



PAPERWORK REDUCTION ACT SUPPORTING STATEMENT

for the Extension of
Form N-3
OMB Control Number 3235-0316

The U.S. Securities and Exchange Commission (“Commission” or SEC) submits this information collection request (ICR) pursuant to the Paperwork Reduction Act of 1995 (PRA), 44 U.S.C. Section 3501 et seq., with the following justification.

1. Necessity of Information Collection

Form N-3 (17 CFR 239.17a and 274.11b) is the form used by separate accounts offering variable annuity contracts which are organized as management investment companies 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 organized as management investment companies that offer variable annuity contracts, Form N-3 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 Information Collection

The purpose of Form N-3 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. Use and Consideration of 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. Registration statements on Form N-3 are 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. Identifying and Minimizing 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-3 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 and proposed disclosure requirements for Form N-3 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.

No small entities currently file registration statements on Form N-3. Therefore, the interactive data amendments for variable contract issuers registering on these forms would not affect any small entities.

6. Consequences of Not Conducting Collection and Obstacles to Reducing Burden

The purpose of Form N-3 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. Public Comment and Consultations Outside the Agency

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 confronting the industry. The Commission requested public comment on the collection of information requirements in Form N-3 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 to Respondents

Not applicable.

10. Assurance of Confidentiality and Privacy

Not applicable.

11. Collection Questions of a Sensitive Nature

Not applicable.

12. Estimated Time Burden and its Cost Equivalent

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 Form N-3 is mandatory. Responses to the collection of information will not be kept confidential.

Form N-3 generally imposes two types of reporting burdens on investment companies: (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. The hour and cost burden estimates for preparing and filing initial registration statements and post-effective amendments on Form N-3 are based on the Commission's experience with the contents of the form. The number of

burden hours and cost may vary depending on, among other things, the complexity of the filing and whether preparation of the form is performed by internal staff or outside counsel.

We estimate that the hour burden for the initial registration statement on Form N-3 is 926.4 hours per initial registration statement filings. We estimate that 1 initial registration statement will be filed on Form N-3 in the next 3 years, resulting in a 309 annual hour burden for initial registration statement filings.² In addition, we estimate that there are currently 3 insurer separate accounts that file post-effective amendments on Form N-3 per year, with an average of 3 investment options per post-effective amendment. We estimate that the current hour burden per post-effective amendment is 157.55 hours, resulting in an hour burden of 1,418 for post effective-amendments on Form N-3.³ In total, we estimate an aggregate average hour burden of 1,727 hours, and an average aggregate time costs of \$569,910.⁴

Summary of Revised Annual Responses, Burden Hours, and Cost Estimates

IC Title	Annual No. of Responses			Annual Time Burden (Hrs.)			Cost Burden (\$)		
	<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-3	18	9	-9	3,145	1,727	-1,418	\$984,813	\$569,910	+\$414,903

² 926.4 hours ÷ 3 years = 309 annual hour burden.

³ This hour burden estimate is based on the following calculations: 157.55 x 3 investment options per post-effective amendment x 3 post-effective amendments = 1,418.

⁴ This hour burden estimate is based on the following calculations: 309 hours (initial registration statement) + 1,418 hours (post-effective amendments) = 1,727 hours. This average aggregate time costs estimate is based on the following calculations: 1,727 hours x \$330/hour (blended rate for compliance attorney and intermediate accountant) = \$569,910.

13. Estimated Additional Cost Burden

Cost burden is the cost of goods and services purchased to prepare and submit registration statements on Form N-3. The cost burden does not include the hour burden discussed in Item 12 above. We estimate for Form N-3 a total annual external cost burden of \$125,376.⁵

14. Annual Cost to the Federal Government

The SEC is in the process of revising its methodologies to estimate annualized costs to the Federal government for all its relevant collections of information. The SEC anticipates that future extensions of this collection of information will reflect the revised methodologies..

15. Reasons for Changes in Burden Estimates

As summarized in the table above, the estimated hourly burden associated with Form N-3 has decreased from 3,145 hours to 1,727 hours (a decrease of 1,418 hours). Further, the estimated annual cost burden has decreased from \$139,696 to \$125,376 (a decrease of \$14,320). These revised estimates are attributable to the number of variable annuity contracts organized as management investment companies that the staff expects to file initial registration statements on Form N-3 in the next three years.

16. Plans for Publishing Results

Not applicable.

⁵ \$20,896 initial registration statements + ((\$12,928 per post-effective amendment to update disclosures not related to investment options + (\$4,309 per investment option to update disclosures related to investment options x 3 investment options (\$12,927)) x 3 post-effective amendments) = \$98,464. We estimate the cost to prepare and file an initial registration statement on Form N-3 will be \$31,344 for disclosures not related to the contract's investment options, and an additional \$10,448 per investment option (or 1/3 of the cost to provide non-investment option-related disclosures). 1 initial registration statement will result in an external cost of \$62,688 [\$31,344 + (\$10,448 x 3 investment options (\$31,344)) = \$62,688]. Amortizing over a three-year period results in an estimated external costs of \$20,896 annual external costs for an initial registration statement on Form N-3.

17. Approval to Omit Display of OMB Expiration Date

We request authorization to omit the expiration date on the electronic version of the form for design and IT project scheduling reasons. The OMB control number will be displayed.

18. Exceptions to the Certification for Paperwork Reduction Act Submissions

Not applicable.