

SUPPORTING STATEMENT
For the Paperwork Reduction Act Information Collection Submission for
Rule 11a-2

A. JUSTIFICATION

1. Necessity for the Information Collection

Section 11 of the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.) (“1940 Act”) makes it unlawful for certain types of registered investment companies to make an offer to their shareholders to exchange their securities for the securities of another investment company on a basis other than net asset value unless the terms of the exchange offer are approved by the Securities and Exchange Commission (“Commission”) or are in accordance with rules adopted by the Commission.

The Commission exercised its rulemaking authority under Section 11 by adopting Rule 11a-2 (17 CFR 270.11a-2) as an exemptive rule. Rule 11a-2 codified the conditions under which the Commission previously had approved exchange offers of certain registered insurance company separate accounts. Consequently, Rule 11a-2 significantly reduced the number of routine applications that separate accounts file under Section 11.

The one reporting requirement imposed under Rule 11a-2 is disclosure in the offering account’s registration statements under the Securities Act of 1933 (15 U.S.C. 77a et seq.) (“1933 Act”) of any administrative fee or sales load imposed in connection with an exchange offer. The minor burden imposed by this requirement is substantially outweighed by the elimination of a substantial number of applications.

2. Purpose of the Information Collection

Without this rule, the separate accounts sponsoring life insurers would bear the expense of filing individual exemptive applications in order to obtain the relief needed to

make an exchange of securities. Accordingly, the Commission staff would be required to process such applications, which would be quite lengthy and burdensome for both the life insurers and the Commission's staff. In addition, the information required by the rule is used by investors to weigh the costs of making an exchange of securities against the potential for benefits. Without disclosure of the costs of an exchange transaction, investors would be unable to evaluate the costs.

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. Registration statements are required to be filed with the Commission electronically on EDGAR. (17 CFR 232.101(a)(1)(i) and (iv)). 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.

4. Efforts to Identify Duplication

The information is not duplicated elsewhere, and similar information is not available from other sources.

5. Effect on Small Entities

Rule 11a-2 does not have a significant economic impact on small entities. The Commission staff takes the position that because separate accounts are part of the sponsoring

insurance company, there are no insurance company separate accounts that are “small entities” for purposes of Rule 0-10 under the 1940 Act (17 CFR 270.0-10).

6. Consequences of Less Frequent Collection

Disclosure of fees charged in connection with an exchange offer is required in the prospectus contained in the offering account’s registration statement under the 1933 Act. Because Section 10 of the 1933 Act requires that the information in a prospectus be as of a date no more than sixteen months prior to its use, a registrant making an offer under the 1933 Act, including an exchange offer, must update its prospectus approximately annually. Less frequent collection would inhibit dissemination of the timely information that enables investors to make informed investment decisions.

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 requested public comment on the collection of information requirements in Rule 11a-2 before it submitted this request for extension and approval to the Office of Management and Budget. The Commission received no comments in response to this request.

9. Payment or Gift to Respondents

No payment or gift to respondents was provided.

10. Assurance of Confidentiality

No assurance of confidentiality was provided.

11. Sensitive Questions

No questions of a sensitive nature are involved.

12. Estimate of Hour Burden

The Commission includes the estimated burden of complying with the information collection required by Rule 11a-2 in the total number of burden hours estimated for completing the relevant registration statements and reports the burden of Rule 11a-2 in the separate Paperwork Reduction Act (“PRA”) submissions for those registration statements (see the separate PRA submissions for Form N-3 (17 CFR 274.11b), Form N-4 (17 CFR 274.11c) and Form N-6 (17 CFR 274.11d). The Commission is requesting a burden of one hour for Rule 11a-2 for administrative purposes.

13. Estimate of Total Annual Cost Burden

It is estimated that there is no cost of the paperwork burdens of Rule 11a-2 beyond the cost of the hour burden identified in Item 12 of this Supporting Statement.

14. Estimate of Cost to the Federal Government

Rule 11a-2 reduced the Commission’s staff’s operational cost attributable to the reviewing and processing of exemptive applications. Because separate accounts rely on the rule without the need for prior Commission approval, cost to the government is minimal. Moreover, operational costs are far less than those incurred in processing individual applications.

15. Explanation of Changes in Burden

There are currently 652 registrants governed by Rule 11a-2; however, the burden has not changed.

16. Information Collection Planned for Statistical Purposes

The results of any information collection will not be published.

17. Approval to not Display Expiration Date

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

18. Exceptions to Certification Statement

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

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

The collection of information will not employ statistical methods.