

SUPPORTING STATEMENT
For the Paperwork Reduction Act Information Collection Submission for
FORM N-6

A. JUSTIFICATION

1. Necessity for the Information Collection

Form N-6 is the form used by separate accounts organized as unit investment trusts that offer variable life insurance contracts to register under the Investment Company Act of 1940 (15 U.S.C. 80a-1 *et seq.*) (“Investment Company Act”) and/or to register their securities 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 the filing of a registration statement prior to the offer of securities to the public and that the statement be effective before any securities are sold, and section 8 of the Investment Company Act (15 U.S.C. 80a-8) requires a separate account to register as an investment company. Section 5(b) of the Securities Act makes it unlawful to carry or cause to be carried a security for purposes of sale or for delivery after the sale “unless accompanied or preceded” by a prospectus that meets the requirements of section 10(a) of the Act (which, in turn, generally requires a prospectus relating to a security to contain the information contained in the registration statement). For separate accounts that offer variable life insurance contracts, Form N-6 provides the information required to appear in prospectus meeting the requirements of section 10(a) of the Securities Act (as well as the information required to appear in the statement of additional information (“SAI”).

2. Purpose and Use of the Information Collection

The purpose of Form N-6 is to meet the filing and disclosure requirements of the Securities Act and the Investment Company Act and to enable filers to provide investors

with information necessary to evaluate an investment in the security. 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 permits verification of compliance with securities law requirements and assures the public availability and dissemination of the information

3. Consideration Given to Information Technology

The Commission's electronic filing system (Electronic Data Gathering, Analysis and Retrieval or "EDGAR") is designed to automate the filing, processing, and dissemination of full disclosure filings. The system permits publicly held companies to transmit filings to the Commission electronically. This automation has increased the speed, accuracy, and availability of information, generating benefits to investors and financial markets. Form N-6 is required to be filed with the Commission electronically on EDGAR (*see* 17 CFR 232.101(a)(1)(i) and (iv)). The public may access filings on EDGAR through the Commission's internet website (<http://www.sec.gov>) or by using an EDGAR terminal located in the Commission's public reference rooms. Prospectuses and SAIs may be sent to investors by electronic means so long as certain requirements are met.¹

4. Duplication

The Commission periodically evaluates rule-based reporting and recordkeeping requirements for duplication, and reevaluates them whenever it proposes a rule or a change in a rule. The requirements of Form N-6 are not generally duplicated elsewhere.

¹ *See* Use of Electronic Media for Delivery Purposes, Securities Act Release No. 7233, Exchange Act Release No. 36345, Investment Company Act Release No. 21399 (Oct. 6, 1995) [60 FR 53458 (Oct. 13, 1995)].

5. Effect on Small Entities

The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), to identify methods to minimize recordkeeping or reporting requirements affecting small businesses. The current disclosure requirements for Form N-6 do not distinguish between small entities and larger entities. The burden on smaller entities may be greater than for larger entities. This burden includes the cost of producing, printing, and filing, and disseminating prospectuses and SAIs. 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 statements.

In any event, no small entities currently file registration statements on Form N-6.

6. Consequences of Not Conducting Collection

The purpose of Form N-6 is to meet the filing and disclosure requirements of the Securities Act and the Investment Company Act and to enable filers to provide investors with information necessary to evaluate an investment in the security. Less frequent filing would be inconsistent with the filing and disclosure requirements of the Securities Act and the Investment Company Act. In addition, if the form were to be filed less frequently, investors may not be provided with the information necessary to evaluate an investment in the security.

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

Not Applicable.

8. Consultation Outside the Agency

The Commission requested public comment on the collection of information requirements in Form N-6 before it submitted this request for approval to the Office of Management and Budget. The Commission received no comments in response to this request. More generally, the Commission and 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 that may confront the industry.

9. Payment or Gift

Not Applicable.

10. Confidentiality

Not Applicable.

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 August 24, 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 (44 U.S.C. 3501 *et seq.*) 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-6 is mandatory. Responses to the disclosure requirements will not be kept confidential.

Form N-6 imposes two types of reporting burdens on separate accounts organized as unit investment trusts that offer variable life insurance contracts that are registered under the Investment Company Act: (1) the burden of preparing and filing the initial registration statement; and (2) the burden of preparing and filing post-effective amendments to a previously effective registration statement. In our most recent Paperwork Reduction Act submission for Form N-6, Commission staff estimated that the annual compliance burden to comply with the collection of information requirements of Form N-6 is 31,987 hours, with an external cost burden of \$3,816,692 million.²

Based on public filings made with the Commission, we estimate that annually separate accounts will prepare and file 20 initial registration statements on Form N-6.³ We estimate that each initial registration prepared and filed will require approximately 772.25 hours. Therefore, the total annual burden of all collection of information requirements of initial registration statements on Form N-6 is estimated to be up to 15,445 hours (772.25 hours x 20 initial filings). The total monetized annual cost of

² These estimates are based on the last time the form's information collection as submitted for PRA renewal in 2021 (OMB Control No. 3235-0503).

³ The estimate of the annual number of initial registration statements filed on Form N-6 is based on the average annual number of initial registration statement filings on Form N-6 received by the Commission over the past three years (Jan. 1, 2021 to Dec. 31, 2023).

burden hours is estimated to be \$6,479,177.50 (15,445 hours x \$419.50/hour blended wage rate).⁴ We estimate the external cost to prepare and file an initial registration statement on Form N-6 is approximately \$40,000 per filing. Therefore, the aggregate annual external cost burden associated with initial filings of registration statements on Form N-6 is \$800,000 (\$40,000 x 20 filings).

We further estimate that separate accounts will prepare and file 428 post-effective amendments annually.⁵ We estimate that each post-effective amendment prepared and filed will require approximately 154.25 hours. Therefore, the total annual burden of all collection of information requirements of post-effective amendment filings on Form N-6 is estimated to be up to 66,019 hours (154.25 hours x 428 filings). The total monetized annual cost of burden hours is estimated to be \$27,694,970.50 (66,019 hours x \$419.50/hour blended wage rate).⁶ We estimate the external cost to prepare and file a post-effective amendment to a registration statement on Form N-6 is approximately \$20,000 per filing. Therefore, the aggregate annual external cost burden associated with filing post-effective amendments to registration statements on Form N-6 is \$8,560,000 (\$20,000 x 428 filings).

The hour burden estimates for preparing and filing Form N-6 are based on the Commission's experience with the contents of the form. The number of burden hours may vary depending on, among other things, the complexity of the filing and whether

⁴ The rates used to create the blended wage rate are as follow: compliance attorney - \$440 and senior programmer - \$399. Estimates concerning wage rates for compliance attorneys and senior programmers are from SIFMA's *Management & Professional Earnings in the Securities Industry 2013*, 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.

⁵ The estimate of the annual number of post-effective amendments to registration statements filed on Form N-6 is based on the average annual number of post-effective amendments to Form N-6 filings received by the Commission over the past three years (Jan. 1, 2021 to Dec. 31, 2023).

⁶ See *supra* note 5.

preparation of the forms is performed by internal staff or outside counsel. In aggregate, we estimate the total annual hour burden to comply with Form N-6 to be 81,464 hours, at an annual time cost of \$34,174,148. We also estimate the total external cost burden to comply with Form N-6 to be \$9,360,000. The table below reflects the new aggregate annual total internal burden and external cost associated with Form N-6 as compared to the previously approved amounts.⁷

TABLE 1: CHANGE IN BURDEN ESTIMATES

	Annual Number of Responses			Annual Time Burden (hours)			Cost Burden (dollars)		
	Previously Approved	Revised Estimate	Change	Previously Approved	Revised Estimate	Change	Previously Approved	Revised Estimate	Change
Form N-6	388	448	+60	31,987	81,464	+49,477	\$3,816,692	\$9,360,000	+5,543,308

⁷ See *supra* note 3.

13. Cost to Respondents

Cost burden is the cost of goods and services purchased to prepare and update filings on Form N-6, such as for the services of independent auditors and outside counsel. The external cost burden does not include the cost of the internal hour burden discussed in Item 12. 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-6, Commission staff estimated about \$3.82 million in external cost burden per year. We estimate that the revised external burden will be \$9.36 million.

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 \$33 million in fiscal year 2023, based on the Commission's computation of the value of staff time devoted to this activity and related overhead. A portion of those costs relate to processing and reviewing Form N-6 filings submitted to the Commission.

15. Change in Burden

As summarized in Table 1 above, the estimated hourly burden associated with Form N-6 has increased from 31,987 hours to 81,464 hours (an increase of 49,477 hours). In addition, the external cost burden associated with Form N-6 has increased from \$3,816,692 to \$9,360,000 (an increase of \$5,543,308). The changes in burden hours and external cost burdens are due to the estimates of the time burden and external costs that resulted from recent amendments to Form N-6 as well as increases in the estimated number of initial and post-effective amendment filings on Form N-6.

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

The collection of information will not employ statistical methods.