

**SUPPORTING STATEMENT**  
**For the Paperwork Reduction Act Information Collection Submission for**  
**FORM N-54C**

**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) of the Investment Company Act may, if it meets certain enumerated eligibility requirements, elect to be subject to the provisions of Sections 55 through 65 of the Investment Company Act by filing with the Commission a notification of election. Under section 54(c) of the Investment Company Act,<sup>2</sup> any business development company may voluntarily withdraw its election under section 54(a) of the Investment Company Act by filing a notice of withdrawal of election with the Commission. The Commission has adopted Form N-54C as the form for the notification of withdrawal of election to be subject to Sections 55 through 65 of the Investment Company Act.

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

<sup>2</sup> 15 U.S.C. 80a-53(c).

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

The purpose of Form N-54C is to notify the Commission that the business development company withdraws its election to be subject to Sections 55 through 65 of the Investment Company Act.

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

Form N-54C 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.

## **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-54C is not generally duplicated elsewhere.

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

The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act,<sup>3</sup> to identify methods to minimize recordkeeping or reporting requirements affecting small businesses. The current disclosure requirements for Form N-54C do not distinguish between small entities and other business development companies. Although the burden on small business development companies may be

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<sup>3</sup> 5 U.S.C. 601 *et seq.*

greater than on larger ones, the Commission believes the burden imposed on any business development company is small due to the extent and type of information required by the form.

**6. Consequences of Not Conducting Collection**

A business development company that withdraws its election to be subject to Sections 55 through 65 of the Investment Company Act is required to file the notification of withdrawal on Form N-54C only once, and therefore the filing of Form N-54C is not a recurring event requiring periodic collection.

**7. Inconsistencies with Guidelines in 5 C.F.R. § 1320.5(d)(2)**

Not applicable.

**8. Consultations 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-54C 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**

No information of a sensitive nature will be required under this collection of information. The information collection collects basic Personally Identifiable Information (PII) that may include the name and title of the signatory. 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 January 29, 2016, is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

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

The Commission estimates that on average approximately four business development companies file notifications on Form N-54C each year. Each of those business development companies need only make a single filing of Form N-54C. The Commission further estimates that this information collection imposes a burden of one hour, resulting in a total annual burden of four hours. Based on the estimated wage rate, the total cost to the business development company industry of the hour burden for complying with Form N-54C would be approximately \$1,380.<sup>4</sup>

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<sup>4</sup> The industry burden is calculated by multiplying the total annual hour burden to prepare Form N-54C (four) by the estimated hourly wage rate of \$345 for a compliance attorney or other business development company employee with similar duties and responsibilities. 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

The estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act of 1995 (“PRA”)<sup>5</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-54C is mandatory for companies electing to no longer be subject to Sections 55 through 65 of the Investment Company Act. Responses to the disclosure requirements will not be kept confidential.

### **13. Cost to Respondents**

Cost burden is the cost of services purchased to prepare and file the Form N-54C, such as for the services of outside counsel. The Commission estimates that four business development companies each year withdraw their election to be subject to Sections 55 through 65 of the Investment Company Act and must file Form N-54C. The Commission estimates that there is no cost burden associated with Form N-54C.

### **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 \$18.6 million in fiscal year 2013, based on the Commission’s computation of the value of staff time devoted to this activity and related overhead.

### **15. Change in Burden**

The increase in estimated burden hours for Form N-54C is attributable to an increase in the estimated number of respondents from three to four, resulting in an

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5.35 to account for bonuses, firm size, employee benefits and overhead, yielding an effective hourly rate of \$1,380.

<sup>5</sup> 44 U.S.C. 3501 *et seq.*

increase of one hour. There is no change in the estimated cost burden for outside professionals associated with the collection of data relating to Form N-54C because the Commission continues to estimate that there is no cost burden associated with this requirement.

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

Not applicable.

**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**

Not applicable.

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

Not applicable.