

SUPPORTING STATEMENT
For the Paperwork Reduction Act Information Collection Submission for
FORM N-54C

A. JUSTIFICATION

1. Necessity for the Information Collection

Certain investment companies can elect to be regulated as business development companies, as defined in section 2(a)(48) of the Investment Company Act of 1940 (“Investment Company Act”), under sections 55 through 65 of the Investment Company Act. Under section 54(a) of the Investment Company Act,¹ any company defined in section 2(a)(48)(A) and (B) of the Investment Company Act may, if it meets certain enumerated eligibility requirements, elect to be subject to the provisions of Sections 55 through 65 of the Investment Company Act by filing with the Commission a notification of election. Under section 54(c) of the Investment Company Act,² any business development company may voluntarily withdraw its election under section 54(a) of the Investment Company Act by filing a notice of withdrawal of election with the Commission. The Commission has adopted Form N-54C as the form for the notification of withdrawal of election to be subject to Sections 55 through 65 of the Investment Company Act.

¹ 15 U.S.C. 80a-53(a).

² 15 U.S.C. 80a-53(c).

2. Purpose and Use of the Information Collection

The purpose of Form N-54C is to notify the Commission that the business development company withdraws its election to be subject to Sections 55 through 65 of the Investment Company Act.

3. Consideration Given to Information Technology

Form N-54C is electronically filed with the Commission. The Commission's electronic filing system (Electronic Data Gathering, Analysis and Retrieval or "EDGAR") automates the filing, processing and dissemination of full disclosure filings. The system 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.

4. Duplication

The Commission periodically evaluates reporting and recordkeeping requirements for duplication and reevaluates them whenever it proposes a rule or form or a change in a rule or form. The information required by Form N-54C is not generally duplicated elsewhere.

5. Effect on Small Entities

The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act,³ to identify methods to minimize recordkeeping or reporting requirements affecting small businesses. The current disclosure requirements for Form N-54C do not distinguish between small entities and other business development companies. Although the burden on small business development companies may be

³ 5 U.S.C. 601 *et seq.*

greater than on larger ones, the Commission believes the burden imposed on any business development company is small due to the extent and type of information required by the form.

6. Consequences of Not Conducting Collection

A business development company that withdraws its election to be subject to Sections 55 through 65 of the Investment Company Act is required to file the notification of withdrawal on Form N-54C only once, and therefore the filing of Form N-54C is not a recurring event requiring periodic collection.

7. Inconsistencies with Guidelines in 5 C.F.R. § 1320.5(d)(2)

Not applicable.

8. Consultations Outside the Agency

The Commission and the Division of Investment Management staff 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 the staff with a means of ascertaining and acting upon paperwork burdens that may confront the industry. The Commission requested public comment on the collection of information requirements in Form N-54C 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

Not applicable.

10. Confidentiality

Not applicable.

11. Sensitive Questions

No information of a sensitive nature will be required under this collection of information. The information collection collects basic Personally Identifiable Information (PII) that may include the name and title of the signatory. 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.

12. and 13. Estimates of Hour and Cost Burdens

The Commission estimates that on average approximately seven business development companies file notifications on Form N-54C each year. Each of those business development companies need only make a single filing of Form N-54C. The Commission further estimates that this information collection imposes a burden of one hour, resulting in a total annual burden of seven hours.

Cost burden is the cost of services purchased to prepare and file the Form N-54C, such as for the services of computer programmers, financial printers, and third-party filing services vendors. The external cost burden does not include the internal cost of the burden hours shown in Table 1, below. The Commission estimates that most filers use third-party filing services vendors in connection with their filings on Form N-54C. The table below summarizes the PRA burden estimates associated with complying with Form N-54C.

Table 1: Form N-54C PRA Estimates

	Internal annual burden hours		Wage rate ¹	Internal time costs	Annual external cost burden
Filing Form N-54C	1 hours	x	\$425 (compliance attorney)	\$425	\$80
Number of affected entities	7				
Total annual burden	7 hours			\$2,975	\$560

Notes:

1. Wage rates are based on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association's Office Salaries in the Securities Industry 2013 ("SIFMA Report"), modified by Commission staff to account for an 1800-hour work year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

The estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act of 1995 ("PRA")⁴ 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-54C is mandatory for companies electing to no longer be subject to Sections 55 through 65 of the Investment Company Act. Responses to the disclosure requirements will not be kept confidential.

14. Cost to the Federal Government

The annual cost of reviewing and processing disclosure documents, including new registration statements, post-effective amendments, proxy statements, and shareholder reports of investment companies amounted to approximately \$29 million in fiscal year 2022, based on the Commission's computation of the value of staff time devoted to this activity and related overhead.

⁴ 44 U.S.C. 3501 *et seq.*

15. Change in Burden

As summarized in the table below, the estimated total annual hourly burden associated with Form N-54C has decreased from eight to seven hours, a decline of one hour. There is a decrease in the estimated annual external cost burden attributed to Form N-54C of \$2,384.

The currently approved estimated annual external cost burden estimate is \$2,944. That cost burden was intended to reflect only the estimated annual external cost burden, however, that currently estimated annual external cost burden inadvertently reflects estimated annual internal time costs. The decrease in the estimated annual cost burden of \$2,384 reflects the proper exclusion of estimated internal time costs.

	Annual Number of Responses			Annual Time Burden (hours)			Annual Cost Burden (dollars)		
	Currently Approved	Revised Estimate	Change	Currently Approved	Revised Estimate	Change	Currently Approved	Revised Estimate	Change
Form N-54C	8	7	-1	8	7	-1	\$2944	\$560	-\$2384

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

Not applicable.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.