

**SUPPORTING STATEMENT**  
**For the Paperwork Reduction Act Information Collection Submission for**  
**Form N-8F**

**A. JUSTIFICATION**

**1. Necessity for the Information Collection**

Section 8(f) of the Investment Company Act of 1940 (the “Act”) provides, in part, that “[w]henever the Commission, on its own motion or upon application, finds that a registered investment company has ceased to be an investment company, it shall so declare by order and upon the taking effect of such order the registration of such company shall cease to be in effect.”<sup>1</sup> In order to expedite the deregistration process and assist funds in preparing their applications, the Commission adopted rule 8f-1 under the Act,<sup>2</sup> allowing an investment company to file an application seeking a deregistration order (“Deregistration Order”) with the Commission on Form N-8F if the investment company: (1) has sold substantially all of its assets to, merged into, or consolidated with another registered investment company; (2) has distributed substantially all of its assets to its shareholders and has completed, or is in the process of, winding up its affairs; (3) qualifies for an exclusion from the definition of “investment company” under section 3(c)(1) or section 3(c)(7) of the Act;<sup>3</sup> or (4) has become a business development company.

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<sup>1</sup> 15 U.S.C. 80a-8(f).

<sup>2</sup> 17 CFR 270.8f-1.

<sup>3</sup> 15 U.S.C. §§ 80a-3(c)(1) or 80a-3(c)(7). Sections 3(c)(1) and (c)(7) apply to issuers: (a) which are not making and do not propose to make a public offering and (b) the outstanding securities of which are either beneficially owned by not more than one hundred people or were acquired exclusively by qualified purchasers.

Form N-8F is the form prescribed for use by registered investment companies in certain circumstances to request a Deregistration Order.<sup>4</sup> The form requests information about: (1) the investment company's identity, (2) the investment company's distributions, (3) the investment company's assets and liabilities, (4) the events leading to the request to deregister, and (5) the conclusion of the investment company's business. The information is needed by the Commission to determine whether a Deregistration Order is appropriate.

Form N-8F has been in use by the Commission since 1999. This form solicits, in a standardized format, the information that the Commission needs to make an appropriate decision on an investment company's request for a Deregistration Order. Form N-8F assists the application process for both the applicants and the Commission, and therefore use of the form continues to be necessary.

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

Form N-8F streamlines applications for Deregistration Orders provided for under section 8(f) of the Act. The form solicits the information the Commission needs to make an appropriate determination about whether to issue a Deregistration Order, and provides this information to the Commission in a standardized and readily-accessible format. Without Form N-8F, the process to apply for a Deregistration Order would be more difficult and slower.

## **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

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<sup>4</sup> 17 CFR 274.218.

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. All applications on Form N-8F are required to be filed electronically on EDGAR.<sup>5</sup> 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 requests for data in Form N-8F are not duplicated elsewhere, and the information is not available from other sources.

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

Form N-8F is available for use by any investment company seeking deregistration under the circumstances addressed by rule 8f-1, including investment companies that are small entities. Form N-8F simplifies, to the particular benefit of small entities, the deregistration process by providing an efficient and streamlined means to relay necessary information. Therefore, alternative methods to minimize burdens on small entities are not needed. 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.

#### **6. Consequences of Less Frequent Collection**

Deregistration is not a recurring event. Investment companies seeking deregistration need to file Form N-8F only once.

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<sup>5</sup> 17 CFR 232.101(a)(1)(i) and (iv).

**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-8F 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**

Not applicable.

**10. Assurance of Confidentiality**

Not applicable.

**11. Sensitive Questions**

Form N-8F collects personally identifiable information such as the name, address and telephone number of an individual that may be contacted about the form. Form N-8F does not request Social Security Numbers. A System of Records Notice for applications under the Investment Company Act of 1940 is available at <https://www.sec.gov/about/privacy/sorn/secsorn2.pdf>.

## 12. Estimate of Hour Burden

The following estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act of 1995 and are not derived from a comprehensive or even representative survey or study of the costs of Commission rules.

The information requested by Form N-8F is generally readily available to investment companies. Indeed, applicants undergoing a liquidation or a merger will generally have already assembled at least some of the requested information as required under their respective state laws governing such transactions. Approximately 150 investment companies file a Form N-8F annually.<sup>6</sup> Commission staff estimates that the average hour burden for an investment company to complete and file Form N-8F is 5.2 hours: in-house attorneys or outside legal counsel, at an hourly rate of \$380, perform an estimated 2 burden hours; legal or compliance officers, at an estimated hourly rate of \$516, perform an estimated 2.2 hours; and paralegals, at an hourly rate of \$199, perform the remaining 1 hour.<sup>7</sup> Assuming that 150 investment companies file a Form N-8F each year, the staff estimates that the aggregate annual hour burden associated with completing and filing Form N-8F is 780 hours,<sup>8</sup> and the aggregate annual cost of the burden hours associated with completing and filing Form N-8F is \$314,130.<sup>9</sup>

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<sup>6</sup> This estimate is based on the number of applications filed with the Commission from October 1, 2014 – September 30, 2015.

<sup>7</sup> These rates are derived from the SIFMA Report on Management & Professional Earnings in the Securities Industry 2013, and are modified to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead. The estimated hourly rate for a legal or compliance officer is the blended hourly rate of a Chief Compliance Officer (\$485) and a Deputy General Counsel (\$546).

<sup>8</sup> This estimate is based on the following calculation: 150 investment companies x 5.2 hours = 780 hours.

<sup>9</sup> This estimate is based on the following calculation: (150 funds x 2 hours by in-house attorneys or outside legal counsel x \$380 per hour = \$114,000) + (150 funds x 2.2 hours

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

The Commission staff estimates that there is no cost burden of Form N-8F excluding that identified in section 12 of this Supporting Statement.

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

The Division of Investment Management processes filings on Form N-8F. The annual operating cost to the Commission of processing all applications for orders (including exemptive relief requests) was approximately \$9.0 million in fiscal year 2014, based on our computation of the value of staff time devoted to this activity and related overhead. The costs associated with processing Form N-8F are likely to be a relatively small portion of the total cost.

### **15. Explanation of Changes in Burden**

As noted in section 12 above, the new estimated annual hour burden for Form N-8F represents a decrease of 1 hour for all applicants. The current approved annual hour burden for completing and filing Form N-8F is 781 hours. The decrease in estimated annual burden hours for all applicants from 781 hours to 780 hours (a net decrease of 1 hour) is based on both an increase in the annual number of applicants from 142 to 150 and a decrease in the average hour burden per applicant from 5.5 to 5.2, based on updated information from fund representatives.

Commission staff continues to believe that there is no cost burden for completing and filing Form N-8F excluding that identified in section 12 above.

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

Not applicable.

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by a legal or compliance officer x \$516 per hour = \$170,280) + (150 funds x 1 hour by paralegals x \$199 = \$29,850) = \$314,130.

**17. Approval to not Display Expiration Date**

We request authorization to omit the expiration date on the electronic version of the form, although the OMB control number will be displayed. Including the expiration date on the electronic version of this form will result in increased costs, because the need to make changes to the form may not follow the application's scheduled version release dates.

**18. Exceptions to Certification Statement**

Not applicable.

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

Not applicable.