

**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 (the “Investment Company Act”).<sup>1</sup> Section 8(b) of the Investment Company Act 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.<sup>2</sup> 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 (“Securities Act”).<sup>3</sup> Section 5 of the Securities Act 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.<sup>4</sup> 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 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.<sup>5</sup> 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

---

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

<sup>2</sup> 15 U.S.C. 80a-8(b).

<sup>3</sup> 15 U.S.C. 77a *et seq.*

<sup>4</sup> 15 U.S.C. 77e.

<sup>5</sup> 15 U.S.C. 77e(b).

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.

On September 25, 2019, the Commission issued a release adopting a new rule that will permit exchange-traded funds (“ETFs”) that satisfy certain conditions to operate without the expense and delay of obtaining an exemptive order.<sup>6</sup> The release also includes certain disclosure amendments to Form N-8B-2 to provide investors who purchase and sell ETF shares on the secondary market with additional information regarding ETF trading and associated costs, regardless of whether such ETFs are structured as registered open-end management investment companies or UITs.

## **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 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 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. All UITs filing Form N-8B-2 are required to use EDGAR to make such filings.<sup>7</sup>

## **4. Efforts to Identify 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, the form used by certain UITs to register their securities under the Securities Act, requires a prospectus that includes much of the information requiring by

---

<sup>6</sup> Exchange-Traded Funds, Investment Company Act Release No. 33646 (Sept. 25, 2019) [84 FR 57162 (Oct. 24, 2019)].

<sup>7</sup> See rule 101(a)(iv) of Regulation S-T [17 CFR 232.101(a)(iv)].

Form N-8B-2. Form N-8B-2, however, is filed only once to register the UIT under the Investment Company Act.<sup>8</sup>

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

The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act,<sup>9</sup> to identify methods to minimize recordkeeping or reporting requirements affecting small businesses. 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 proportionately greater than for larger investment companies. The Commission believes, however, that imposing different requirements on smaller investment companies would not be consistent with investor protection and the purposes of registration statements.

### **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.

### **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**

Before adopting the amendments affecting Form N-8B-2, the Commission solicited and evaluated public comments on the proposal's collection of information requirements. The Commission did not receive public comment on its proposed estimates, but the Commission revised its estimates as a result of updated industry data and modifications from the proposal. The Commission and staff of the Division of Investment Management participate in an ongoing dialogue with representatives of the investment company industry through public conferences, meetings, and information exchanges. These various forums provide the

---

<sup>8</sup> 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)].

<sup>9</sup> 5 U.S.C. 601 *et seq.*

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 names, job titles, and work addresses. 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 1995<sup>10</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-8B-2 is mandatory. Responses to the collection of information will not be kept confidential.

Form N-8B-2 is used by UITs to initially register under the Investment Company Act pursuant to section 8 thereof. UITs are required to file Form S-6 in order to register offerings of securities with the Commission under the Securities Act. As a result, UITs file Form N-8B-2 only once when the UIT is initially created and then use Form S-6 to file all post-effective amendments to their registration statements in order to update their prospectuses. We currently estimate for Form N-8B-2 a total burden of 10 hours, with an internal cost burden of approximately \$3,360, and an external burden estimate of \$10,000.<sup>11</sup>

To assist investors with better understanding the total costs of investing in a UIT ETF, the Commission adopted disclosure requirements in Form N-8B-2 designed to provide

---

<sup>10</sup> 44 U.S.C. 3501 *et seq.*

<sup>11</sup> This estimate is based on the last time the form’s information collection was submitted for PRA renewal in 2018.

investors who purchase ETF shares in secondary market transactions with tailored information regarding ETFs, including information regarding purchasing and selling shares of ETFs. All UIT ETFs will be subject to these disclosure requirements.<sup>12</sup>

---

<sup>12</sup> For existing UIT ETFs, the one-time and ongoing costs of complying with the amendments to Form N-8B-2 will accrue on Form S-6.

**TABLE 1: FORM N-8B-2 PRA ESTIMATES**

	Initial hours	Annual hours <sup>1</sup>		Wage rate <sup>2</sup>	Internal time costs	Annual external cost burden
Draft and finalize disclosure and file Form N-8B-2	12 hours	4 hours	×	\$365 (compliance attorney)	\$1,460	
	12 hours	4 hours	×	\$331 (senior programmer)	\$1,324	
Complete Form N-8B-2		5 hours	×	\$365 (compliance attorney)	\$1,825	
		5 hours	×	\$331 (senior programmer)	\$1,655	
<b>Total new annual burden per UIT ETF</b>	<b>24 hours</b>	<b>18 hours</b>			<b>\$6,264</b>	
Number of new UIT ETFs		× 1			× 1	
<b>Total annual burden</b>		<b>18 hours</b>			<b>\$6,264</b>	<b>\$ 0</b>
<b>Current burden estimates</b>		<b>+ 10 hours</b>				<b>+ \$10,000</b>
<b>Revised burden estimates</b>		<b>28 hours</b>				<b>\$10,000</b>

**Notes:**

1. Includes initial burden estimates annualized over a three-year period.
2. The Commission's estimates of the relevant wage rates are based 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 figures are modified by 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.

**TABLE 2: 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 N-8B-2	1	2	1	10	28	+ 18	\$10,000	\$10,000	0

Table 1 above summarizes the PRA estimates associated with Form N-8B-2. We estimate that the total hour burdens and time costs associated with the amendments affecting Form N-8B-2 will result in an average aggregate annual burden of 18 hours at an average aggregate time cost of \$6,264. Therefore, the revised aggregate estimate for Form N-8B-2, including the new amendments, is 28 hours.

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

The preparation and filing of Form N-8B-2 will not require any investment in capital equipment. The total external 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. The Commission currently estimates for Form N-8B-2 a total external cost burden of \$10,000. Table 1 above summarizes the PRA estimates associated with Form N-8B-2. The Commission does not estimate any change in external cost. Therefore, the revised aggregate estimate for Form N-8B-2, including the new amendments, is \$10,000 in external costs.

### **14. Costs to the 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 2 above, the estimated hourly burden associated with Form N-8B-2 has increased from 10 hours to 28 hours (an increase of 18 hours). The change in burden hours is due to the estimates of the time burden that will result from our amendments affecting Form N-8B-2. The Commission does not estimate any change in cost burden.

### **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 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. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

The collection of information will not employ statistical methods.