

SUPPORTING STATEMENT
For the Paperwork Reduction Act Information Collection Submission for
Form S-6

A. JUSTIFICATION

1. Necessity for the Information Collection

Form S-6¹ is a form used for registration under the Securities Act of 1933 (“Securities Act”)² of securities of any unit investment trust (“UIT”) registered under the Investment Company Act of 1940 (“Investment Company Act”)³ on Form N-8B-2.⁴ Section 5 of the Securities Act requires the filing of a registration statement prior to the offer of securities to the public and that the statement be effective before any securities are sold.⁵ Section 5(b) of the Securities Act requires that investors be provided with a prospectus containing the information required in a registration statement prior to the sale or at the time of confirmation or delivery of the securities.

Section 10(a)(3) of the Securities Act provides that when a prospectus is used more than nine months after the effective date of the registration statement, the information therein shall be as of a date not more than sixteen months prior to such use.⁶ As a result, most UITs update their registration statements under the Securities Act on an annual basis in order that their sponsors may continue to maintain a secondary market in the units. UITs that are registered under the Investment Company Act on Form N-8B-2 file post-effective amendments to their registration statements on Form S-6 in order to update their prospectuses.

On March 20, 2019, the Commission issued a release adopting rules that will modernize and simplify certain disclosure requirements in Regulation S-K, and related rules and forms.⁷ In particular, the Commission adopted amendments to Regulation S-T that will require investment companies filing on Form S-6 to submit

¹ 17 CFR 239.16.

² 15 U.S.C. 77a *et seq.*

³ 15 U.S.C. 80a-1 *et seq.*

⁴ 17 CFR 274.12. Form N-8B-2 is the form used by 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 to register under the Investment Company Act pursuant to Section 8 thereof.

⁵ 15 U.S.C. 77e.

⁶ 15 U.S.C. 77j(a)(3).

⁷ FAST Act Modernization and Simplification of Regulation S-K, Securities Act Release No. 10618 (Mar. 20, 2019).

the document in HTML format and to include a hyperlink to each exhibit identified in the exhibit index of the document.

2. Purpose and Use of the Information Collection

The purpose of Form S-6 is to meet the filing and disclosure requirements of the Securities Act and to enable filers to provide investors with information necessary to evaluate an investment in the security. 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 permits verification of compliance with securities law requirements and assures the public availability and dissemination of the information. The amendments will facilitate access to exhibits by investors and other users of the information.

3. Consideration Given to Information Technology

The Commission's Electronic Data Gathering, Analysis and Retrieval system (or "EDGAR") provides for automated filing, processing, and dissemination of full disclosure filings. This automation has increased the speed, accuracy, and availability of information, generating benefits to investors and financial markets. Form S-6 is required to be filed with the Commission electronically on EDGAR.⁸ Prospectuses may be sent to investors by electronic means so long as certain requirements are met.⁹

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. Form S-6 requires a prospectus that includes much of the information requested in Form N-8B-2. Form N-8B-2, however, is filed only once to register the UIT under the Investment Company Act.¹⁰

⁸ See rule 101(a)(1)(i) of Regulation S-T [17 CFR 232.101(a)(1)(i)].

⁹ See Investment Company Act Release No. 21399 (Oct. 6, 1995) [60 FR 53458 (Oct. 13, 1995)].

¹⁰ To eliminate the duplicative information presented in the registration forms used by UITs, the Commission has proposed and repropounded, but has not yet adopted, Form N-7, an integrated disclosure form under the Securities Act and the Investment Company Act. See Investment Company Act Release No. 14513 (May 14, 1985) [50 FR 21282 (May 23, 1985)]; Investment Company Act Release No. 15612 (Mar. 9, 1987) [52 FR 8268 (March 17, 1987)].

5. Effect on Small Entities

The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act,¹¹ to identify methods to minimize recordkeeping or reporting requirements affecting small businesses. The current disclosure requirements for registration statements on Form S-6 do not distinguish between small entities and other investment companies. The burden on smaller investment companies of preparing and filing registration statements may be proportionately greater than for larger investment companies. This burden includes the cost of producing, printing, filing, and disseminating prospectuses. The Commission believes, however, that imposing different requirements on smaller investment companies would not be consistent with investor protection and the purposes of the registration statements.

6. Consequences of Not Conducting Collection

The purpose of Form S-6 is to meet the filing and disclosure requirements of the Securities Act and to enable filers to provide investors with information necessary to evaluate an investment in the security. Less frequent filing would be inconsistent with the filing and disclosure requirements of the Securities Act. In addition, if the form were to be filed less frequently, investors may not be provided with the information necessary to evaluate an investment in the security.

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

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

8. Consultations Outside the Agency

Before adopting the amendments affecting Form S-6, the Commission solicited and evaluated public comments on the proposal and its collection of information requirements. The Commission received no comments in response to its request. Moreover, the Commission and the staff of the Division of Investment Management participate in an ongoing dialogue with representatives of the investment company industry through public conferences, meetings, and informal exchanges. These

Duplication has been lessened for insurance company separate accounts organized as UITs that offer variable annuity or variable life insurance contracts, because each such entity registers offerings of securities under the Securities Act and registers as an investment company under the Investment Company Act using a single form, Form N-4 (for insurance company separate accounts organized as UITs that offer variable annuity contracts) or Form N-6 (for insurance company separate accounts organized as UITs that offer variable life insurance contracts).

¹¹ 5 U.S.C. 601 *et seq.*

various forums provide the Commission and staff with a means of ascertaining and acting upon paperwork burdens confronting the industry.

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 name, job title, and work address. 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 following estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act of 1995¹² and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. Compliance with Form S-6 is mandatory. Responses to the collection of information will not be kept confidential.

¹² 44 U.S.C. 3501 *et seq.*

TABLE 1: BURDEN ESTIMATES FOR INITIAL FORM S-6 FILINGS

	Internal Burden	Wage Rate ¹	Cost of Internal Burden	Annual Cost Burden
CURRENTLY APPROVED ESTIMATES				
Current Form S-6 requirements	22.5 hours	× \$334 (compliance attorney)	\$7,515	\$33,104
	22.5 hours	× \$303 (senior programmer)	\$6,817.50	
Total annual burden per response	45 hours		\$14,332.50	\$33,104
Number of annual responses	× 1,340		× 1,340	× 1,340
Total annual burden	60,300 hours		\$19,205,550	\$44,359,360
REVISED ESTIMATES				
Current Form S-6 requirements	22.5 hours	× \$334 (compliance attorney)	\$7,515	\$33,104
	22.5 hours	× \$303 (senior programmer)	\$6,817.50	
Preparation and review of exhibit hyperlinks	0.125 hours	× \$345 (compliance attorney) ²	\$43.13	\$300
	0.125 hours	× \$313 (senior programmer) ²	\$39.13	
Total annual burden per response	45.25 hours		\$14,414.76	\$33,404
Number of annual responses	× 1,340		× 1,340	× 1,340
Total annual burden	60,635 hours		\$19,315,778.40	\$44,761,360

Notes:

1. The Commission's estimates concerning the allocation of burden hours and the relevant wage rates are based on consultations with industry representatives and on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association's Office Salaries in the Securities Industry 2013. The estimated wage figures are modified by Commission staff to account for an 1800-hour work-year and multiplied by 2.93 to account for bonuses, firm size, employee benefits, overhead, and adjusted to account for the effects of inflation. See Securities Industry and Financial Markets Association, Report on Management & Professional Earnings in the Securities Industry 2013.

2. The Commission used a more recent estimate for the respective wage rates when issuing the proposed amendments in 2017 than it did when renewing the collection of information in 2016.

TABLE 2: BURDEN ESTIMATES FOR POST-EFFECTIVE AMENDMENTS

	Internal Burden	Wage Rate ¹	Cost of Internal Burden	Annual Cost Burden
CURRENTLY APPROVED ESTIMATES				
Current Form S-6 requirements	20 hours	× \$334 (compliance attorney)	\$6,680	\$19,862
	20 hours	× \$303 (senior programmer)	\$6,060	
Total annual burden per response	40 hours		\$12,740	\$19,862
Number of annual responses	× 1,158		× 1,158	× 1,158
Total annual burden	46,320 hours		\$14,752,920	\$23,000,196
REVISED ESTIMATES				
Current Form S-6 requirements	40 hours	× \$334 (compliance attorney)	\$6,680	\$19,862
	40 hours	× \$303 (senior programmer)	\$6,060	
Preparation and review of exhibit hyperlinks	0.125 hours	× \$345 (compliance attorney) ²	\$43.13	\$300
	0.125 hours	× \$313 (senior programmer) ²	\$39.13	
Total annual burden per response	40.25 hours		\$12,822.26	\$30,162
Number of annual responses	× 1,158		× 1,158	× 1,158
Total annual burden	46,609.5 hours		\$14,848,177.08	\$23,347,596

Notes:

1. The Commission's estimates concerning the allocation of burden hours and the relevant wage rates are based on consultations with industry representatives and on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association's Office Salaries in the Securities Industry 2013. The estimated wage figures are modified by Commission staff to account for an 1800-hour work-year and multiplied by 2.93 to account for bonuses, firm size, employee benefits, overhead, and adjusted to account for the effects of inflation. See Securities Industry and Financial Markets Association, Report on Management & Professional Earnings in the Securities Industry 2013.

2. The Commission used a more recent estimate for the respective wage rates when issuing the proposed amendments in 2017 than it did when renewing the collection of information in 2016.

TABLE 3: TOTAL BURDEN ESTIMATES FOR FORM S-6

	Internal Burden	Cost of Internal Burden	Annual Cost Burden
CURRENTLY APPROVED ESTIMATES			
Initial Form S-6 filings	60,300 hours	\$19,205,550	\$44,359,360
Post-effective amendments	46,320 hours	\$14,752,920	\$23,000,196
Total annual burden	106,620 hours	\$33,958,470	\$67,359,556
REVISED ESTIMATES			
Initial Form S-6 filings	60,635 hours	\$19,315,778.40	\$44,761,360
Post-effective amendments	46,609.5 hours	\$14,848,177.08	\$23,347,596
Total annual burden	107,245 hours	\$34,163,955.48	\$68,108,956

TABLE 4: CHANGE IN BURDEN ESTIMATES

	Annual Number of Responses			Annual Time Burden (hours)			Cost Burden (dollars)		
	Previously Approved	Revised Estimate	Change	Previously Approved	Revised Estimate	Change	Previously Approved	Revised Estimate	Change
Form S-6	2,498	2,498	0	106,620	107,245	+ 625	\$67,359,556	\$68,108,956	+ \$749,400

As summarized in Table 1 and Table 2 above, the Commission has previously estimated that UITs will make approximately 1,340 initial registration statement filings and 1,158 post-effective amendments annually, based on filings with the Commission in 2014.¹³ The hour burden estimates for preparing and filing Form S-6 are based on the Commission's experience with the contents of the form. The number of burden hours may vary depending on, among other things, the complexity of the filing and whether preparation of the forms is performed by internal staff or outside counsel.

Form S-6 imposes two types of reporting burdens on UITs that are registered under the Investment Company Act on Form N-8B-2: (1) the burden of preparing and filing the initial registration statement; and (2) the burden of preparing and filing post-effective amendments to a previously effective registration statement.

As summarized in Table 3 above, in our most recent Paperwork Reduction Act submission for Form S-6, Commission staff estimated that the annual compliance burden to comply with the collection of information requirements of Form S-6 is 106,620 hours, with an internal cost of about \$34 million. The amendments to Regulation S-T that will require UITs filing on Form S-6 to submit these documents in HTML format and to include a hyperlink to each exhibit identified in the exhibit index of these documents are expected to increase the burdens and costs for UITs that prepare and file these registration statements. For purposes of the Paperwork Reduction Act, we estimated the average burden for a UIT to hyperlink to exhibits based on the median number of exhibits that are filed with an affected form. As summarized in Table 3 above, we estimate that the total internal burden associated with Form S-6 will be 107,245 hours per year, at a cost of about \$34.1 million.

13. Cost to Respondents

Cost burden is the cost of goods and services purchased to prepare and update registration statements on Form S-6, such as for the services of independent auditors and outside counsel. The cost burden does not include the hour burden discussed in Item 12 above. Estimates are based on the Commission's experience with the filing of registration forms.

As summarized in Table 3 above, in our most recent Paperwork Reduction Act submission for Form S-6, Commission staff estimated about \$67.4 million in external cost burden per year. We estimate that the revised external burden will be \$68.1 million.

¹³ This estimate was previously submitted to OMB in connection with the renewal of approval for the collection of information required by Form S-6 in 2016.

14. Costs to Federal Government

The annual cost of reviewing and processing disclosure documents, including new registration statements, post-effective amendments, proxy statements, shareholder reports, and other filings of investment companies amounted to approximately \$22.2 million in fiscal year 2018, based on the Commission's computation of the value of staff time devoted to this activity and related overhead.

15. Changes in Burden

As summarized in Table 4 above, the estimated hourly burden associated with Form S-6 has increased from 106,620 hours to 107,245 hours (an increase of 625 hours). In addition, the cost burden associated with Form S-6 has increased from \$67,359,556 to \$68,108,956 (an increase of \$749,400). The changes in burden hours and external cost burdens are due to the estimates of the time burden and external costs that will result from our amendments affecting Form S-6 regarding hyperlinking.

16. Information Collection Planned for Statistical Purposes

The results of any information collected 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 for design and IT project scheduling reasons. The OMB control number will be displayed.

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.