

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.) (“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 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 (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 February 9, 2022, the Commission proposed rules related to cybersecurity risk management for registered investment advisers, registered investment companies, and business development companies as well as amendments to certain rules that govern investment adviser and fund disclosures under the Investment Advisers Act of 1940 and the Investment Company

Act.¹ The Commission proposed several amendments to Form N-8B-2 to require a description of any significant fund cybersecurity incident that has occurred in its last two fiscal years, using a structured data language.² These amendments are designed to enhance investor protection by ensuring cybersecurity incident-related information is available to increase understanding and insight into a fund's cybersecurity history.

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.

¹ Cybersecurity Risk Governance and Incident Disclosure, Securities Act Release No. 11028 (Feb. 9, 2022) available at <https://www.sec.gov/rules/proposed/2022/33-11028.pdf> (“Cybersecurity Risk Governance and Incident Disclosure Proposal”).

² Although the interactive data filing requirements are included in the instructions to Form N-8B-2, we are separately reflecting the hour and cost burdens for these requirements in the burden estimate for Investment Company Interactive Data (OMB control number 3235-0642) and not in this estimate.

3. Consideration Given to Information Technology

The Commission's Electronic Data Gathering, Analysis and Retrieval ("EDGAR") system 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. Form N-8B-2 is required to be filed with the Commission electronically on EDGAR.³ 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 rooms. All UITs filing Form N-8B-2 are required to use EDGAR to make such filings.⁴

4. 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 proposed⁵ and repropoed,⁶ 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.

³ 17 CFR 232.101(a)(1)(i) and (iv).

⁴ See rule 101(a)(iv) of Regulation S-T [17 CFR 232.101(a)(iv)].

⁵ Investment Company Act Release No. 14513 (May 14, 1985) (50 FR 21282 (May 23, 1985)).

⁶ Investment Company Act Release No. 15612 (Mar. 9, 1987) (52 FR 8268 (Mar. 17, 1987)).

5. Effect on Small Entities

The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act,⁷ to identify methods to minimize recordkeeping or reporting requirements affecting small businesses. The proposed disclosure requirements for registration statements on Form N-8B-2 do not distinguish between small entities and other investment companies. The burden on smaller investment companies of preparing and filing registration statements may be proportionately greater than for larger investment companies. This burden includes the cost of producing, printing, filing, and disseminating prospectuses. 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 statement requirements.

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-2.⁸

⁷ 5 U.S.C. 601 et seq.

⁸ See *infra* note **Error! Bookmark not defined.** and accompanying text.

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 paperwork burdens confronting the industry. In addition, the Commission has requested public comment on the proposed amendments to Form N-8B-2, including the collection of information requirements resulting from the proposed amendments. Before adopting these amendments, the Commission will receive and evaluate public comments on the proposed amendments and their associated collection of information requirements.

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 February 5, 2020, is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

12. Estimate of Hour and Cost Burden of Information Collection

The following estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act of 1995⁹ and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. In our most recent Paperwork Reduction Act submission for Form N-8B-2, we estimated for Form N-8B-2 a total aggregate annual hour burden of 28 hours, and a total annual aggregate annual external cost burden of \$10,300.¹⁰ Compliance with the disclosure requirements of Form N-8B-2 is mandatory, and the responses to the disclosure requirements will not be kept confidential. The table below summarizes our PRA annual burden estimates associated with the proposed amendments to Form N-8B-2.

Table 1: Burden Estimates for Initial and Ongoing Registration Statements Filed on Form N-8B-2

	Internal annual burden hour ¹	Wage rate ²	Internal time costs	Annual external cost burden
PROPOSED FORM N-8B-2 ESTIMATES				
Cybersecurity incident disclosures ³	1 hour	\$356 (blended rate for compliance attorney and senior programmer)	\$356	\$992 ⁴
Number of filings	× 1 filing		× 1 filing	× 0.5 ⁵

⁹ 44 U.S.C. 3501 et seq.

¹⁰ On January 21, 2021, the Office of Management and Budget approved without change a revision of the currently approved information collection estimate for Form N-8B-2.

Total new aggregate annual burden	1 hour	\$356	\$496
TOTAL ESTIMATED BURDENS INCLUDING AMENDMENTS			
Current aggregate annual burden estimates	+ 28 hours		+ \$10,300
Revised aggregate annual burden estimates	29 hours		\$10,796

Notes:

1. Includes initial burden estimates annualized over a 3-year period.
2. The Commission's estimates of the relevant wage rates are based on the SIFMA Wage Report. The estimated figures are modified by firm size, employee benefits, overhead, and adjusted to account for the effects of inflation.
3. This estimate represents the average burden for a filer. Filers that experience one or several fund cybersecurity incidents are expected to incur higher burdens.
4. This estimated burden is based on the estimated wage rate of \$496/hour, for 2 hours, for outside legal services. The Commission's estimates of the relevant wage rates for external time costs, such as outside legal services, take into account staff experience, a variety of sources including general information websites, and adjustments for inflation.
5. We estimate that 50% of funds will use outside legal services for these collections of information. This estimate takes into account that funds may elect to use outside legal services (along with in-house counsel), based on factors such as fund budget and the fund's standard practices for using outside legal services, as well as personnel availability and expertise.

13. Cost to Respondents

Cost burden is the cost of goods and services purchased to prepare and amend registration statements on Form N-8B-2, such as for the services of independent auditors and outside counsel. The cost burden does not include the hour burden discussed in Item 12 above. Estimates are based on the Commission's experience with the filing of registration forms.

As summarized in Table 1 above, in our most recent Paperwork Reduction Act submission for Form N-8B-2, Commission staff estimated about \$10,300 in external cost burden per year. We estimate that the annual cost of outside services associated with these proposed

amendments to Form N-8B-2 is approximately \$992 per fund and the total annual external cost burden for the Form N-8B-2 proposed amendments is \$496.¹¹

14. Cost 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 \$25.7 million in fiscal year 2020, based on the Commission’s computation of the value of staff time devoted to this activity and related overhead.

15. Change in Burden

The estimated hourly burden and external cost associated with Form N-8B-2 has increased as follows:

Table 2: Comparison of Current and Revised Burden Hours and External Cost for Registration Statements Filed on Form N-8B-2

	Annual Time Burden (hours)			External Cost Burden (dollars)		
	Currently Approved	Revised Estimate	Change	Currently Approved	Revised Estimate	Change
Form N-8B-2	28	29	1	\$10,300	\$10,796	\$496

The changes in annual burden hours and external cost burden are due to our proposed amendments to Form N-8B-2 requiring a description of any significant fund cybersecurity incident that has occurred in the fund’s last two fiscal years.

16. Information Collection Planned for Statistical Purposes

The results of any information collection will not be published.

¹¹ This estimate is based on the following calculation: 0.5 funds x \$992 per filing = \$496.

17. Approval to Omit OMB Expiration Date

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

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.