cost of reviewing and processing new registration statements, post effective amendments, proxy statements, and shareholder reports of investment companies amounted to approximately \$20.5 million in fiscal year 2011, based on the Commission's computation of the value of staff time devoted to this activity and related overhead.

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

The change in the estimate of burden hours for Form N-8A from the previous submission is due to an increase in the number of respondents. The number of

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<sup>1</sup> The cost to the industry is calculated by multiplying the total annual hour burden (130 hours) by the estimated hourly wage rate of \$320. The staff estimates that the average hourly rate for a compliance attorney is \$322 and the average hourly rate for a senior programmer is \$318. The estimated wage rate was further based on the estimate that attorneys and programmers would divide time equally, resulting in a weighted wage rate of \$320  $((\$322 \times .50) + (\$318 \times .50))$ . All hourly rates for the occupations in this statement are from SIFMA's Management & Professional Earnings in the Securities Industry (2011), 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.

<sup>2</sup> This estimate is based on the following calculation: 130 funds x \$443 = \$57,590.

respondents has increased from 105 to 130, resulting in an increase of 25 burden hours. The change in the estimate of the total annual cost burden from the previous submission is due to the increase in the number of respondents, together with a change in the estimated per filing cost of outside services used in preparing and filing Form N-8A. The estimated per filing cost of outside services used in preparing and filing Form N-8A increased from \$417 per filing to \$443 per filing. The total annual cost burden increase from \$43,800 to approximately \$57,590, which reflects the increase in the number of respondents as well as the increased estimated cost of outside services used in preparing and filing Form N-8A.

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

Not applicable. The information collection is not used for statistical purposes.

**17. Approval to Omit OMB Expiration Date**

The Commission is not seeking approval to omit the OMB expiration date.

**18. Exception to Certification**

This collection complies with the requirements in 5 CFR 1320.9.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

This collection does not employ statistical methods.