

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, UITs of which a management investment company is the sponsor or depositor, and UIT ETFs¹, 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.

¹ See Exchange-Traded Funds, Investment Company Act Release No. 33646 (Sept. 25, 2019) [84 FR 57162 (Oct. 24, 2019)] (“ETF Adopting Release”). The Commission adopted a new rule permitting exchange-traded funds (“ETFs”) that satisfy certain conditions to operate without the expense and delay of obtaining an exemptive order. 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.

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.

On March 20, 2019, the Commission issued a release adopting rules that modernize and simplify certain disclosure requirements in Regulation S-K, and related rules and forms.² In particular, the Commission adopted amendments that will require investment companies in certain filings to hyperlink exhibits and submit such filings in HTML format. The Commission extended a similar exhibit hyperlinking and HTML filing requirement to filings on Form N-8B-2.

In several cases, some of these amendments presented only a negligible or offsetting impact on the cost and hourly burdens associated with the Paperwork Reduction Act for certain investment company registration forms, and consequently, we believe did not warrant making any adjustments to those forms' burdens. For example, we noted in the adopting release that because less than 1% of confidential treatment request (CTR) applications received in fiscal year 2018 were related to exhibits filed with the Investment Company Act forms, we did not believe that the reduction in burden associated with Investment Company Act form would be significant enough to warrant an adjustment to our burden estimates. Similarly, with respect to our adoption of new Item 601(a)(5) in Regulation S-K and the analogous amendments to certain investment company registration forms, we noted that although we expected some reduction in burden associated with these amendments, we do not believe the reduction will be significant enough to warrant an adjustment to our burden estimates. Third, with respect to the impact our amendments (including those to certain investment company registration forms) would have on personally identifiable information (PII), we assumed in the adopting release that the amendments will result in some incremental reduction in

² *FAST Act Modernization and Simplification of Regulation S-K*, Securities Act Release No. 10618 (March 20, 2019) [84 FR 12674 (April 2, 2019)] ("Fast Act Adopting Release").

burden, although we did not believe the reduction will be significant enough to warrant an additional adjustment to our burden estimates. Finally, we did not make any adjustments to the paperwork burden for forms impacted by our amendments to simplify and modernize the rules and forms governing incorporation by reference, because the amendments resulted in offsetting adjustments to the paperwork burden per affected form. As a result of the negligible or offsetting impacts noted above, we did not incorporate any changes to the burden hours or costs associated with the foregoing areas because we did not believe the adjustment would be significant enough to warrant an additional adjustment to our burden estimates in section 12. Burden of Information Collection and section 13. Cost to Respondents.

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. In addition, the adopted amendments will facilitate access to exhibits by investors and other users of the information.

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.³

4. Efforts to Identify 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 proposed⁴ and repropoed,⁵ 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.

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

³ See rule 101(a)(iv) of Regulation S-T [17 CFR 232.101(a)(iv)].

⁴ Investment Company Act Release No. 14513 (May 14, 1985) (50 FR 21282 (May 23, 1985)).

⁵ Investment Company Act Release No. 15612 (Mar. 9, 1987) (52 FR 8268 (Mar. 17, 1987)).

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-2.⁶

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

Not applicable.

8. Consultation Outside the Agency

Before adopting the amendments affecting Form N-8B-2, 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 various forums provide the Commission and staff with a means of ascertaining and acting upon the paperwork burdens confronting the industry.

⁶ 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 2/5/2020, 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. Compliance with Form N-8B-2 is mandatory. The information provided on Form N-8B-2 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.

In addition, 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 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.

The most recent PRA revision submitted to OMB reflects the preparation and filing of Form N-8B-2 requiring a total of 28 burden hours, with an internal cost burden of approximately \$6,264, and an external cost burden estimate of \$10,000.⁷

Table 1 below reflects the estimated annual number of registration statements filed on Form N-8B-2, and is based on the average annual number of filings received by the Commission over the past four years (January 1, 2016 through December 31, 2019).⁸

⁷ The current PRA estimates are based on the most recent revision to the form's information collection submitted in December of 2019. We note this because the FAST Act Adopting Release PRA section contained figures based on a prior version submitted to OMB. Since the date of adoption of the FAST Act Adopting Release, those figures have changed. This PRA now reflects the most current figures for Form N-8B-2.

⁸ Based on Commission records, in 2016, 2017, 2018, and 2019, during that four-year period, the Commission received 1 filing, submitted in 2019, on Form N-8B-2. The cumulative 4-year average is, therefore, 0.25 filings per year. For purposes of this PRA we are assuming 1 filing annually.

As summarized in Table 1 below, the Commission staff estimates approximately one UIT respondent will file one Form N-8B-2 filing annually with the Commission. When considering the FAST Act Adopting Release amendments, staff estimates the total internal burden associated with Form N-8B-2 will be 28 hours per year, at an internal cost of about \$9,912.⁹

The hour burden estimates for preparing and filing reports on Form N-8B-2 are based on the Commission's experience with the contents of the form and based on past consultations with filers. 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.

⁹ The internal hourly burden per response is composed of 10 hours for preparing and filing reports by a UIT, 18 hours for preparing and filing reports by a UIT ETF, and 0.25 hours for hyperlinking for each. As we discussed in the FAST Act Adopting Release, for purposes of this PRA, we estimated that 25% of the 1 hour burden of preparation for hyperlinking is carried by the registrant internally. *See* Fast Act Adopting Release *supra* note 2 at n. 421 and accompanying text.

Table 1: BURDEN ESTIMATES FOR FORM N-8B-2 FILINGS

Preparing and filing reports on Form N-8B-2	Burden Per Response							Aggregate Burden					
	Internal Burden per Portfolio	Wage Rate ¹	Cost of Internal Burden per Portfolio	Annual Cost Burden per Portfolio	Annual Responses ²	Number of Portfolios per filing ³	Internal Burden	Annual Internal Cost Burden	Annual External Cost Burden				
REVISED ESTIMATES													
Preparing and filing reports on Form N-8B-2	UIT	10 hours	×	\$351 (1:1 blend of compliance attorney and senior programmer)	\$3,510	\$10,000	×	1	×	1	10 hours	\$3,510	\$10,000
	UIT ETFs	18 hours	×	\$351 (1:1 blend of compliance attorney and senior programmer)	\$6,318	\$0	×	1	×	1	18 hours	\$6,318	\$0
Hyperlinking exhibits on Form N-8B-2	0.25 hours ⁴	×	\$334 (senior programmer wage rate)	\$84 ⁵	\$300 ⁶	×	1	×	1	0.25 hours	\$84	\$300	
Total annual burden											28 hours⁵	\$9,912	\$10,300

Notes:

1. The Commission used a more recent estimate for the respective wage rates when issuing these amendments. The estimated \$368 per hour figure for a Compliance Attorney and \$334 per hour figure for a Senior Programmer, is 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 \$351 (($\$368 \times .50$) + ($\$334 \times .50$)).
2. See *supra* note 8 above.
3. We are assuming one portfolio per filing.
4. As noted in the FAST Act Adopting Release, 25% of the 1 hour burden is performed internally and 75% of the 1 hour burden is performed externally. Our estimated internal burden hours was based on the following: 25% internal burden allocation x 1 hour = 0.25 hours. See Fast Act Adopting Release *supra* note 2 at n. 421 and accompanying text.
5. The figure is rounded to the nearest whole number.
6. We noted in the Fast Act Adopting Release that 75% of the 1 hour burden of preparation for hyperlinking is carried by outside professionals retained by the investment company at an average cost of \$400 per hour. We also noted in the adopting release that we recognize that the costs of retaining outside professionals may vary depending on the nature of the professional services, but for purposes of this PRA analysis, we estimate that such costs would be an average of \$400 per hour. These estimates are based on our estimates for the parallel requirement for operating companies. *Id.*

Table 2: CHANGE IN BURDEN ESTIMATES

Form N-8B-2	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>
Form N-8B-2	1	1	0	28	28	0	\$10,000	\$10,300	\$300

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. Estimates are based on the Commission's experience with the filing of such reports and based on past consultations with filers.

As summarized in Table 2 above, the current Paperwork Reduction Act submission for Form N-8B-2, Commission staff estimated that the total external cost burden of preparing and filing Form N-8B-2 is \$10,000. With the inclusion of the formatting and hyperlinking requirements set forth in the FAST Act Adopting Release, we note that the external cost burden to comply with the requirement would increase by \$300. Therefore, the new total external cost burden would be \$10,300.

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 2018, 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 internal burden hours associated with preparing and filing registration statements on Form N-8B-2 and hyperlinking exhibits remains unchanged at 28 hours, while the external cost burden has increased by \$300 from \$10,000 to \$10,300. The change in the external cost burden is due to the FAST Act Adopting Release amendments' inclusion of formatting and hyperlinking requirements to Form N-8b-2.

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.