

**SUPPORTING STATEMENT  
For the Paperwork Reduction Act Information Collection Submission for  
Form N-17D-1**

**A. JUSTIFICATION**

**1. Necessity for the Information Collection**

Section 17(d) of the Investment Company Act [15 U.S.C. 80a-17(d)] (the “Act”) authorizes the Commission to adopt rules that protect investment companies (“funds”) and their shareholders from self-dealing and other forms of overreaching by affiliated persons when the fund and the affiliated person participate in any joint enterprise or other joint arrangement or profit-sharing plan.<sup>1</sup> Rule 17d-1 under the Act [17 CFR 270.17d-1] prohibits funds and their affiliated persons from participating in a joint enterprise, unless an application regarding the transaction has been filed with and approved by the Commission. Subparagraph (d)(3) of the rule provides an exemption from this requirement for any loan or credit advance to, or acquisition of securities or other property of, a small business concern, or any agreement to do any of these transactions (“investments”) made by a small business investment company (“SBIC”) and a bank that is an affiliated person of (1) the SBIC or (2) an affiliated person of the SBIC (“affiliated bank”). The exemption requires the Commission to prescribe reports about the investments, and the Commission has designated Form N-17D-1 (“form”) as the form for reports required by rule 17d-1(d)(3).<sup>2</sup>

An SBIC and its affiliated bank must file Form N-17D-1, which has two parts, with the Commission. Part I describes any investment in a small business concern made at the same time

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<sup>1</sup> See 15 U.S.C. 80a-2(a)(3) (definition of “affiliated person”).

<sup>2</sup> See 17 CFR 270.17d-2.

by the SBIC and the affiliated bank (or an investment made by either entity when the other has an existing investment). The SBIC must list the name and address of the small business concern and the nature of its business, and the name and address of the affiliated bank and the basis of its affiliation with the SBIC. The SBIC and the affiliated bank also must report any outstanding investments in the small business concern, and the small business concern's use of the proceeds of investments made during the reporting period. If the SBIC invested at the same time or after the affiliated bank, the report must state any changes in the nature and amount of the affiliated bank's investment during the period beginning a year before the SBIC's investment up to the date of the report. Finally, the report must state the name of any affiliated person of the SBIC or the affiliated bank (or any affiliated person of any affiliated person of the SBIC or affiliated bank) who has any interest in the transactions, the basis of the affiliation, the nature of the interest, and the consideration the affiliated person received or will receive.

Part II of the form requires a report about any disposition of an investment, default in the payment of interest or principal, or extension or modification of the terms of any investment made by an SBIC in a small business concern in which an affiliated bank also has invested. The report must identify the investment and describe in detail any disposition, default, extension, or modification involved. If the SBIC has disposed of an investment, the report must state the profit or loss realized. If a loss was sustained, default occurred, or the terms of the investment were extended or modified, the report must describe the circumstances of the event.

The SBIC and affiliated bank must file a form for every semi-annual accounting period during which one or more of the events referenced in Part I or II occurred. The SBIC and the affiliated bank may file the form jointly or separately, as long as the separate reports together

contain all the information requested by the form. The Commission processes but does not review the form routinely. The form is available to members of the public for inspection and copying. Therefore, it is useful for any person who wishes to monitor joint transactions by SBICs and their affiliated banks.

## **2. Purpose and Use of the Information Collection**

As discussed above, Form N-17D-1 provides information to the Commission and the public about joint transactions by SBICs and their affiliated banks. Joint transactions with affiliates create the risk that the affiliated persons of the SBIC may engage in self-dealing or other forms of overreaching at the expense of shareholders. Disclosures on the form provide information about these joint transactions to persons seeking to make an informed decision about investing in an SBIC. The form also affords the Commission the opportunity to monitor compliance with the Act in this area.

## **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. Form N-17D-1 is not currently required to be filed on EDGAR, but may be in the future. Further, the Electronic Signatures in Global and National Commerce Act<sup>3</sup> and the conforming amendments to recordkeeping rules under the Investment Company Act permit funds to maintain records electronically.

## **4. Duplication**

Form N-17D-1 does not call for duplicative information, and the information called for in

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<sup>3</sup> P.L. 106-229, 114 Stat. 464 (June 30, 2000).

the form is not otherwise available to the Commission or the public. 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.

#### **5. Effect on Small Entities**

The form was developed to meet the special needs of SBICs, many of which are small entities. As discussed above, one of the purposes of the form is to allow such entities to avoid the more onerous and expensive exemptive application process. The Commission believes the benefits of disclosure to investors and the flexibility to SBICs of filing the form justify the costs of providing the information on the form.

#### **6. Consequences of Not Conducting Collection**

SBICs and affiliated banks must file a form no later than 30 days after the six-month accounting period in which the contemporaneous investment occurs. Less frequent collection would permit the potentially abusive affiliated transactions to proceed for too long without disclosure to the Commission and investors. Investors could be harmed and the Commission would have no meaningful way of making a current assessment of these transactions.

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

None.

#### **8. Consultations Outside the Agency**

The Commission requested public comment on the collection of information requirements in Form N-17D-1 before it submitted this request for approval to the Office of Management and Budget. The Commission received no comments in response to this request.

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 the staff with a means of ascertaining and acting upon paperwork burdens confronting 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 February 18, 2025 is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

**12. Burden of Information Collection**

There are no SBICs currently registered with the Commission and, thus, we estimate that annually there will be no transactions that trigger the obligations to file the form.<sup>4</sup> The Commission requests authorization to maintain an inventory of one burden hour to ease future

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<sup>4</sup> The Commission has not received a filing on Form N-17D-1 since March 23, 1987.

renewals of Form N-17D-1's collection of information analysis should an SBIC register with the Commission in the future and engage in a transaction that would necessitate reporting on the form. If an SBIC were to file on Form N-17D-1, we estimate the cost of this internal time burden to respondents would be \$266.<sup>5</sup>

The estimate of average burden hours is made solely for purposes of the Paperwork Reduction Act. The estimate is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules.

**Table 1: Summary of Revised Annual Responses, Burden Hours, and Cost Estimates**

| IC Title     | Annual no. of Responses    |                  |               | Annual Time Burden (Hrs.)  |                  |               | Annual Cost (\$)           |                  |               |
|--------------|----------------------------|------------------|---------------|----------------------------|------------------|---------------|----------------------------|------------------|---------------|
|              | <i>Previously approved</i> | <i>Requested</i> | <i>Change</i> | <i>Previously approved</i> | <i>Requested</i> | <i>Change</i> | <i>Previously approved</i> | <i>Requested</i> | <i>Change</i> |
| Form N-17D-1 | 1                          | 1                | 0             | 1                          | 1                | 0             | 0                          | 0                | 0             |

### **13. Cost to Respondents**

Commission staff estimates that the only cost burden of the form is identified in item 12 of this Supporting Statement.

### **14. Cost to Federal Government**

The Commission processes, but does not review, the reports on Form N-17D-1. The Commission's operational cost of processing the form is nominal.

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<sup>5</sup> The estimated wage figure is based on published rates for a Senior Accountant (\$266). The \$266/hour figure for a Senior Accountant is from Securities Industry and Financial Markets Association's Management & Professional Earnings in the Securities Industry 2013, modified by Commission staff to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

**15. Changes in Burden**

There is no change in the hour burden associated with Form N-17D-1. We request authorization to maintain an inventory of one burden hour.

**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 Submissions**

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.