

SUPPORTING STATEMENT
For the Paperwork Reduction Act Information Collection Submission for
Form N-8B-2

A. JUSTIFICATION

1. Necessity for the Information Collection

Unit investment trusts (“UITs”) are required to register with the Securities and Exchange Commission (“Commission”) as investment companies under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.) (the “Investment Company Act”). Section 8(b) of the Investment Company Act (15 U.S.C. 80a-8(b)) provides that each registered investment company must file a registration statement with the Commission that includes certain information about the company and recites the company’s policies on certain significant matters. UITs other than separate accounts that are currently issuing securities, including UITs that are issuers of periodic payment plan certificates and UITs of which a management investment company is the sponsor or depositor, satisfy this requirement by filing on Form N-8B-2. Among other items, this Form requires disclosure about the organization of a UIT, its securities, the personnel and affiliated persons of the depositor, distribution and redemption of securities, the trustee or custodian, and financial statements.

UITs also may be required to register offerings of securities with the Commission under the Securities Act of 1933 (15 U.S.C. 77a et seq.) (“Securities Act”). Section 5 of the Securities Act (15 U.S.C. 77e) requires that, unless an exemption is available, a registration statement be filed before any securities are offered to the public by use of the mails or other facilities of interstate commerce, and that the statement be declared effective before any securities are sold. The purpose of the registration statement is not to gather information for the Commission to use,

but rather to provide disclosure of financial and other information on the basis of which investors may make informed decisions regarding the merits of the securities being offered for sale. To that end, section 5(b) of the Securities Act (15 U.S.C. 77e(b)) requires that investors be furnished a prospectus containing material information along with or prior to the confirmation of sale or delivery of securities, whichever occurs first. UITs that are required to file on Form N-8B-2 to register under the Investment Company Act satisfy the requirements imposed under the Securities Act by filing a registration statement on Form S-6. This form requires a prospectus that includes much of the information required in Form N-8B-2 and certain financial statements for the trust, in addition to undertakings by the UIT to file, among other things, periodic reports with the Commission.

For UITs that are required to file on Form N-8B-2 to register under the Investment Company Act, the Commission has yet to adopt an integrated registration form satisfying the requirements of the Securities Act and the Investment Company Act. Absent an integrated disclosure system, filings on Form N-8B-2 serve as the only means by which such UITs can satisfy the filing and disclosure requirements imposed by section 8(b) of the Investment Company Act.

2. Purpose and Use of the Information Collection

The purpose of Form N-8B-2 is to satisfy the filing and disclosure requirements of the Investment Company Act. This information collection differs significantly from many other federal information collections, which are primarily for the use and benefit of the collecting agency. The information required to be filed with the Commission assures the public availability

and dissemination of the information and permits verification of compliance with Investment Company Act requirements.

3. Consideration Given to Information Technology

The Commission's electronic filing system, called "EDGAR" (for Electronic Data Gathering, Analysis and Retrieval), automates the filing, processing, and dissemination of all disclosure filings. EDGAR 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. All UITs filing Form N-8B-2 are required to use EDGAR to make such filings.¹

4. Duplication

Form S-6, the form used by certain UITs to register their securities under the Securities Act, requires a prospectus that includes much of the information requested in Form N-8B-2. To eliminate presenting duplicative information in the registration forms used by those UITs, the Commission has proposed² and repropoed,³ but has not yet adopted, Form N-7, an integrated disclosure form under the Securities Act and the Investment Company Act.

Other than the information required in Form S-6, the Commission believes that there are no federal rules duplicating, overlapping, or conflicting with Form N-8B-2.

¹ See rule 101(a)(iv) of Regulation S-T [17 CFR 232.101(a)(iv)].

² Investment Company Act Release No. 14513 (May 14, 1985) (50 FR 21282 (May 23, 1985)).

³ Investment Company Act Release No. 15612 (Mar. 9, 1987) (52 FR 8268 (Mar. 17, 1987)).

5. Effect on Small Entities

The current disclosure requirements for registration statements do not distinguish between small entities and other investment companies. The burden on smaller investment companies to prepare and file registration statements may be greater than for larger investment companies. The Commission believes, however, that it would not be in the best interest of investors to reduce the reporting and recordkeeping requirements for small entities.

6. Consequences of Not Conducting Collection

Section 8(b) of the Investment Company Act requires each registered investment company to file an initial registration statement with the Commission that includes certain information about the company and recites the company's policies on certain significant matters. Absent information collection on Form N-8B-2, UITs required to file on Form N-8B-2 to register under the Investment Company Act would fail to satisfy this legal requirement. Each UIT subject to the Form N-8B-2 filing requirement is required to file Form N-8B-2 only once and does not file post-effective amendments to Form N-8B-2.⁴

7. Inconsistencies With Guidelines in 5 CFR 1320.5(d)(2)

Not applicable.

8. Consultation Outside the Agency

The Commission requested public comment on the information collection requirement with respect to Form N-8B-2 before submitting this request for extension to the Office of Management and Budget. The Commission received no comments in response to its request.

⁴ See *infra* note 7 and accompanying text.

9. Payment or Gift

Not applicable.

10. Confidentiality

Not applicable.

11. Sensitive Questions

Form N-8B-2 collects certain Personally Identifiable Information (“PII”) that may include information on the officers, directors, and principal shareholders of the registrant, as well as information on certain other persons having a relationship with the registrant. The records describe the individual’s relationship to the registrant and other relevant material business information about the individual. No information of a sensitive nature, including social security numbers, will be required under this collection of information.

Based on the scope of the information collection, 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 (44 U.S.C. 3501 et seq.) and are not derived from a quantitative, comprehensive, or even representative survey or study of the burdens associated

with Commission rules and forms. The information provided on Form N-8B-2 is mandatory. The information provided on Form N-8B-2 will not be kept confidential.

Each registrant subject to the Form N-8B-2 filing requirement files Form N-8B-2 for its initial filing and does not file post-effective amendments on Form N-8B-2.⁵ The estimate of the annual number of registration statements filed on Form N-8B-2 is based on the average annual number of filings received by the Commission over the past three years (January 1, 2015 through December 31, 2017).⁶ The hour burden estimates for preparing and filing registration statements on Form N-8B-2 is based on past consultations with filers and the Commission's experience with its contents. The number of burden hours may vary depending on, among other things, the complexity of the filing and whether preparation of the registration statement is performed internally or by outside counsel.

Calculation of Hour Burden for Initial Form N-8B-2 Filings

• Number of initial Form N-8B-2 filings annually	1
• Average number of portfolios per filing	1
• Number of portfolios in initial Form N-8B-2 filings annually	1
• Current hour burden per portfolio for initial Form N-8B-2 filing	10
• Total annual hour burden for initial Form N-8B-2 filings (1 x 10 hrs.)	10

⁵ Post-effective amendments are filed with the Commission on the UIT's Form S-6. Hence, respondents only file Form N-8B-2 for their initial registration statement and not for post-effective amendments.

⁶ In 2015 the Commission received 3 filings, while in 2016 and 2017, the Commission received 0 filings, respectively. The cumulative 3-year average is, therefore, 1 filing per year.

Total Annual Hour Burden

- Annual hours for initial Form N-8B-2 filings 10

Based on the estimated wage rate, the total cost to the fund industry of the hour burden for complying with Form N-8B-2 is approximately \$3,360.⁷

Table 1: Summary of Revised Annual Responses, Burden Hours, and Burden Hour Costs for Each Information Collection

<u>Information Collection</u>	<u>No. of Responses</u>	<u>Burden Hours</u>	<u>Burden Hour Costs</u>
Initial Form N-8b-2 Filings	1	10	\$3,360
Total	1	10	\$3,360

13. Cost to Respondents

The preparation and filing of Form N-8B-2 will not require any investment in capital equipment. The total cost burden associated with the preparation and filing of Form N-8B-2 is the cost of services purchased to prepare Form N-8B-2. Commission staff estimates that the cost burden per filing of preparing and filing Form N-8B-2 is \$10,000. As discussed above, staff estimates that approximately one respondent files one Form N-8B-2 filing annually with the Commission, and therefore the total cost burden of preparing and filing Form N-8B-2 is \$10,000

⁷ The estimated wage figure is based on published rates for Compliance Attorneys (\$352) and Senior Programmers (\$319). The \$352/hour figure for a Compliance Attorney and \$319/hour figure for a Senior Programmer are from SIFMA's 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. The estimated wage rate was further based on the estimate that Compliance Attorneys and Senior Programmers would divide time equally, resulting in a weighted wage rate of \$336 (((\$352 x .50) + (\$319 x .50)).

(1 respondent x one filing per respondent x \$10,000 per filing). This cost burden does not include the cost of the hour burden discussed in item 12.

14. Cost to the Federal Government

The annual cost of reviewing and processing registration statements, post-effective amendments, proxy statements, shareholder reports, and other filings of investment companies amounted to approximately \$22.2 million in fiscal year 2017, based on the Commission’s computation of the value of staff time devoted to this activity and related overhead.

15. Changes in Burden

The estimated burden hours associated with preparing and filing registration statements on Form N-8B-2 have decreased from the current allocation of 40 hours to 10 hours, a decrease of 30 hours. This decrease is due to a change in the number of respondents, from 4 respondents to one respondent annually, preparing and filing registration statements on Form N-8B-2.

The estimated cost burden associated with preparing and filing registration statements on Form N-8B-2 has decreased from \$40,000 to \$10,000. This decrease is also due to a change in the number of respondents, from 4 respondents to one respondent annually, preparing and filing registration statements on Form N-8B-2.

IC Title	Annual No. of Responses			Annual Time Burden (Hrs.)			Burden Cost Burden (\$)		
	<i>Previously approved</i>	<i>Requested</i>	<i>Change</i>	<i>Previously approved</i>	<i>Requested</i>	<i>Change</i>	<i>Previously approved</i>	<i>Requested</i>	<i>Change</i>
Initial Form N-8B-2 Filings	4	1	-3	40	10	-30	\$40,000	\$10,000	-\$30,000

16. Information Collection Planned for Statistical Purposes

Not applicable.

17. Approval to Omit OMB Expiration Date

Not applicable.

18. Exceptions to Certification Statement for Paperwork Reduction Act Submission

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.