

SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission
“Form 13F”

A. JUSTIFICATION

1. Necessity for the Information Collection

In 1968, Congress directed the Securities and Exchange Commission to make a study of the purchase, sale, and holding of securities by institutional investors to determine the effect of those activities upon the maintenance of fair and orderly securities markets, the stability of those markets, and the interests of issuers of securities and of the public. As a result of that study, Congress in 1975 adopted Section 13(f) of the Securities Exchange Act of 1934 (the "1934 Act") as part of the Securities Acts Amendments of 1975. The reporting system required by Section 13(f) of the 1934 Act is intended, among other things, to create in the Commission a central repository of historical and current data about the investment activities of certain institutional investment managers, and to improve the body of factual data available in order to facilitate consideration of the influence and impact of institutional investment managers on the securities markets as well as the public policy implications of that influence.

Section 13(f) of the 1934 Act empowers the Commission to: (1) adopt rules that create a reporting and disclosure system to collect specific information; and (2) disseminate such information to the public. Pursuant to this statutory mandate, the Commission adopted Rule 13f-1 under the 1934 Act (17 CFR 240.13f-1), which requires institutional investment managers that exercise investment discretion over accounts that have in the aggregate a fair market value of at least \$100,000,000 of certain U.S. exchange-traded equity securities, as set forth in rule 13f-1(c), to file quarterly reports with the Commission on Form 13F.

2. Purpose of the Information Collection

The purpose of Form 13F is twofold: (1) to provide a reporting and disclosure system to collect information about certain equity security holdings of institutional investment managers; and (2) to disseminate such information to the public.

3. Role of Improved Information Technology

The Commission's electronic filing system (Electronic Data Gathering, Analysis, and Retrieval System, or "EDGAR") is designed to automate the filing, processing and dissemination of disclosure filings. Using the EDGAR system, publicly held companies generally transmit their filings to the Commission directly over the Internet. *See* Rulemaking for EDGAR System, Release No. 33-7855 (April 24, 2000) (part of the modernization of EDGAR). Such automation has increased the speed, accuracy and availability of information, generating benefits to investors and financial markets.

4. Efforts to Identify Duplication

The Commission periodically evaluates reporting and recordkeeping requirements for duplication and reevaluates them whenever it proposes a rule or form or a change in a rule or form. The information required by Form 13F is not generally duplicated elsewhere.

5. Effect on Small Entities

Not applicable. The requirements of Form 13F are the same for all potential filers. An institutional investment manager is not subject to Form 13F reporting unless it exercises

investment discretion over, in the aggregate, at least \$100,000,000 in certain equity securities.

6. Consequences of Less Frequent Collection

See Item 1, above. Not collecting the information would eliminate disclosure about the equity security holdings of institutional investment managers currently available to the Commission and the public.

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 information collection requirements in Form 13F 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

Section 13(f)(4) of the 1934 Act (15 U.S.C. 78m(f)(4)) authorizes the Commission, upon request, to delay or prevent public disclosure of any information filed under Section 13(f) for public interest reasons or to protect investors. It also prohibits the Commission from disclosing to the public information identifying securities held by the account of a natural person or any estate or trust (other than a business trust or investment company).

11. Sensitive Questions

Not applicable.

12. Estimate of Hour Burden

An estimated 4,286 institutional investment managers file Form 13F reports each calendar quarter. Accordingly, an estimated 17,144 initial filings on Form 13F per year are expected going forward.¹ An estimated 171 investment managers file amendments to Form 13F each quarter. Accordingly, an estimated 684 amendments per year are expected going forward.² Amendments are filed: (1) to correct an error or omission; (2) after a confidential treatment request is denied; or (3) when confidential treatment expires.

It is estimated that each Form 13F filer spends an average of 98.8 hours/year preparing Form 13F reports. In addition, it is estimated that managers that file the above-referenced amendments spend an average of 4 hours/year on their submissions. These estimates are based on consultations with a representative sample of filers. The number of burden hours may vary considerably, depending, for example, on the number of equity positions and accounts reflected on a manager's Form 13F report. The total estimated burden hours for all filers is 424,141.³

The estimated cost, per filer, to submit the report is \$6,620.⁴ In addition, the estimated

¹ 4,286 filings on Form 13F x 4 quarters = 17,144 filings per year.

² 171 amendments x 4 quarters = 684 amendments per year.

³ (4,286 filers x 98.8 hours) + (171 filers x 4 hours) = 424,141.

⁴ 98.8 hours x \$67.00 per hour = \$6,620. \$67.00/hour for a Compliance Clerk is from SIFMA's Office Salaries in the Securities Industry 2010, modified by Commission staff to account for an

annual cost to file an amendment is \$268.⁵ The estimated aggregate cost for all filers is \$28,417,434.⁶

13. Estimate of Total Annual Cost Burden

Not applicable.

14. Estimate of Cost to the Federal Government

The majority of forms are now received electronically, via the Commission's EDGAR system. Notwithstanding the electronic filing requirement, the Commission (Secretary's Office and the Division of Investment Management's Branch 30) still processes Form 13F confidential treatment requests, which are required to be filed in paper. The Division of Investment Management reviews these confidential treatment requests and, acting pursuant to delegated authority from the Commission, may grant, deny, or revoke confidential treatment of Form 13F.

Currently, pursuant to the terms of a Memorandum of Understanding, Interactive Data Pricing and Reference Data, Inc. provides services to compile and deliver to the Commission each quarter, without charge, a list of 'section 13(f) securities,' as defined in rule 13f-1 under the 1934 Act.

1800-hour work-year and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead.

⁵ 4 hours x \$67.00 per hour = \$268.

⁶ (4,286 filers x \$6,620 per year) + (171 filers x \$268 per year) = \$28,417,434.

The annual cost to the Commission of processing Form 13F is approximately \$370,397.11.

15. Explanation of Changes in Burden

The estimated total annual burden hours increased by 22,963, from 401,178 to 424,141. The increase is due to an increase of the total number of annual submissions from 17,048 to 17,828. This increase is primarily explained by the increase in the number of respondents.

16. Information Collection Planned for Statistical Purposes

Not applicable.

17. Approval to not Display Expiration Date

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

18. Exceptions to Certification Statement

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.