

**SUPPORTING STATEMENT**  
**For the Paperwork Reduction Act Information Collection Submission for**  
**Form N-8A**

**A. JUSTIFICATION**

**1. Necessity for the Information Collection**

The Investment Company Act of 1940 (“Investment Company Act”)<sup>1</sup> requires investment companies to register with the Commission before they conduct any business in interstate commerce.<sup>2</sup> Section 8(a) of the Investment Company Act provides that an investment company shall be deemed to be registered upon receipt by the Commission of a notification of registration in such form as the Commission prescribes.<sup>3</sup> Form N-8A is the form for notification of registration that the Commission has adopted under section 8(a).

The purpose of such notification of registration provided on Form N-8A is to notify the Commission of the existence of investment companies required to be registered under the Investment Company Act and to enable the Commission to administer the provisions of the Investment Company Act with respect to those companies. After an investment company has filed its notification of registration under section 8(a), the company is then subject to the provisions of the Investment Company Act which govern certain aspects of its organization and activities, such as the composition of its board of directors and the issuance of senior securities.

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

<sup>2</sup> 15 U.S.C. 80a-7.

<sup>3</sup> 15 U.S.C. 80a-8(a).

Form N-8A requires an investment company to provide its name, state of organization, form of organization, classification, the name and address of each investment adviser of the investment company, the current value of its total assets and certain other information readily available to the investment company. If the investment company is filing a registration statement as required by Section 8(b) of the Investment Company Act concurrently with its notification of registration, Form N-8A requires only that the registrant file the cover page (giving its name, address and agent for service of process) and sign the form in order to effect registration.<sup>4</sup>

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

As noted above, the purpose of Form N-8A is to notify the Commission that an investment company is registering under the Investment Company Act. The Commission uses this form to determine the existence of investment companies prior to the filing of the registration statement required by Section 8(b). The notification submitted on Form N-8A represents less information than that required in the registration statement required by Section 8(b).

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

The Commission's Electronic Data Gathering, Analysis, and Retrieval System ("EDGAR") automates the 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. Notifications of registration on

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<sup>4</sup> See Instruction 4(b) to Form N-8A.

Form N-8A are required to be filed with the Commission electronically on EDGAR.<sup>5</sup> The public may access filings on EDGAR through the Commission's website (<http://www.sec.gov>) or at EDGAR terminals located at the Commission's public reference room.

#### **4. Duplication**

The Commission periodically evaluates form-based reporting and recordkeeping requirements for duplication and reevaluates them whenever it proposes a rule or form or changes a rule or form. The information required by Form N-8A is not generally duplicated elsewhere. As noted above, an investment company that simultaneously files its notification of registration and its detailed registration statement under section 8(b) may file an abbreviated Form N-8A.

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

The Commission reviews all rules and forms periodically, as required by the Regulatory Flexibility Act,<sup>6</sup> to identify methods to minimize recordkeeping or reporting requirements affecting small businesses. Section 8(a) applies to all investment companies required to register under the Investment Company Act, regardless of size. Although the burden on smaller funds to prepare and file notifications of registration may be greater than for larger funds, the Commission believes the burden imposed on any investment company by Form N-8A is small due to the extent and type of information required by the

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<sup>5</sup> See rule 101(a)(1)(iv) of Regulation S-T [17 CFR 232.101(a)(iv)].

<sup>6</sup> 5 U.S.C. 601 *et seq.*

form and that imposing different requirements on smaller funds would not be consistent with investor protection and the purposes of the notification of registration.

#### **6. Consequences of Not Conducting Collection**

Investment companies seeking to register under the Investment Company Act are required to file Form N-8A only once, and therefore the filing of Form N-8A is not a recurring event requiring periodic collection.

#### **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**

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. The Commission requested public comment on the collection of information requirements in Form N-8A before it submitted this request for extension and approval to the Office of Management and Budget. The Commission received no comments in response to its request.

#### **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 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<sup>7</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-8A is mandatory. Responses to the collection of information will not be kept confidential.

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<sup>7</sup> 44 U.S.C. 3501 *et seq.*

Based on recent filings of notifications of registration on Form N-8A, we estimate that about 101 investment companies file such notifications each year. An investment company must only file a notification of registration on Form N-8A once. The currently approved average hour burden per investment company of preparing and filing a notification of registration on Form N-8A is one hour. Based on the Commission staff's experience with the requirements of Form N-8A and with disclosure documents generally—and considering that investment companies that are filing notifications of registration on Form N-8A simultaneously with the registration statement under the Investment Company Act are only required by Form N-8A to file a signed cover page—we continue to believe that this estimate is appropriate. Therefore, the Commission estimates that the burden hours imposed by Form N-8 are as follows:

Calculation of Total Hour Burden for Form N-8 Filings

• Number of Form N-8 filings annually	101
• Current hour burden per investment company for Form N-8 filings	1
• Total annual hour burden for initial Form N-1A filings (101 x 1)	101

Therefore, we estimate that the total annual hour burden to prepare and file notifications of registration on Form N-8A is 101 hours.<sup>8</sup> Based on the Commission's

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<sup>8</sup> 101 investment companies per year × 1 hour per investment company = 101 hours per year.

estimate of 101 burden hours and an estimated wage rate of about \$356 per hour,<sup>9</sup> the total annual cost to reporting persons of the hour burden to comply with the requirements of Form N-8A is \$35,956.<sup>10</sup>

**Table 1: Summary of Revised Annual Responses, Burden Hours, and Burden Hour Costs for Each Information Collection**

IC Title	Annual No. of Responses			Annual Time Burden (Hrs.)			Burden Hour Cost to Respondents (\$)		
	<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-8A	96	101	+5	96	101	+5	\$32,208	\$35,956	+\$3,748

### 13. Cost to Respondents

Cost burden is the external cost of goods and services purchased to prepare and file notifications of registration on Form N-8A, such as for the services of outside counsel and printing. The cost burden does not include the cost of the hour burden discussed in Item 12 above. The currently approved cost burden of Form N-8A is \$449 per filing. We are updating the estimated costs burden to \$496 to account for the effects of inflation.

<sup>9</sup> The Commission’s estimate concerning the wage rate is based on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association. The estimated wage figure is based on published rates for compliance attorneys and senior programmers, modified to account for an 1,800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead, and adjusted to account for the effects of inflation, yielding effective hourly rates of \$373 and \$339, respectively. *See* Securities Industry and Financial Markets Association, Report on Management & Professional Earnings in the Securities Industry 2013. We estimate that compliance attorneys and senior programmers would divide their time equally, yielding an estimated hourly wage rate of \$356. ( $\$373 \text{ per hour for compliance attorneys} + \$339 \text{ per hour for senior programmers}$ )  $\div 2 = \$356 \text{ per hour}$ .

<sup>10</sup>  $101 \text{ hours per year} \times \$356 \text{ per hour} = \$35,956 \text{ per year}$ .

Therefore, we estimate that the total annual cost burden associated with preparing and filing notifications of registration on Form N-8A is about \$50,096.<sup>11</sup>

#### **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 \$21.9 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. Changes in Burden**

The estimated annual internal burden hours associated with Form N-8A has increased from 96 to 101 (an increase of 5 hours). The annual internal cost burden has increased from \$32,208 to \$35,956 (an increase of \$3,748). Similarly, the estimated external cost burden associated with Form N-8A has increased from \$43,104 to \$50,096 (an increase of \$6,992). These increases are attributable to (1) an increase in the number of estimated annual filings and (2) changes in the costs of compliance attorneys, senior programmers, and outside counsel to prepare and file notifications of registration on Form N-8A.

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

The results of any information collected will not be published.

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<sup>11</sup> 101 filings per year × \$496 per filing = \$50,096 per year.



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

The Commission is not seeking approval to not display the expiration date for OMB approval.

**18. Exceptions to Certification 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.