

SUPPORTING STATEMENT
For the Paperwork Reduction Act Information Collection Submission
for FORM N-2

A. JUSTIFICATION

1. Necessity for the Information Collection

On November 19, 2020, the Securities and Exchange Commission (the “Commission”) adopted amendments to modernize, simplify, and enhance certain financial disclosure requirements in Regulation S-K, and related rules and forms.¹ The final amendments are intended to eliminate duplicative disclosures and modernize and enhance Management’s Discussion and Analysis (“MD&A”) disclosures for the benefit of investors, while simplifying compliance efforts for registrants. Overall, the final amendments to Item 301,² Item 302,³ and Item 303⁴ are expected to reduce disclosure burdens.

The Paperwork Reduction Act burdens associated with the collection of information for Form N-2 (OMB Control No. 3235-0026) will be affected by the amendments.

Form N-2 (17 CFR 239.14 and 274.11a-1) is the form used by closed-end management investment companies (“registered closed-end funds”) to register as investment companies under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.) (“Investment Company Act”), and to register their securities under the Securities Act of 1933 (15 U.S.C. 77a et seq.) (“Securities Act”). Form N-2 is also used by business development companies (“BDCs”), which are closed-end management investment companies that do not register under the Investment Company Act (but instead elect to be subject to certain provisions of the Investment Company Act (15 U.S.C. 80a-2(a)(48)) to register and offer their securities under the Securities Act.

Form N-2 contains an item that requires BDCs to furnish in a separate section the information required by Items 301, 302, and 303 of Regulation S-K.

¹ See *Management’s Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information*, Release No. 33-10890 (November 19, 2020) [86 FR 2080 (January 11, 2021)] (“MD&A and Financial Disclosure Release” or “Adopting Release”).

² 17 CFR 229.301.

³ 17 CFR 229.302.

⁴ 17 CFR 229.303.

2. PURPOSE AND USE OF THE INFORMATION COLLECTION

The final amendments eliminate duplicative disclosures and modernize and enhance MD&A disclosures for the benefit of investors, while simplifying compliance efforts for registrants.

3. CONSIDERATION GIVEN TO INFORMATION TECHNOLOGY

The collection of information requirements are set forth in the affected rules and forms. All of the affected forms are filed electronically with the Commission using the Commission's Electronic Data Gathering, Analysis and Retrieval ("EDGAR") system.

4. DUPLICATION

The final amendments do not duplicate, overlap, or conflict with other federal rules.

5. EFFECT ON SMALL ENTITIES

The final amendments modernize, simplify, and enhance certain financial disclosure requirements for small entities and other registrants. Many of the final amendments simplify and streamline disclosure requirements in ways that are expected to reduce compliance burdens. Because the final amendments generally do not impose any significant new compliance obligations, it was unnecessary to adopt different compliance and reporting requirements or timetables or to exempt small entities from all or part of the final rules.

The few amendments that will impose additional disclosure requirements are expected to only incrementally increase the paperwork burden. For example, the amendment to disclose critical accounting estimates is expected to have only a minimal impact on registrants' burdens because the Commission, in prior guidance, has stated that companies should provide this disclosure where material.⁵ Other amendments codify existing Commission guidance, so are similarly expected to only incrementally increase the paperwork burden.

6. CONSEQUENCES OF NOT CONDUCTING COLLECTION

The amendments affect Form N-2, which sets forth the disclosure requirements for registration statements filed by registered closed-end funds and BDCs to help investors make informed investment decisions. Less frequent collection would deprive investors of access to information that is important to their investment decisions.

⁵ See *Commission Guidance Regarding Management's Discussion and Analysis of Financial Condition and Results of Operation*, Release No. 33-8350 (Dec. 19, 2003) [68 FR 75056 (Dec. 29, 2003)]

7. INCONSISTENCIES WITH GUIDELINES IN 5 CFR 1320.5(D)(2)

There are no special circumstances in connection with these amendments.

8. CONSULTATIONS OUTSIDE THE AGENCY

In the Proposing Release, the Commission solicited public comment on the new “collection of information” requirements and the associated paperwork burdens. The Commission did not receive any comments directly addressing the PRA analysis of the proposed amendments. The PRA estimates were, however, revised as a result of the comments received. In addition, the Commission and staff participated in ongoing dialogue with representatives of various market participants through public conferences, roundtables and meetings. All comments received on the proposal are available at <https://www.sec.gov/comments/s7-01-20/s70120.htm>. The Commission considered all comments received prior to publishing the final rules, as required by 5 CFR 1320.11(f).

9. PAYMENT OR GIFT

No payment or gift has been provided to any respondents.

10. CONFIDENTIALITY

All documents submitted to the Commission are available to the public.

11. SENSITIVE QUESTIONS

No information of a sensitive nature will be required under the following collections of information in connection with these rulemaking amendments: Form N-2. These information collections collect basic Personally Identifiable Information (PII) that may include a name and job title. However, the agency has determined that these information collections do 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 5, 2020 is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

12. and 13. ESTIMATES OF HOUR AND COST BURDENS

The Commission anticipates that the amendments would, overall, reduce the burden associated with compliance with the federal securities disclosure regime by eliminating duplicative disclosures and simplifying disclosure. Tables 1 and 2 below show the estimated incremental and aggregate reductions in paperwork burden as a result

of the final amendments.⁶ These estimates represent the average burden for all registrants, both large and small. In deriving our estimates, we recognize that the burdens will likely vary among individual registrants based on a number of factors, including the nature of their business. We do not believe that the final amendments would change the frequency of responses to the existing collections of information; rather, we estimate that the final amendments would change only the burden per response.

The burden estimates were calculated by multiplying the estimated number of responses by the estimated average amount of time it would take a registrant to prepare and review disclosure required under the final amendments. The portion of the burden carried by outside professionals is reflected as a cost, while the portion of the burden carried by the registrant internally is reflected in hours.

For registration statements on Form N-2, with respect to the final amendments to the Form N-2 that this Supporting Statement discusses, we estimate that 25% of the burden of preparation is carried by the company internally and that 75% of the burden of preparation is carried by outside professionals retained by the company at an average cost of \$400 per hour.⁷

Table 1. Calculation of the Incremental Change in Burden Estimates of Current Responses Resulting from the Amendments for Form N-2

Form	Number of Estimated Affected Responses (A) ⁸	Burden Hour Reduction per Current Affected Response (B)	Reduction in Burden Hours for Current Affected Responses (C) = (A) x (B) ⁹	Reduction in Company Hours for Current Affected Responses (D) = (C) x 0.25	Reduction in Professional Hours for Current Affected Responses (E) = (C) – (D)	Reduction in Professional Costs for Current Affected Responses (F) = (E) x \$400
N-2 [±]	39	.8	31	8	23	\$9,360

[±] Form N-2 states that disclosure under Items 301–303 of Regulation S-K is only required if “the Registrant is regulated as a business development company under the 1940 Act.” Accordingly, although the most recently approved PRA estimates 298 responses for all Form N-2 registrants, any incremental burdens associated with Form N-2 due to the final amendments would only affect BDCs. Because we estimate that

⁶ For convenience, the estimated hour and cost burdens in the tables have been rounded to the nearest whole number.

⁷ We recognize that the costs of retaining outside professionals may vary depending on the nature of the professional services, but for purposes of this PRA analysis we estimate that such costs would be an average of \$400 per hour. This estimate is based on consultations with several registrants, law firms, and other persons who regularly assist registrants in preparing and filing reports with the Commission.

⁸ The number of estimated affected responses is based on the number of responses in the Commission’s current OMB PRA filing inventory. The OMB PRA filing inventory represents a three-year average. We do not expect that the final amendments would materially change the number of responses in the current OMB PRA filing inventory.

⁹ The estimated reductions in Columns (C), (D), and (E) are rounded to the nearest whole number.

approximately 13% of all Form N-2 registrants are BDCs, the estimated burdens have been reduced to reflect this percentage (e.g., 13% of 298 responses results in 39 responses).

Table 2 summarizes the requested paperwork burden, including the estimated total reporting burdens and costs, under the final amendments.

Table 2. Requested Paperwork Burden under the Final Amendments

	Current Burden			Program Change			Requested Change in Burden		
Form	Current Annual Responses (A)	Current Burden Hours (B)	Current Cost Burden (C)	Number of Annual Responses (D)	Reduction in Company Hours (E) ¹⁰	Reduction in Professional Costs (F) ¹¹	Annual Responses (G) = (A)	Burden Hours (H) = (B) - (E)	Cost Burden (I) = (C) - (F)
N-2	298	94,350	\$6,269,752	0	277	\$9,360	298	94,627	\$6,260,392

14. COSTS TO FEDERAL GOVERNMENT

The annual cost of reviewing and processing disclosure documents, including registration statements, post-effective amendments, proxy statements, annual reports, and other filings of investment companies amounted to approximately \$22.1 million in fiscal year 2019, based on the Commission's computation of the value of staff time devoted to this activity and related overhead.

15. CHANGE IN BURDEN

The amendments adopted in Release No. 33-10890 are designed to modernize, simplify, and enhance certain financial disclosure requirements. The final amendments eliminate duplicative disclosure and modernize and enhance MD&A. The Commission

¹⁰ From Column (D) in Table 1.

¹¹ From Column (F) in Table 1.

estimated that the final amendments would, in the aggregate, reduce the burden and costs of affected parties.

Specifically, the reasons for the change in burden for the specific amendments are as follows:

Final Amendments and Effects	Affected Forms ¹²	Estimated Net Effect*
Item 301: Selected Financial Data <ul style="list-style-type: none"> • Elimination of Item 301 requirement to furnish selected financial data for each of the registrant's last five fiscal years because Item 303 already calls for disclosure of material trend information, which would decrease the paperwork burden by reducing repetitive information about a registrant's historical performance. • Replacing the reference to Item 301 with a reference to Rule 1-02(bb) of Regulation S-X in Items 1112, 1114, and 1115 of Regulation AB would generally result in similar disclosure being presented under these Items, and therefore not affect the burden estimate. 	<ul style="list-style-type: none"> • Forms 10, 10-K, S-1, S-4, and S-11 • Schedule 14A • Form N-2 • Forms SF-1 and SF-3 	<ul style="list-style-type: none"> • 2 hour net decrease in compliance burden per form • 0.2 hour net decrease in compliance burden per schedule • 0.3 hour net decrease in compliance burden per form • No change in compliance burden per form
Item 302(a): Supplementary Financial Information <ul style="list-style-type: none"> • Streamlining Item 302(a) to eliminate disclosure requirement except when there are one or more retrospective changes to the statements of comprehensive income for any of the quarters within the two most recent fiscal years and any subsequent interim period for which financial statements are included or required to be included by Article 3 of Regulation S-X that, individually or in the aggregate, are material. 	<ul style="list-style-type: none"> • Forms 10, 10-K, S-1, S-4, and S-11 • Schedule 14A • Form N-2 	<ul style="list-style-type: none"> • 2 hour net decrease in compliance burden per form • 0.2 hour net decrease in compliance burden per schedule • 0.3 hour net decrease in compliance burden per for
Item 303(a): Full Fiscal Years <p><u>Restructuring and Streamlining:</u></p> <ul style="list-style-type: none"> • Establishing a new paragraph to emphasize the purpose of the MD&A section at the outset to clarify and focus registrants is expected to have a minimal impact on the paperwork burden, as the change would codify existing guidance. <i>Estimated burden increase: 0.1 hour per form and per schedule.</i> • Amendments to streamline the text of new Item 303 would have no effect on the paperwork burden because these amendments are clarifications of existing requirements. <p><u>Liquidity and Capital Resources:</u></p> <ul style="list-style-type: none"> • Expanding Item 303(b)(1)(ii) (current Item 303(a)(2)) to also require a discussion of material cash requirements, in 	<ul style="list-style-type: none"> • Forms 10, 10-K, 10-Q, S-1, S-4, and S-11 • Form 1-A • Schedule 14A • Form N-2 	<ul style="list-style-type: none"> • 2.1 hour net increase in compliance burden per form • 0.3 hour net increase in compliance burden per form • 0.3 hour net increase in compliance burden per schedule • 0.5 hour net increase in compliance burden per form

¹² The SEC's Division of Corporation Finance will be responsible for submitting the PRA for the other Affected Forms to OMB.

<p>addition to commitments for capital expenditures, would increase the paperwork burden.</p> <ul style="list-style-type: none"> • Clarifying the liquidity and capital resources disclosure requirements of Item 303(b)(1), including to specifically require disclosure of material cash requirements from known contractual and other obligations. <i>Estimated burden increase: 1.5 hour per form and 0.2 hour increase per schedule.</i> <p><u>Results of Operations – Known Trends or Uncertainties:</u></p> <ul style="list-style-type: none"> • Amending Item 303(a)(3)(ii) to clarify that a registrant should disclose <i>reasonably likely</i> changes in the relationship between costs and revenues would increase the paperwork burden, although this effect is expected to be minimal because the amendment is consistent with existing guidance. <i>Estimated burden increase: 1.0 hour per form and 0.1 hour increase per schedule.</i> <p><u>Results of Operations – Net Sales, Revenues, and Line Item Changes:</u></p> <ul style="list-style-type: none"> • Amending Item 303(a), Item 303(a)(3)(iii) and Instruction 4 to Item 303(a) to clarify that a registrant should include in its MD&A a discussion of the reasons underlying material <i>changes</i> from period-to-period in one or more line items could marginally increase the paperwork burden by requiring a more nuanced discussion consistent with the overall objective of MD&A. <i>Estimated burden increase: 1.0 hour per form and 0.1 hour increase per schedule.</i> <p><u>Results of Operations – Inflation and Price Changes:</u></p> <ul style="list-style-type: none"> • Eliminating the specific reference to inflation within Item 303(a)(3)(iv) for issuers should marginally reduce the paperwork burden, although such decrease is expected to be minimal. <i>Estimated burden decrease: 0.5 hours per form and 0.1 hour decrease per schedule.</i> <p><u>Off-Balance Sheet Arrangements:</u></p> <ul style="list-style-type: none"> • Replacing Item 303(a)(4) with an instruction emphasizing a more principles-based approach with respect to off-balance sheet arrangement disclosures, would reduce duplicative disclosures and decrease the paperwork burden. <i>Estimated burden decrease: 1.0 hour per form and 0.1 hour decrease per schedule.</i> • Amending Items 2.03 and 2.04 of Form 8-K to retain the definition of “off-balance sheet arrangements” that is currently in Item 303(a)(4) would not result in any changes in reporting obligations under Item 2.03 and Item 2.04 of Form 8-K, and would therefore result in no change in paperwork burden for this form. <p><u>Contractual Obligations Table:</u></p> <ul style="list-style-type: none"> • Eliminating Item 303(a)(5), the requirement that registrants provide a tabular disclosure of contractual obligations, would reduce duplicative disclosures and decrease the paperwork 		
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<p>burden. <i>Estimated burden decrease: 2.0 hours per form and 0.2 hour decrease per schedule.</i></p> <p><u>Critical Accounting Estimates:</u></p> <ul style="list-style-type: none"> Amending Item 303 to explicitly require disclosure of critical accounting estimates would provide more clarity on the uncertainties involved in creating an accounting policy and how significant accounting policies of registrants may differ. This would increase the paperwork burden. <i>Estimated burden increase: 2.0 hours per form and 0.2 hour increase per schedule.</i> 		
<p>Item 303(c): Interim Periods</p> <ul style="list-style-type: none"> Amending Item 303(c) (current Item 303(b)) to allow for more flexibility in interim periods compared and eliminating certain instructions and providing cross-references to similar instructions to Item 303(b) would decrease the paperwork burden. 	<ul style="list-style-type: none"> Forms 10, 10-K, 10-Q, S-1, S-4, and S-11 Form 1-A Schedule 14A Form N-2 	<ul style="list-style-type: none"> 4.0 hour net decrease in compliance burden per form 0.4 hour net decrease in compliance burden per form 0.4 hour net decrease in compliance burden per schedule 0.7 hour net decrease in compliance burden per form
<p>Item 303(d): Accommodations for SRCs</p> <ul style="list-style-type: none"> Eliminating Item 303(d) as a conforming change would have no effect on the paperwork burden. 		
<p>Effect on FPIs</p> <ul style="list-style-type: none"> Eliminating Item 3.A and generally conforming Item 5 of Form 20-F to the final amendments to Item 303 would reduce the paperwork burden. Eliminating the contractual obligations disclosure requirement and replacing the off-balance sheet disclosure requirements in Forms 20-F and 40-F with a principles-based instruction would reduce the paperwork burden. Amending current Instruction 11 to Item 303 to conform to the hyperinflation disclosure requirements of Form 20-F would not affect the paperwork burden. 	<ul style="list-style-type: none"> Form 20-F Form 40-F Forms F-1 and F-4 	<ul style="list-style-type: none"> 2.0 hour net decrease in compliance burden per form 2.0 hour net decrease in compliance burden per form 3.5 hour net decrease per form
<p>Total</p>	<ul style="list-style-type: none"> Form 1-A Form 10-Q Forms 10, 10-K, S-1, S-4, and S-11 Schedule 14A 	<ul style="list-style-type: none"> 0.1 hour net decrease per form 1.9 hour net decrease per form 5.90 hour net decrease per form

	<ul style="list-style-type: none"> • Forms F-1 and F-4 • Form 20-F • Form 40-F • Form N-2 	<ul style="list-style-type: none"> • 0.5 hour net decrease per form • 3.5 hour net decrease per form • 2.0 hour net decrease per form • 2.0 hour net decrease per form • .8 hour net decrease per form
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16. INFORMATION COLLECTIONS PLANNED FOR STATISTICAL PURPOSES

The information collections do not employ statistical methods.

17. APPROVAL TO OMIT OMB EXPIRATION DATE

We request authorization to omit the expiration date on the electronic version of the form. Including the expiration date on the electronic version of the form will result in increased costs because the need to make changes to the form may not follow the application's scheduled version release dates. The OMB control number will be displayed.

18. EXCEPTIONS TO CERTIFICATION FOR PAPERWORK REDUCTION ACT SUBMISSIONS

There are no exceptions to certification for the Paperwork Reduction Act submissions.

B. STATISTICAL METHODS

The information collections do not employ statistical methods.

FORM N-2 SHORT STATEMENT

The final amendments are intended to modernize, simplify and enhance certain financial disclosure requirements. The amendments are also intended to eliminate duplicative disclosures and modernize and enhance MD&A disclosure for the benefit of investors, while simplifying compliance efforts for registrants. We anticipate that the amendments would, in the aggregate, reduce the burdens and costs to registrants associated with compliance with the federal securities disclosure regime. These estimated burden and cost reductions are expected to result primarily from final amendments that (i) eliminate disclosure of five years of selected financial data; (ii) eliminate disclosure of two years of supplementary quarterly financial data; and (iii) revise the interim MD&A requirement to allow for more flexibility. For purposes of the PRA, we estimate that the final amendments to Form N-2 will result in a net decrease of 23 burden hours and a net decrease in the cost burden of \$9,360 for the services of outside professionals.