

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.

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

¹ See Exchange-Traded Funds, Investment Company Act Release No. 33646 (Sept. 25, 2019) [84 FR 57162 (Oct. 24, 2019)].

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 May 25, 2022, the Commission issued a release proposing rule and form amendments to enhance and modernize the investor protections provided by the Investment Company Act's

“names rule,” rule 35d-1 under the Investment Company Act.² The names rule currently requires that registered investment companies whose names suggest a focus in a particular type of investment (among other areas) to adopt a policy to invest at least 80 percent of the value of their assets in those investments (an “80 percent investment policy”). The proposed amendments, among other things, would extend the requirement to any fund name with terms suggesting that the fund focuses in investments that have (or whose issuers have) particular characteristics.

Further, the proposed amendments would amend Form N-8B-2 to require that each fund that is required to adopt and implement an 80 percent investment policy to include disclosure in its prospectus that defines the terms used in its name, including the specific criteria the fund uses to select the investments that the term describes, if any.³

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.

² *Investment Company Names*, Securities Act Release No. 11067; Securities Exchange Act Release No. 94981; Investment Company Act Release No. 34593, File No. S7-16-22 (May 25, 2022) available at <https://www.sec.gov/rules/proposed/2022/33-11067.pdf> (the “Names Rule Proposing Release”).

³ See proposed instruction (2) to Item 11 of Form N-8B-2, Names Rule Proposing Release at 207.

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.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.

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 larger investment companies. The

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)).

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-2.⁷

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-8B-2, the Commission will receive and evaluate public comments on the proposal and its collection of information requirements. 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 that may confront the industry.

⁷ See *Exchange-Traded Funds*, Investment Company Act Release No. 33140 (June 28, 2018) [83 FR 37332 (July 31, 2018)] at 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 1995⁸ and are not derived from a comprehensive or even

⁸ 44 U.S.C. 3501 *et seq.*

representative survey or study of the cost of Commission rules and forms. Compliance with the disclosure requirements of Form N-8B-2 is mandatory. Responses to the disclosure requirements will not be kept confidential.

TABLE 1: ESTIMATES FOR PROPOSED AMENDMENTS TO FORM N-8B-2

| | | Annual hours ¹ | | Wage rate ² | Cost of Internal Burden per Portfolio | Annual Cost Burden per Portfolio |
|---|----------|---------------------------------------|---|--|---------------------------------------|------------------------------------|
| CURRENTLY APPROVED BURDENS | | | | | | |
| Preparing and Filing Reports on Form N-8B-2 Generally | UITs | 10 hours | x | \$351 (estimate of wage rate in most recently approved supporting statement) | \$3,510 | \$10,000 |
| | UIT ETFs | 18 hours | x | \$351 (estimate of wage rate in most recently approved supporting statement) | \$6,318 | \$0 |
| Hyperlinking exhibits on Form N-8B-2 | | 0.25 hours | x | \$334 (senior programmer wage rate) | \$84 | \$300 |
| Number of Responses | | 1 ³ | | | 1 | 1 |
| Current Burden Requirement | | 28 hours | | | \$9,912 | \$10,300 |
| PROPOSED | | | | | | |
| Proposed New Names Rule Disclosure | 7 | 10 hours | x | \$356 (1:1 blend of compliance attorney and senior programmer) | \$3,560 | \$992 |
| Number of Responses | | x 1 UIT ⁴ | | | x 1 UIT | X1 UIT ⁵ |
| TOTAL ESTIMATED BURDENS INCLUDING AMENDMENTS | | | | | | |
| Total New Annual Burden⁶ | | 10 hours + 28 hours = 38 hours | | | \$3,560 + \$9,912 = \$13,472 | \$992 + \$10,300 = \$11,292 |

Notes:

1. Includes initial burden estimates annualized over a 3-year period.
2. The estimated wage figure is based on published rates for the professionals described in this chart, modified to account for an 1800-hour work-year and inflation. The estimates for the proposed burdens were multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead. See Securities Industry and Financial Markets Association's Report on Management & Professional Earnings in the Securities Industry 2013.
3. 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.
4. For purposes of this PRA we continue to assume 1 filing annually.
5. The 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 rate 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.
6. The estimates in the Commission's proposing release inadvertently did not add the proposed additional burdens to the current burden requirement in the estimated "Total New Annual Burden."

13. Cost to Respondents

Cost burden is the external cost of services purchased to comply with Form N-8B-2, such as for the services of computer programmers, outside counsel, financial printers, and advertising agencies. The cost burden does not include the cost of the internal hour burden discussed in Item 12 above. We estimate that the annual cost of outside services associated with the proposed amendments to Form N-8B-2 would be approximately \$992 per fund with a total annual external cost burden for Form N-8B-2 of \$11,292 as detailed in Table 1 above.

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 \$30 million in fiscal year 2021, based on the Commission's computation of the value of staff time devoted to this activity and related overhead.

15. Changes in Burden

The proposed names rule disclosure requirements would add approximately 10 estimated internal burden hours per response, increasing the total annual burden to 38 hours. We continue to estimate 1 response on Form N-8B-2 per year. Thus, the estimated hours per response would increase from 28 hours to 38 hours.

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.