

**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 ETFs,<sup>1</sup> 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

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

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 September 20, 2023, the Commission issued a release that, among other things, adopted amendments to investment companies' registration forms—specifically, Form N-1A, Form N-2, Form N-8B-2, and Form S-6—that will require each fund that is required to adopt an implement an “80% investment policy” under rule 35d-1 under the Investment Company Act

(the “names rule”) 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.<sup>2</sup> These amendments are designed to help investors better understand how a fund’s investment strategy corresponds with the investment focus that the fund’s name suggests as well as to provide additional information about how the fund’s management seeks to achieve the fund’s objective.

## **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.

## **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

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<sup>2</sup> Investment Company Names, Investment Company Act Release No. IC-35000 (Sept. 20, 2023) (the “Names Rule Adopting Release”). The Names Rule Adopting Release includes amendments to the names rule that address the rule’s requirement for certain funds to adopt an “80% investment policy” to invest at least 80% of the value of their assets in accordance with the investment focus that the fund’s name suggests, update the rule’s notice requirements, and establish recordkeeping requirements. The Names Rule Adopting Release also includes enhanced prospectus disclosure requirements for terminology used in fund names, and additional requirements for funds to report information on Form N-PORT regarding compliance with the names-related regulatory requirements.

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.<sup>3</sup>

#### **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 proposed<sup>4</sup> and repropoed,<sup>5</sup> 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 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.

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<sup>3</sup> See rule 101(a)(iv) of Regulation S-T [17 CFR 232.101(a)(iv)].

<sup>4</sup> Investment Company Act Release No. 14513 (May 14, 1985) (50 FR 21282 (May 23, 1985)).

<sup>5</sup> Investment Company Act Release No. 15612 (Mar. 9, 1987) (52 FR 8268 (Mar. 17, 1987)).

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.<sup>6</sup>

**7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)**

Not applicable.

**8. Consultation Outside the Agency**

Before adopting the amendments affecting Form N-8B-2, the Commission solicited and evaluated public comments on the proposal and its collection of information requirements. Specifically, the public was given the opportunity to comment on the Commission's estimates for the burden of Form N-8B-2 as proposed and as compared to the existing approved burden inventory in the proposing release for the amendments.<sup>7</sup> The Commission's solicitation of public comments included estimating and requesting public comments on the burden estimates for all information collections under this OMB control number (*i.e.*, both changes associated with the rulemaking and other burden updates). The Commission received one comment addressing the costs of prospectus disclosure under the proposed amendments.<sup>8</sup> This comment was considered by the Commission as discussed in the Names Rule Adopting Release. In addition, 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,

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<sup>6</sup> 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.

<sup>7</sup> See *Investment Company Names*, Investment Company Act Release No. 34593 (May 25, 2022) [87 FR 36594 (June 17, 2022)] (the "Names Rule Proposing Release").

<sup>8</sup> See Names Rule Adopting Release at section V.C.

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.

**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 March 22, 2023, 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>9</sup> and are not derived from a comprehensive or even 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.

The table below summarizes the Commission's PRA initial and ongoing annual burden estimates associated with the amendments to Form N-8B-2.

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<sup>9</sup> 44 U.S.C. 3501 *et seq.*

TABLE 1: FORM N-8B-2 PRA ESTIMATES

		Annual hours <sup>1</sup>	Wage rate <sup>2</sup>	Cost of Internal Burden per Portfolio	Annual Cost Burden per Portfolio
<b>CURRENTLY APPROVED BURDENS</b>					
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	\$10,300
	UIT ETFs	18 hours	x \$351 (estimate of wage rate in most recently approved supporting statement)	\$6,318	\$0
Number of Responses		1 <sup>3</sup>		1	1
<b>Current Burden Requirement</b>		<b>28 hours</b>		<b>\$9,828</b>	<b>\$10,300</b>
<b>PROPOSED BURDENS</b>					
Proposed New Names Rule Disclosure	7	10 hours	x \$356 (1:1 blend of compliance attorney and senior programmer)	\$3,560	\$992 <sup>6</sup>
Number of Responses		x 1 UIT <sup>4</sup>		x 1 UIT	x 1 UIT
<b>TOTAL ESTIMATED BURDENS INCLUDING AMENDMENTS</b>					
<b>Total New Annual Burden</b>		<b>10 hours</b>		<b>\$3,560</b>	<b>\$992</b>
<b>FINAL ESTIMATED BURDENS</b>					
New Names Rule Disclosure	15 <sup>5</sup>	12 hours	x \$406 (1:1 blend of compliance attorney and senior programmer)	\$4,872	\$1,130 <sup>6</sup>
Number of Responses		x 1 UIT <sup>4</sup>		x 1 UIT	X1 UIT
<b>TOTAL FINAL ESTIMATED BURDENS INCLUDING AMENDMENTS</b>					
<b>Total New Annual Burden</b>		<b>(12 hours + 28 hours = 40 hours)</b>		<b>(\$4,872 + \$9,828 = \$14,700)</b>	<b>(\$1,130 + \$10,300 = \$11,430)</b>

Notes:

1. Includes initial burden estimates annualized over a 3-year period.

2. The estimated wage figures are 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 and final 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. The Commission's proposed estimate was 1 annual filing and we continue to assume 1 filing annually.
5. The estimated initial burden has been increased based on developments in our analysis with respect to estimating the burdens associated with initial disclosure-related burdens. This burden has been increased to reflect internal review processes that we understand are conventional when updating prospectus disclosures to reflect a new disclosure requirement, as well as the time that we understand, based on staff experience with the disclosure review process, drafting disclosure in response to new disclosure requirements typically takes.
6. The estimated burdens at proposal were based on the estimated wage rate of \$496/hour, and at adoption are based on the estimated wage rate of \$565/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.

### **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 final amendments to Form N-8B-2 would be approximately \$1,130 per fund with a total annual external cost burden for Form N-8B-2 of \$11,430 as detailed in Table 1 above.

### **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 \$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.

### **15. Changes in Burden**

As summarized in Table 1 above, the estimated hourly burden associated with Form N-8B-2 has increased from 28 hours to 40 hours (an increase of 12 hours). Thus, the estimated hours per response have increased from 28 hours to 40 hours. The estimated cost burden associated with Form N-8B-2 has increased from \$10,300 to \$11,430 (an increase of \$1,130). This increase is due to the new requirement for each fund that is required to adopt and implement an 80% 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. These changes in burden also reflect the Commission's revision and update of burden estimates for all information collections under this OMB control number (whether or not

associated with rulemaking changes), and the Commission requested public comment on all information collection burden estimates for this OMB control number.

**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.