

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.*) (“Investment Company Act”) and/or to register their securities 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 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 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.¹ In particular, the Commission adopted amendments to Regulation S-T that will require investment companies filing on Form N-6 to submit 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 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

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

¹ FAST Act Modernization and Simplification of Regulation S-K, Securities Act Release No. 10618 (Mar. 20, 2019).

SAIs may be sent to investors by electronic means so long as certain requirements are met.²

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 current and proposed disclosure requirements for Form N-6 do not distinguish between small entities and larger entities. The burden on smaller entities may be 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.

In any event, no small entities currently file registration statements on Form N-6.

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

² 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)].

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 determining whether to adopt the proposed amendments to Form N-6, the Commission will receive and evaluate public comments on the proposal and its collection of information requirements. Moreover, 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 comprehensive or even representative survey or study of the cost of Commission rules and forms.

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

	Internal Burden Per Response		Wage Rate ¹	Cost of Internal Burden	Annual Cost Burden
CURRENTLY APPROVED ESTIMATES					
Current Form N-6 requirements	771.75 hours		\$296 (blended rate of \$419 for attorneys and \$173 for intermediate accountants)	\$228,438	\$26,169
Number of annual responses	× 7			× 7	× 7
Total annual burden	5,402 hours			\$1,599,066	\$183,183
REVISED ESTIMATES					
Current Form N-6 requirements	771.75 hours	×	\$296 (blended rate of \$419 for attorneys and \$173 for intermediate accountants)	\$228,438	\$26,169
Preparation and review of exhibit hyperlinks	0.125 hours	×	\$368 (compliance attorney)	\$46.00	\$300
	0.125 hours	×	\$334 (senior programmer)	\$41.75	
Total annual burden per response	771.25 hours			\$228,52575	\$26,469
Number of annual responses	× 7			× 7	× 7
Total annual burden	5,399 hours			\$1,599,680	\$185,283

Note: 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.

TABLE 2: BURDEN ESTIMATES FOR POST-EFFECTIVE AMENDMENTS

	Internal Burden Per Response		Wage Rate ¹	Cost of Internal Burden	Annual Cost Burden
CURRENTLY APPROVED ESTIMATES					
Current Form N-6 requirements	75.95 hours	×	\$296 (blended rate of \$419 for attorneys and \$173 for intermediate accountants)	\$22,481.20	\$9,493
Number of annual responses	×	385		×	385
Total annual burden	29,241 hours			\$8,655,262	\$3,654,805
REVISED ESTIMATES					
Current Form N-6 requirements	75.95 hours	×	\$296 (blended rate of \$419 for attorneys and \$173 for intermediate accountants)	\$22,481.20	\$9,493
Preparation and review of exhibit hyperlinks	0.125 hours	×	\$368 (compliance attorney) ²	\$46.00	\$300
	0.125 hours	×	\$334 (senior programmer) ²	\$41.75	
Total annual burden per response	76.2 hours			\$22,568.95	\$9,793
Number of annual responses	×	388		×	388
Total annual burden	29,565 hours			\$8,689,046	\$3,770,305

Notes: 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.

TABLE 3: TOTAL BURDEN ESTIMATES FOR FORM N-6

	Internal Burden	Cost of Internal Burden	Annual Cost Burden
REVISED ESTIMATES			
Initial Form N-6 filings	5,402 hours	\$1,599,066	\$183,183
Post-effective amendments	29,241 hours	\$8,655,262	\$3,654,805
Total annual burden	31,987 hours	\$9,084,308	\$3,816,692
CURRENTLY APPROVED ESTIMATES			
Initial Form N-6 filings	5,399 hours	\$1,599,680	\$185,283
Post-effective amendments	29,337 hours	\$8,689,046	\$3,770,305
Total annual burden	65,123 hours	\$17,518,087	\$7,840,000

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 N-6	385	388	3	65,123	31,987	(33,136)	\$7,840,000	\$3,816,692	(\$4,023,308)

As summarized in Table 1 and Table 2 above, the Commission has previously estimated that separate accounts will make approximately 7 initial registration statement filings and 385 post-effective amendments annually, based on filings with the Commission.³ The hour burden estimates for preparing and filing Form N-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 N-6 imposes two types of reporting burdens on separate accounts organized as unit investment trusts that offer variable life insurance contracts that are registered under the Investment Company Act: (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 N-6, Commission staff estimated that the annual compliance burden to comply with the collection of information requirements of Form N-6 is 65,123 hours, with an internal cost of about \$7.8 million. The amendments to Regulation S-T that will require separate accounts filing on Form N-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 separate accounts that prepare and file these registration statements. For purposes of the Paperwork Reduction Act, we estimated the average burden for a separate account to hyperlink to exhibits based on the median number of exhibits that are filed

³ This estimate was previously submitted to OMB in connection with the revision of the collection of information required by Form N-6 pursuant to the Commission's adoption of new rule 30e-3 on June 5, 2018. *See* Optional Internet Availability of Investment Company Shareholder Reports, Securities Act Release No. 10506 (June 5, 2018) [83 FR 29158 (June 22, 2018)].

with an affected form. As summarized in Table 3 above, we estimate that the total internal burden associated with Form N-6 will be 31,987 hours per year, at a cost of about \$3.8 million.

13. Cost to Respondents

Cost burden is the cost of goods and services purchased to prepare and update filings on Form N-6, such as for the services of independent auditors and outside counsel. The external cost burden does not include the cost of the internal hour burden discussed in Item 12. 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 N-6, Commission staff estimated about \$7.8 million in external cost burden per year. We estimate that the revised external burden will be \$3.8 million.

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. A portion of those costs relate to processing and reviewing Form N-6 filings submitted to the Commission.

15. Change in Burden

As summarized in Table 4 above, the estimated hourly burden associated with Form N-6 has decreased from 65,123 hours to 31,987 hours (a decrease of 33,136 hours). In addition, the cost burden associated with Form N-6 has decreased from \$7,840,000 to \$3,816,692 (a decrease of \$4,023,308). 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 N-6 regarding hyperlinking.

16. Information Collection Planned for Statistical Purposes

Not Applicable.

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.