

**SUPPORTING STATEMENT**  
**For the Paperwork Reduction Act Information Collection Submission for**  
**Proposed Rule 498A**

**A. JUSTIFICATION**

**1. Necessity for the Information Collection**

Section 5(b)(2) of the Securities Act of 1933 (“Securities Act”)<sup>1</sup> makes it unlawful for any person, directly or indirectly, to carry or cause to be carried through the mails or in interstate commerce securities for the purpose of sale or for delivery after sale, unless accompanied or preceded by a prospectus meeting the requirements of section 10 of the Securities Act.<sup>2</sup> Section 10(a) of the Securities Act describes the type of information required to be included in a statutory prospectus.<sup>3</sup> Sections 10(b) of the Securities Act and 24(g) of the Investment Company Act of 1940 (“Investment Company Act”)<sup>4</sup> permit the Commission to allow the use of a prospectus that omits or summarizes information required by section 10(a).<sup>5</sup>

On October 30, 2018, the Commission issued a release proposing rule and form amendments designed to enhance disclosures for variable annuities and variable life insurance contracts (together, “variable contracts”).<sup>6</sup> Among other things, the proposal includes a new rule, proposed rule 498A under the Securities Act, that would be available for registrants filing an initial registration statement on Forms N-3, N-4, and N-6. The proposed rule, if adopted, would permit a person to satisfy its prospectus delivery obligations under the Securities Act for a variable contract by providing a summary prospectus to investors, with access to additional information (i.e., the variable contract’s statutory prospectus, summary prospectuses, statement of

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<sup>1</sup> 15 U.S.C. 77a *et seq.*

<sup>2</sup> 15 U.S.C. 77e(b)(2). A “prospectus,” as defined by the Securities Act, is any prospectus, notice, circular, advertisement, letter, or communication, written or by radio or television, which offers any security for sale or confirms the sale of any security, with certain exceptions. 15 U.S.C. 77b(a)(10).

<sup>3</sup> 15 U.S.C. 77j. For purposes of this supporting statement, a prospectus meeting the requirements of a section 10(a) prospectus is referred to as a “statutory prospectus.”

<sup>4</sup> 15 U.S.C. 80a-1 *et seq.*

<sup>5</sup> 15 U.S.C. 77j(b); 15 U.S.C. 80a-24(g).

<sup>6</sup> *See* Updated Disclosure Requirements and Summary Prospectus for Variable Annuity and Variable Life Insurance Contracts, Investment Company Act Release No. 33286 (Oct. 30, 2018) [83 FR 61730 (Nov. 30, 2018)] (the “Proposing Release”).

additional information, and in the case of a registrant on Form N-3, the registrant's most recent annual and semi-annual reports to shareholders under rule 30e-1) available online. Proposed rule 498A would permit the use of two distinct types of contract summary prospectuses: (1) initial summary prospectuses covering variable contracts currently offered to new investors; and (2) updating summary prospectuses for existing investors.<sup>7</sup> The proposed rule also would consider a person to have met its prospectus delivery obligations for any portfolio companies associated with a variable contract by making additional information (i.e., the portfolio company's statutory prospectus, summary prospectus, statement of additional information, and the most recent annual and semi-annual reports to shareholders under rule 30e-1) available online.<sup>8</sup> Registrants would also be required to send these documents relating to the variable contract and any portfolio companies in paper or electronic format to the investor upon request.<sup>9</sup> A summary prospectus that complies with rule 498A would be deemed to be a prospectus that is authorized under section 10(b) of the Securities Act and section 24(g) of the Investment Company Act.<sup>10</sup>

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

The purpose of proposed rule 498A is to provide investors with a summary prospectus to help them make informed investment decisions regarding variable contracts. Unlike many other federal information collections, which are primarily for the use and benefit of the collecting agency, this information collection is primarily for the use and benefit of investors.

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

The Commission has provided guidance noting that electronic delivery may be used to satisfy prospectus delivery requirements under certain circumstances.<sup>11</sup> Proposed rule 498A would require additional information (i.e., the variable contract's statutory prospectus, summary prospectuses, statement of additional information, and in the case of a registrant on Form N-3, the registrant's most recent annual and semi-annual reports to shareholders under rule 30e-1) to be publicly accessible, free of charge, at a website address specified on or hyperlinked in the

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<sup>7</sup> Proposed Rule 498A(b) and (c).

<sup>8</sup> Proposed rule 498A(j).

<sup>9</sup> Proposed rule 498A(i)(1) and (j)(1)(iii).

<sup>10</sup> Proposed rule 498A(b) and (c).

<sup>11</sup> *See, e.g.*, Securities Act Release No. 7233 (Oct. 6, 1995) [60 FR 53458 (Oct. 13, 1995)]; Securities Act Release No. 7856 (Apr. 28, 2000) [65 FR 25843 (May 4, 2000)].

cover of the summary prospectus. The proposed rule also would provide an optional method for satisfying portfolio company prospectus delivery obligations by making additional information (i.e., the portfolio company's statutory prospectus, summary prospectus, statement of additional information, and the most recent annual and semi-annual reports to shareholders under rule 30e-1) available online at the website address specified on or hyperlinked in the variable contract summary prospectus.

#### **4. Duplication**

The Commission periodically evaluates rule-based reporting and recordkeeping requirements for duplication, and reevaluates them whenever it proposes a rule or a change in a rule. Certain reporting requirements of proposed rule 498A are duplicated by the requirements of Forms N-3, N-4, and N-6. In particular, under the proposed rule certain disclosures may appear in both the summary prospectus and the statutory prospectus, but this is necessary in light of the policy goals of the proposal and parallels the approach to summary prospectus disclosure in the context of mutual funds and ETFs.

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

The information collection requirements of proposed rule 498A do not distinguish between funds that are small entities and other funds. To the extent that smaller entities would rely on proposed rule 498A, their burden to comply with its requirements may be greater than for larger entities due to economies of scale.

The Commission considered special requirements for small entities. The Commission believes, however, that proposed rule 498A would not, if adopted, have a significant economic impact on a substantial number of small entities.<sup>12</sup> Generally, an investment company is a small entity if, together with other investment companies in the same group of related investment companies, it has net assets of \$50 million or less as of the end of its most recent fiscal year. The analysis is slightly different for insurance company separate accounts. Because state law generally treats separate account assets as the property of the sponsoring insurance company, rule 0-10 aggregates each separate account's assets with the assets of the sponsoring insurance company, together with assets held in other sponsored separate accounts.<sup>13</sup> As a result, the Commission expects few, if any, separate accounts to be treated as small entities.<sup>14</sup>

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<sup>12</sup> See Proposing Release at section V.

<sup>13</sup> 17 CFR 270.0-10(b).

<sup>14</sup> See Proposing Release at section V.

The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act, to identify methods to minimize reporting or recordkeeping requirements affecting small businesses.

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

Section 5(b)(2) of the Securities Act makes it unlawful for any person, directly or indirectly, to carry or cause to be carried through the mails or in interstate commerce securities for the purpose of sale or for delivery after sale, unless accompanied or preceded by a prospectus meeting the requirements of section 10 of the Securities Act. Section 10(a)(3) of the Securities Act generally requires that when a prospectus is used more than nine months after the effective date of the registration statement, the information in the prospectus must be as of a date not more than sixteen months prior to such use.<sup>15</sup> The effect of these provisions is that persons are required to update their variable contract statutory prospectuses at least annually to reflect current cost, performance, and other financial information. This legal requirement prevents the Commission from specifying less frequent distribution of a prospectus—including any summary prospectus that would be used by issuers relying on proposed rule 498A—to investors when offering securities for sale.

The requirement that funds using a summary prospectus must respond to an investor's request for additional information within three business days ensures that investors who wish to review additional information before making an investment decision will be able to do so.

## **7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)**

The collection is not inconsistent with 5 CFR 1320.5(d)(2).

## **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 variable contract 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 the paperwork burdens confronting the industry. The Commission has requested public comment on the collection of information requirements of proposed rule 498A before it will submit a final request for approval to the Office of Management and Budget. The Commission will consider all comments received and address them in any adopting release.

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<sup>15</sup> See 15 U.S.C. 77j(a)(3).

## **9. Payment or Gift**

No payment or gift to respondents was provided.

## **10. Assurance of 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 does not collect personally identifiable information (PII). The agency has determined that a system of records notice (SORN) and privacy impact assessment (PIA) are not required in connection with the collection of information.

## **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<sup>16</sup> and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. Proposed rule 498A would contain collection of information requirements. The likely respondents to this information collection are variable contract separate accounts registered or registering with the Commission. Under proposed rule 498A, use of the summary prospectus would be voluntary, but the rule's requirements would be mandatory for variable contract separate accounts that elect to send or give a summary prospectus in reliance upon proposed rule 498A. The information provided under proposed rule 498A would not be kept confidential.

The summary prospectus is voluntary, so the percentage of variable contract separate accounts that will choose to utilize it is uncertain. Given this uncertainty, we have assumed that 95% of all separate accounts would choose to use a summary prospectus under proposed rule 498A.<sup>17</sup>

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<sup>16</sup> 44 U.S.C. 3501 *et seq.*

<sup>17</sup> We believe this assumption is appropriate due to a variety of factors, including: (1) expressed industry support for layered disclosure with summary prospectuses (*see, e.g.*, the Proposing Release at n.692); (2) our estimate that approximately 95% of open-end registered investment companies rely on Securities Act rule 498 to use summary prospectuses (*see, e.g.*, the Proposing Release at n.44 and accompanying text); and (3) our expectation that the proposed rule will provide costs savings to insurers (*see, e.g.*, the Proposing Release at section III).

## Preparation of Initial Summary Prospectus and Updating Summary Prospectus

For registrants that choose to rely upon proposed rule 498A, we estimate a one-time collective burden of 40 hours per registration statement to prepare and file both a new initial summary prospectus and a new updating summary prospectus for offerings on Forms N-4 or N-6.<sup>18</sup> In addition, we estimate an ongoing collective burden of 10 hours per registration statement during each subsequent year for the registrant to prepare and file updates of the initial summary prospectus and updating summary prospectus for offerings on Forms N-4 or N-6.

For offerings on Form N-3, we estimate a one-time collective burden of 40 hours per registration statement to prepare and file both a new initial summary prospectus and a new updating summary prospectus, plus a further burden of 12 hours per contract investment option. Subsequently, we estimate an ongoing collective burden of 10 hours per registration statement that would be incurred each following year to prepare and file updates of summary prospectuses, plus a further burden of 3 hours per investment option. We estimate that each registration statement filed on Form N-3 would include three investment options.

Because the PRA estimates represent the average burden over a three-year period, we estimate the average annual hour burden per registration statement to prepare initial and updating summary prospectuses would be 20 hours for filings on Form N-4 or N-6.<sup>19</sup> For Form N-3, we estimate the average annual hour burden per registration statement to prepare initial and updating summary prospectuses would be 38 hours.<sup>20</sup>

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<sup>18</sup> We are aware that more than one prospectus may be filed as part of a registration statement. Our proposal would provide form instructions clarifying the circumstances under which this would be appropriate. We do not have data regarding how many registration statements currently include more than one prospectus, nor are we able to determine how the number of prospectuses per registration statement might be affected by the proposed form instructions. For these reasons, we assume one prospectus is filed per registration statement.

<sup>19</sup> The estimate of 20 hours is based upon the following calculation: (40 hours to prepare a new initial and updating summary prospectus in year 1) + (10 hours in year 2) + (10 hours in year 3) / 3 years = 20 hours.

<sup>20</sup> The estimate of 38 hours is based upon the following calculation: 40 hours to prepare summary prospectuses + (12 hours per investment option x 3 investment options) = 76 hours in year 1. 10 hours + (3 hours per investment option x 3 investment options) = 19 hours in each of year 2 and year 3. (76 hours in year 1) + (19 hours in year 2) + (19 hours in year 3) / 3 years = 38 hours.

We estimate the aggregate annual hour burden to prepare initial and updating summary prospectuses for offerings on Forms N-3, N-4, and N-6 would be 14,610 hours, at an internal cost equivalent of \$4,908,960.<sup>21</sup>

### Online Availability of Contract Statutory Prospectus and Certain Other Documents Relating to the Contract

Registrants that choose to rely upon proposed rule 498A would be required to make certain documents relating to the contract available online, including a variable contract's initial summary prospectus, updating summary prospectus, statutory prospectus, and SAI for contracts registered on Forms N-3, N-4, or N-6, and the contract's most recent annual and semi-annual reports to shareholders under rule 30e-1 in the case of a variable annuity contract registered under Form N-3.

We estimate the average burden to comply with the proposed website posting requirements would be 2 hours per set of contract documents associated with a single registration statement, both in the first year and annually thereafter.<sup>22</sup>

In total, we estimate the annual burden to comply with the proposed website posting requirements of the rule for documents relating to variable contracts would be 1,379 hours, at an internal cost equivalent of \$329,581.<sup>23</sup>

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<sup>21</sup> The estimate of 14,610 hours is based upon the following calculation:  $((38 \text{ hours} \times 5 \text{ registrants on Form N-3}) + (20 \text{ hours} \times 500 \text{ registrants on Form N-4}) + (20 \text{ hours} \times 221 \text{ registrants on Form N-6})) \times 95\% = 14,610 \text{ hours}$ .

The internal time cost equivalent of \$4,908,960 is calculated by multiplying the hour burden (14,610 hours) by the estimated hourly wage of \$336. The estimated wage figure is based on published rates for Compliance Attorneys (\$352) and Senior Programmers (\$319). These hourly figures are from SIFMA's Management & Professional Earnings in the Securities Industry 2013, modified to account for an 1,800-hour work year; multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead; and adjusted to account for the effects of inflation. 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  $((\$352 + \$319) / 2 = 335.5)$ .

<sup>22</sup> We note that separate account registrants are generally larger entities, and therefore, based on our experience with these registrants, we assume that all separate account registrants already have their own website and would not experience any burdens associated with developing a website.

<sup>23</sup> The estimate of 1,379 hours is based on the following calculation:  $95\% \text{ reliance on the rule} \times ((2 \text{ hours per registration statement} \times 5 \text{ registration statements on Form N-3}) + (2 \text{ hours per registration statement} \times 500 \text{ registration statements on Form N-4}) + (2 \text{ hours}$

## Online Availability of Portfolio Company Statutory Prospectuses and Certain Other Documents Relating to Portfolio Companies

Registrants on Forms N-4 and N-6 that choose to rely on the new delivery option for portfolio company prospectuses would also be required to post online the portfolio company's summary prospectus, statutory prospectus, SAI, and most recent annual and semi-annual shareholder reports.<sup>24</sup>

We estimate the average burden to comply with the proposed website posting requirements would be 2 hours per set of portfolio company documents associated with a single registration statement, both in the first year and annually thereafter. In total, we estimate the annual burden to comply with the proposed website posting requirements of the rule for documents relating to portfolio companies would be 1,370 hours, at an internal cost equivalent of \$327,430.<sup>25</sup>

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per registration statement x 221 registration statements on Form N-6)) = approximately 1,379 hours. *See supra* note 17 for further detail regarding the assumption of 95% reliance.

The internal time cost equivalent of \$329,581 is calculated by multiplying the hour burden (1,379 hours) by the estimated hourly wage based on published rates for webmasters (\$239). This hourly figure is from SIFMA's Management & Professional Earnings in the Securities Industry 2013, modified to account for an 1,800-hour work year; multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead; and adjusted to account for the effects of inflation.

<sup>24</sup> The obligation to post these documents online would fall upon the party that has the prospectus delivery obligation for the portfolio company prospectus. For purposes of this Paperwork Reduction Act analysis, we assume that delivery of portfolio company prospectuses would be done by registrants, rather than portfolio companies or financial intermediaries such as broker-dealers. In some situations, portfolio company documents may already be posted online, such as in the case of portfolio companies that already use summary prospectuses under Securities Act rule 498 and therefore are subject to the document posting requirements of rule 498. However, for purposes of this Paperwork Reduction Analysis, we still assume that the registrant would bear the burden of posting those documents since we expect the registrant would repost those documents to make them available on a single website.

<sup>25</sup> The estimate of 1,370 hours is based on the following calculation: 95% reliance on the rule x 2 hours per registration statement x (500 registration statements on Form N-4 + 221 registration statements on Form N-6) = approximately 1,370 hours. *See supra* note 17 for further detail regarding the assumption of 95% reliance.



## Total Hour Burden Associated with Proposed Rule 498A

Accordingly, as displayed in Table 1 below, we estimate the total annual hour burden for registrants under proposed rule 498A to prepare, file and update both the initial summary prospectus and updating summary prospectuses, and post the required variable contract and portfolio company documents to a website would be 17,359 hours, at an internal time cost equivalent of \$5,565,971.<sup>26</sup>

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The internal time cost equivalent of \$327,430 is calculated by multiplying the hour burden (1,370 hours) by the estimated hourly wage based on published rates for webmasters (\$239).

<sup>26</sup> The internal hours estimate is based upon the following calculation: 14,610 hours to prepare and update initial and updating summary prospectuses for offerings on Forms N-3, N-4, and N-6 + 1,379 hours to comply with the proposed website posting requirements for documents relating to variable contracts + 1,370 hours to comply with the proposed website posting requirements for documents relating to portfolio companies = 17,359 hours.

This internal time cost equivalent estimate is based upon the following calculation: \$4,908,960 to prepare and update initial and updating summary prospectuses for offerings on Forms N-3, N-4, and N-6 + \$329,581 to comply with the proposed website posting requirements for documents relating to variable contracts + \$327,430 to comply with the proposed website posting requirements for documents relating to portfolio companies = \$5,565,971.

**Table 1: Summary of Annual Responses, Burden Hours, and Burden Hour Costs Estimates for Each Proposed Rule 498A Information Collection (“IC”)**

<b>IC</b>	<b>Proposed Rule 498A IC Description</b>	<b>No. of Responses</b>	<b>Burden Hours</b>	<b>Burden Hour Costs</b>
IC1	Preparation of Initial Summary Prospectus and Updating Summary Prospectus	690	14,610	\$4,908,960
IC2	Online Availability of Contract Statutory Prospectus and Certain Other Documents Relating to the Contract	690	1,379	\$329,581
IC3	Online Availability of Portfolio Company Statutory Prospectuses and Certain Other Documents Relating to Portfolio Companies	690	1,370	\$327,430
	<b>Totals for all ICs</b>	<b>690</b>	<b>17,359</b>	<b>\$5,565,971</b>

### **13. Costs to Respondents**

#### Preparation of Initial Summary Prospectus and Updating Summary Prospectus

Registrants may also bear external costs to prepare and update the initial and updating summary prospectuses, such as the services of independent auditors and outside counsel. However, any external costs associated with filing the summary prospectuses as exhibits to the registration statements would already be reflected in the external costs associated with those registration statements.

For registrants that choose to rely upon proposed rule 498A, we estimate a one-time collective external cost burden of \$10,000 per registration statement to prepare both a new initial summary prospectus and a new updating summary prospectus for offerings on Forms N-4 or N-6. In addition, we estimate an ongoing external collective burden of \$2,500 per registration statement during each subsequent year for the registrant to prepare updates of the initial summary prospectus and updating summary prospectus for offerings on Forms N-4 or N-6. For offerings on Form N-3, we estimate a one-time external collective burden of \$10,000 per registration statement to prepare and file both a new initial summary prospectus and a new updating summary prospectus, plus a further external burden of \$3,000

per contract investment option. Subsequently, we estimate an ongoing collective external burden of \$2,500 per registration statement during each following year to prepare and file updates of summary prospectuses, plus a further burden of \$750 per investment option. We estimate that each registration statement filed on Form N-3 would include three investment options.

Because the PRA estimates represent the average burden over a three-year period, we estimate the average annual hour burden per registration statement to prepare and update initial and updating summary prospectuses would be \$5,000 for filings on Form N-4 or N-6.<sup>27</sup> For Form N-3, we estimate the average annual hour burden per registration statement to prepare and update initial and updating summary prospectuses would be \$9,500.<sup>28</sup>

We estimate the aggregate annual external cost burden to prepare and update initial and updating summary prospectuses for offerings on Forms N-3, N-4, and N-6 would be \$3,469,875.<sup>29</sup>

#### Printing and Mailing of Contract Statutory Prospectus and Certain Other Documents Relating to the Contract

We also estimate that registrants may incur external costs in connection with the requirement to provide the contract statutory prospectus and certain other documents relating to the contract upon request of a shareholder. We estimate that the average annual costs associated with printing and mailing these contract documents upon request would be collectively \$500 for all documents associated with a single registrant.<sup>30</sup> Accordingly, we estimate that the aggregate annual

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<sup>27</sup> The estimate of \$5,000 is based upon the following calculation:  $(\$10,000 \text{ to prepare a new initial and updating summary prospectuses in year 1}) + (\$2,500 \text{ in year 2}) + (\$2,500 \text{ in year 3}) / 3 \text{ years} = \$5,000$ .

<sup>28</sup> The estimate of \$9,500 is based upon the following calculation:  $\$10,000 \text{ to prepare new initial and updating summary prospectuses} + (\$3,000 \text{ per investment option} \times 3 \text{ investment options}) = \$19,000 \text{ in year 1. } \$2,500 + (\$750 \text{ per investment option} \times 3 \text{ investment options}) = \$4,750 \text{ in each of year 2 and year 3. } (\$19,000 \text{ in year 1}) + (\$4,750 \text{ in year 2}) + (\$4,750 \text{ in year 3}) / 3 = \$9,500$ .

<sup>29</sup> The estimate of \$3,469,875 is based upon the following calculation:  $((\$9,500 \times 5 \text{ registrants on Form N-3}) + (\$5,000 \times 500 \text{ registrants on Form N-4}) + (\$5,000 \times 221 \text{ registrants on Form N-6})) \times 95\% = \$3,469,875$ .

<sup>30</sup> We use the estimate of \$500 per year to collectively print and mail upon request all documents associated with a single registrant for purposes of our analysis. However, we have requested comment on this estimate. *See* the Proposing Release at n.849.

external costs associated with printing and mailing these documents upon request would be \$344,850.<sup>31</sup>

### Printing and Mailing of Portfolio Company Statutory Prospectuses and Certain Other Documents Relating to Portfolio Companies

We also estimate that registrants may incur external costs in connection with the requirement to provide the portfolio company statutory prospectuses and certain other documents relating to the portfolio companies upon investor request. We estimate that the average annual costs associated with printing and mailing these portfolio company documents upon request would be collectively \$500 for all documents associated with a single registrant.<sup>32</sup> Accordingly, we estimate that the aggregate annual external costs associated with printing and mailing these documents upon request would be \$342,475.<sup>33</sup>

### Total Cost to Respondents Associated with Proposed Rule 498A

As displayed in Table 2 below, we estimate the total external cost would be \$4,157,200 to prepare and update both the initial summary prospectus and the updating summary prospectus and print and mail the required variable contract and portfolio company documents upon request.<sup>34</sup>

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Investors could also request to receive these documents electronically. We estimate that there would be negligible external costs associated with emailing electronic copies of these documents.

<sup>31</sup> This estimate is based upon the following calculations: 95% reliance on the rule x \$500 per registrant x (5 registration statements on Form N-3 + 500 registration statements on Form N-4 + 221 registration statements on Form N-6)) = \$344,850. *See supra* note 17 for further detail regarding the assumption of 95% reliance.

<sup>32</sup> Investors could also request to receive these documents electronically. *See supra* note 30 regarding our estimate that external costs associated with emailing electronic copies of these documents would be negligible.

<sup>33</sup> This estimate is based upon the following calculations: 95% reliance on the rule x \$500 per printing and mailing x (500 registration statements on Form N-4 + 221 registration statements on Form N-6) = \$342,475. *See supra* note 17 for further detail regarding the assumption of 95% reliance. For purposes of this Paperwork Reduction Act analysis, based upon our experience, we assume that the (negligible) burden of emailing these documents would be outsourced to third-party service providers and therefore would be included within these external cost estimates.

<sup>34</sup> This estimate is based on the following calculation: \$3,469,875 to prepare and update initial and updating summary prospectuses for offerings on Forms N-3, N-4, and N-6 +

**Table 2: Summary of Annual Responses and Total External Cost Estimates for Each Proposed Rule 498A Information Collection (“IC”)**

<b>IC</b>	<b>Proposed Rule 498A IC Description</b>	<b>No. of Responses</b>	<b>Total External Costs</b>
IC1	Preparation of Initial Summary Prospectus and Updating Summary Prospectus	690	\$3,469,875
IC2	Online Availability of Contract Statutory Prospectus and Certain Other Documents Relating to the Contract	690	\$344,850
IC3	Online Availability of Portfolio Company Statutory Prospectuses and Certain Other Documents Relating to Portfolio Companies	690	\$342,475
	<b>Totals for all ICs</b>	<b>690</b>	<b>\$4,157,200</b>

**14. Costs to Federal Government**

The annual cost of reviewing and processing registration statements, post-effective amendments, proxy statements, shareholder reports, and other filings of funds 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**

We are asking that a new collection of information for proposed rule 498A be created. As a result of proposed rule 498A, the hour burden for preparing and filing summary prospectuses will be 17,359 hours, and the cost burden will be \$4,157,200.

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

The results of any information collection will not be published.

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\$344,850 to comply with the proposed printing and mailing requirements for documents relating to variable contracts + \$342,475 to comply with the proposed printing and mailing requirements for documents relating to portfolio companies = \$4,157,200.

**17. Approval to Omit OMB Expiration Date**

Not Applicable.

**18. Exceptions to Certification for Paperwork Reduction Act Submissions**

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.