

**SUPPORTING STATEMENT**  
**For the Paperwork Reduction Act Information Collection Submission for**  
**FORM N-6**

**A. JUSTIFICATION**

**1. Necessity for the Information Collection**

Form N-6 is the form used by separate accounts organized as unit investment trusts that offer variable life insurance contracts to register under the Investment Company Act of 1940 (15 U.S.C. 80a-1 *et seq.*) (the “Investment Company Act”) and/or to register their securities under the Securities Act of 1933 (15 U.S.C. 77a *et seq.*) (the “Securities Act”). Section 5 of the Securities Act (15 U.S.C. 77e) 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, and section 8 of the Investment Company Act (15 U.S.C. 80a-8) requires a separate account to register as an investment company. Section 5(b) of the Securities Act makes it unlawful to carry or cause to be carried a security for purposes of sale or for delivery after the sale “unless accompanied or preceded” by a prospectus that meets the requirements of section 10(a) of the Act (which, in turn, generally requires a prospectus relating to a security to contain the information contained in the registration statement). For separate accounts that offer variable life insurance contracts, Form N-6 provides the information required to appear in prospectus meeting the requirements of section 10(a) of the Securities Act (as well as the information required to appear in the statement of additional information (“SAI”).

On March 11, 2019, the Commission adopted rule and form amendments designed to enhance disclosures for variable annuities and variable life insurance contracts (together, “variable contracts”). The rules use a layered disclosure approach that would permit a person to satisfy its prospectus delivery obligations under the Securities Act for a variable contract by

sending or giving a summary prospectus that presents key information about a variable contract's terms, benefits, and risks, with access to more detailed information available online and electronically or in paper format on request.<sup>1</sup>

The Commission adopted amendments to Form N-6 to update and enhance the disclosures to investors in variable life insurance contracts, and to implement the new summary prospectus regime. The Commission amended certain disclosure requirements that Form N-6 currently requires. In addition, amended Form N-6 requires certain new disclosures regarding, among other things: the Key Information Table, an overview of the contract, principal risks, optional benefits, loans, and the Appendix of available portfolio companies. The amendments also reduced or eliminated certain disclosures currently required by the form, including the requirements to include condensed financial information for each class of accumulation units of the registrant.

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

The purpose of Form N-6 is to meet the filing and disclosure requirements of the Securities Act and the Investment Company 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.

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<sup>1</sup> Updated Disclosure Requirements and Summary Prospectus for Variable Annuity and Variable Life Insurance Contracts, Investment Company Act Release No. 33814 (Mar. 11, 2020), available at <https://www.sec.gov/rules/final/2020/33-10765.pdf> (“Adopting Release”).

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

The Commission's electronic filing system (Electronic Data Gathering, Analysis and Retrieval or "EDGAR") is designed to automate the filing, processing, and dissemination of full disclosure filings. The system permits publicly held companies to transmit filings to the Commission electronically. This automation has increased the speed, accuracy, and availability of information, generating benefits to investors and financial markets. Form N-6 is required to be filed with the Commission electronically on EDGAR (*see* 17 CFR 232.101(a)(1)(i) and (iv)). The public may access filings on EDGAR through the Commission's internet website (<http://www.sec.gov>) or by using an EDGAR terminal located in the Commission's public reference rooms. Prospectuses and SAIs may be sent to investors by electronic means so long as certain requirements are met.<sup>2</sup>

### **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. The requirements of Form N-6 are not generally duplicated elsewhere.

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

The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), to identify methods to minimize recordkeeping or reporting requirements affecting small businesses. The disclosure requirements for Form N-6 do not distinguish between small entities and larger entities. The burden on smaller entities may be

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<sup>2</sup> See Use of Electronic Media for Delivery Purposes, Securities Act Release No. 7233, Exchange Act Release No. 36345, Investment Company Act Release No. 21399 (Oct. 6, 1995) [60 FR 53458 (Oct. 13, 1995)].

greater than for larger entities. This burden includes the cost of producing, printing, and filing, and disseminating prospectuses and SAIs. 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 N-6 is to meet the filing and disclosure requirements of the Securities Act and the Investment Company 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 and the Investment Company 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)**

Not Applicable.

**8. Consultation Outside the Agency**

Before adopting the amendments to Form N-6, the Commission solicited and evaluated public comments on the proposal and its collection of information requirements. Specifically, the public was given the opportunity to comment on the Commission's estimates for the burdens of Form N-6, as proposed and as compared to the existing approved burden inventory in the proposing and adopting releases for the amendments. While comments were received from filers, investors and other market participants, and were considered by the Commission as discussed in the Adopting Release none of these related to the proposed burden estimates for the amendments

to Form N-6.<sup>3</sup> In addition, 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 informal exchanges. These various forums provide the Commission and staff with a means of ascertaining and acting upon paperwork burdens that may confront the industry.

**9. Payment or Gift**

Not Applicable.

**10. Confidentiality**

Not Applicable.

**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 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

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<sup>3</sup> See Adopting Release, *supra* footnote 1.

comprehensive or even representative survey or study of the cost of Commission rules and forms.

Form N-6 generally imposes two types of reporting burdens on investment companies: (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. The hour and cost burden estimates for preparing and filing initial registration statements and post-effective amendments on Form N-6 are based on the Commission’s experience with the contents of the form. The number of burden hours and cost may vary depending on, among other things, the complexity of the filing and whether preparation of the form is performed by internal staff or outside counsel. We currently estimate for Form N-6 a total of 31,987 internal burden hours.

The table below summarizes the estimated adjustments to the Form N-6 collection of information from the proposed amendments, the estimated adjustments to the Form N-6 collection of information from the final amendments, and the final PRA estimates for internal and external burdens associated with amended Form N-6:

FORM N–6 PRA ESTIMATES

	Internal Hour Burden	Wage Rate	Internal Time Costs	Annual External Cost Burden
<b>FINAL ESTIMATES FOR INITIAL REGISTRATION STATEMENTS</b>				
Final form amendments per filing	1 hour	\$269 (blended rate for compliance attorney and intermediate accountant)	\$269	--

Number of initial registration statements	× 7	× 7		
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Total additional burden for all initial registration statements				
	7 hours		\$1,883	--

### FINAL ESTIMATES FOR POST-EFFECTIVE AMENDMENTS

Final form amendments per filing	8 hours	×	\$269 (blended rate for compliance attorney and intermediate accountant)	\$2,152	--
Number of post-effective amendments	× 378			× 378	
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Total additional burden for all post-effective amendments	3,024 hours			\$813,456	--
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Total additional annual burden for all initial registration statements and post-effective amendments	3,031 hours			\$815,339	--

### TOTAL ESTIMATED BURDENS INCLUDING AMENDMENTS

Current burden estimates	31,987 hours			\$9,084,308	\$3,816,692
Revised burden estimates	65,123 hours			\$17,518,087	\$7,840,000

The table above summarizes our PRA initial and ongoing annual burden estimates associated with Form N-6 as amended. In the aggregate, we estimate the total annual hour

burden to comply with amended Form N-6 to be 65,123 hours, at an average time cost of \$17,518,087. These estimates reflect the increase in estimated burdens associated with the amendments, adjustments to certain per filing estimates, and current estimates for the annual number of filings on Form N-6.

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

Cost burden is the cost of goods and services purchased to prepare and submit reports on Form N-6. The cost burden does not include the hour burden discussed in Item 12 above. Commission staff currently estimates for Form N-6, a total annual external cost burden of \$3,816,692. As outlined in the table above, staff estimates the total external cost burden to comply with amended Form N-6 to be \$7,840,000.

### **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 \$21.2 million in fiscal year 2019, based on the Commission's computation of the value of staff time devoted to this activity and related overhead.

### **15. Change in Burden**

As summarized in the table above, the estimated hourly burden associated with Form N-6 has increased from 31,987 hours to 65,123 hours (an increase of 33,136 hours). Further, the estimated cost burden has increased from \$3,816,692 to \$7,840,000 (an increase of \$4,023,308). These estimates reflect the increase in estimated burdens associated with the amendments,

adjustments to certain per filing estimates, and current estimates for the annual number of filings on Form N-6.

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

The Commission requests 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.

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

The Commission requests 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**

Not applicable.

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

Not applicable.