

**SUPPORTING STATEMENT**  
**For the Paperwork Reduction Act Information Collection Submission for**  
**FORM N-6F**

**A. JUSTIFICATION**

**1. Necessity for the Information Collection**

Certain investment companies can elect to be regulated as business development companies, as defined in Section 2(a)(48) of the Investment Company Act of 1940 (“Investment Company Act”), under Sections 55 through 65 of the Investment Company Act. Under Section 54(a) of the Investment Company Act,<sup>1</sup> any company defined in Section 2(a)(48)(A) and (B) may elect to be subject to the provisions of Sections 55 through 65 by filing with the Commission a notification of election, if such company has: (1) a class of equity securities registered under Section 12 of the Securities Exchange Act of 1934 (“Exchange Act”); or (2) filed a registration statement pursuant to Section 12 of the Exchange Act for a class of equity securities.

Section 6(f) of the Investment Company Act provides that any closed-end company which would be excluded from the definition of an investment company by Section 3(c)(1), except that it presently proposes to make a public offering of its securities as a business development company, and has notified the Commission, in a form and manner which the Commission may, by rule, prescribe, that it intends in good faith to file, within 90 days, a notification of election to become subject to the provisions of Sections 55 through 65, will be exempt from Sections 1 through 53, except to the extent provided in Sections 59 through 65. The Commission has adopted Form N-6F as the form to be used pursuant to Section 6(f) to notify the Commission of such company’s intent to file a notification of election to be regulated as a business development company and be subject to the provisions of Sections 55 through 65.

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<sup>1</sup> 15 U.S.C. 80a-53(a).

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

The purpose of Form N-6F is to notify the Commission of the company's intent to file a notification of election to become subject to Sections 55 through 65 of the Investment Company Act. Certain companies may have to make a filing with the Commission before they are ready to elect to be regulated as a business development company.<sup>2</sup> A company that is excluded from the definition of "investment company" by Section 3(c)(1) of the Investment Company Act because it has fewer than one hundred shareholders and is not making a public offering of its securities may lose such an exclusion solely because it proposes to make a public offering of securities as a business development company. Such company, under certain conditions, would not lose its exclusion if it notifies the Commission on Form N-6F of its intent to make an election to be regulated as a business development company. The company only has to file a Form N-6F once.

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

Form N-6F is electronically filed with the Commission. The Commission's electronic filing system (Electronic Data Gathering, Analysis and Retrieval or "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.

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<sup>2</sup> A company might not be prepared to elect to be subject to Sections 55 through 65 of the Investment Company Act because its capital structure or management compensation plan is not yet in compliance with the requirements of those sections.

#### **4. Duplication**

The Commission periodically evaluates reporting and recordkeeping requirements for duplication and reevaluates them whenever it proposes a rule or form or a change in a rule or form. The information required by Form N-6F is not generally duplicated elsewhere.

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

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. The current disclosure requirements for Form N-6F do not distinguish between small entities and other companies intending to be regulated a business development companies. Although the burden on small companies intending to be regulated as business development companies may be greater than those of larger ones, the Commission believes the burden imposed on any company intending to be regulated as a business development company is small due to the extent and type of information required by the form.

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

Companies filing a notice of intent to file a notification of election to become subject to Sections 55 through 65 of the Investment Company Act are required to file the notice of intent on Form N-6F only once, and therefore the filing of Form N-6F is not a recurring event requiring periodic collection.

#### **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 and the Division of Investment Management staff 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 Form N-6F 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**

No payment or gift to respondents was provided.

**10. Confidentiality**

No assurance of confidentiality was provided.

**11. Sensitive Questions**

No information of a sensitive nature, including social security numbers, will be required under this collection of information. The information collection collects basic Personally Identifiable Information (PII) that may include names, job titles, work addresses and telephone numbers. However, the agency has determined that the information collection does not constitute a system of record for purposes of the Privacy Act. Information is not retrieved by a personal identifier. In accordance with Section 208 of the E-Government Act of 2002, the agency has conducted a Privacy Impact Assessment (PIA) of the EDGAR system, in connection with this collection of information. The EDGAR PIA, published on 1/29/2016, is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

## **12. Burden of Information Collection**

The following estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act of 1995 (“PRA”)<sup>3</sup> and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. Compliance with Form N-6F is mandatory for companies intending to notify the Commission pursuant to Section 6(f) of their intent to file a notification to be regulated as business development company. Responses to the disclosure requirements will not be kept confidential.

The Commission estimates that on average approximately 12 companies file notifications on Form N-6F each year. Each of those companies need only make a single filing of Form N-6F. The Commission further estimates that this information collection imposes burden of 0.5 hours, resulting in a total annual PRA burden of 6 hours. Based on the estimated wage rate, the total cost to the industry of the hour burden for complying with Form N-6F would be approximately \$2,070.<sup>4</sup>

## **13. Cost to Respondents**

Cost burden is the cost of services purchased to prepare and update Form N-6F, such as for the services of outside counsel. The Commission estimates that 12 companies file a notice of intent to elect to be regulated as business development companies and must file Form N-6F. The

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<sup>3</sup> 44 U.S.C. 3501 *et seq.*

<sup>4</sup> The industry burden is calculated by multiplying the total annual hour burden to prepare Form N-6F (6 hours) by the estimated hourly wage rate of \$345. The estimated wage figure is based on published rates for compliance attorneys from the Securities Industry and Financial Markets Association’s Report on Management & Professional Earnings in the Securities Industry 2013, modified by Commission staff to account for an 1800 hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead, yielding an effective hourly rate of \$345.

form must be filed only once. The Commission estimates that the total annualized cost burden for Form N-6F is minimal.

**14. Cost to the Federal Government**

The annual cost of reviewing and processing disclosure documents, including new registration statements, post-effective amendments, proxy statements, and shareholder reports of investment companies amounted to approximately \$22.9 million in fiscal year 2016, based on the Commission's computation of the value of staff time devoted to this activity and related overhead.

**15. Change in Burden**

Currently, the approved annual hour burden for preparing and filing Form N-6F is 7.5 hours based on the previous estimate of 15 responses. The new estimate of the total annual hour burden is 6 hours based on the new estimated total number of responses of 12. The decrease in the total annual hour burden is 1.5 hours. This decrease is due to the decrease in our estimates of the annual number of responses.

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

The results of any information collection will not be published.

**17. Approval to Omit OMB 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 for Paperwork Reduction Act**

**Submission**

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.