SUPPORTING STATEMENT Rule 30b1-8 and Form N-CR

A. JUSTIFICATION

1. Necessity for the Information Collection

Section 30(b) of the Investment Company Act of 1940 [15 U.S.C. 80a-30(b)] ("Act") provides that "[e]very registered investment company shall file with the Commission...such information, documents, and reports (other than financial statements), as the Commission may require to keep reasonably current the information and documents contained in the registration statement of such company..." Rule 30b1-8 under the Act [17 CFR 270.30b1-8], entitled "Current Report for Money Market Funds," provides that every registered open-end management investment company, or series thereof, that is regulated as a money market fund under rule 2a-7 [17 CFR 270.2a-7], that experiences any of the events specified on Form N-CR [17 CFR 274.222], must file with the Commission a current report on Form N-CR within the time period specified in that form. Similar to Form 8-K under the Securities Exchange Act of 1934 [17 CFR 249.308], Form N-CR requires disclosure of certain specific reportable events.

On July 23, 2014, the Commission adopted a new form N-CR under the Act. Under the reforms, all money market funds whose weekly liquid assets fall below 30% of total assets will have the ability to impose a liquidity fee of up to 2%, or to suspend redemptions temporarily (*i.e.*, "gate" the fund) for up to 10 calendar days in a 90-day period, provided the fund's board of directors (including a majority of its independent directors) determines that imposing a fee or gate is in the fund's best interest.¹ All non-government money market funds will be required to impose a fee of 1% on all redemptions if weekly liquid assets fall below 10% of its total assets, unless the board of directors (including a majority of its independent directors) determines that imposing a fee or

See Money Market Fund Reform; Amendments to Form PF, Investment Company Act Release No. [xxxxx] (July 23, 2014).

imposing such a fee would not be in the fund's best interest. In addition, all institutional prime money markets will be required to sell and redeem shares based on the current market-based value of the securities in their underlying portfolios, rounded to four decimal places (*e.g.*, \$1.0000), *i.e.*, transact at a floating NAV. Finally, the amendments require that money market funds adopt other amendments designed to make money market funds more resilient, including increasing diversification of their portfolios, enhancing their stress testing, and improving transparency through enhanced disclosure.

Under the amendments, a money market fund will be required to file Form N-CR if a portfolio security defaults, an affiliate provides financial support to the fund, the fund experiences a significant decline in its shadow price, or when liquidity fees or redemption gates are imposed and when they are lifted. In most cases, a money market fund will be required to submit a brief summary filing on Form N-CR within one business day of the occurrence of the event, and a follow up filing within four business days that includes a more complete description and information. Compliance with rule 30b1-8 will be mandatory for any fund that holds itself out as a money market fund in reliance on rule 2a-7. Responses to the disclosure requirements will not be kept confidential.

2. Purpose of the Information Collection

Certain provisions of the amended rule and form contain "collection of information" requirements within the meaning of the Paperwork Reduction Act of 1995 [44 U.S.C. 3501, <u>et</u> <u>seq.</u>], and the Commission is submitting the collection of information to the Office of Management and Budget ("OMB") for review in accordance with 44 U.S.C. 3507(d) and 5 CFR 1320.11. The information collection requirements for amended rule 30b1-8 and Form N-CR are designed to assist Commission staff in its oversight of money market funds and its ability to respond to market events. It will also provide investors with better and timelier disclosure of

potentially important events. Finally, the Commission will be able to use the information provided on Form N-CR in its regulatory, disclosure review, inspection, and policymaking roles.

3. Role of Improved Information Technology

The Commission's Electronic Data Gathering, Analysis and Retrieval System ("EDGAR") is designed to automate the filing, processing and dissemination of full disclosure filings. The system permits publicly-held companies to transmit their filings to the Commission electronically. EDGAR has increased the speed, accuracy and availability of information, generating benefits to investors and financial markets. All funds have been required to use EDGAR for their disclosure filings since November 6, 1995. Form N-CR is required to be filed with the Commission electronically on EDGAR. The public may access filings on EDGAR through the Commission's Internet Web site (http://www.sec.gov) or at EDGAR terminals located at the Commission's public reference rooms.

4. Efforts to Identify Duplication

The Commission periodically evaluates rule-based reporting and recordkeeping requirements for duplication, and reevaluates them whenever it adopts changes in its rules. The requirements of Form N-CR are not generally duplicated elsewhere.

5. Effect on Small Entities

Pursuant to 5 U.S.C. section 605(b), the Commission certified that the amended rule 30b1-8 and Form N-CR will not have a significant effect on small entities.

6. Consequences of Less Frequent Collection

Rule 30b1-8 and Form N-CR set forth the disclosure requirements for current reports filed by money market funds to assist Commission staff in its oversight of money market funds and provide investors with better and timelier disclosure of potentially important events. Less

frequent collection would deprive investors of access to information that is important to their investment decisions.

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

Not applicable.

8. Consultation 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 the staff with a means of ascertaining and acting upon paperwork burdens confronting the industry. The Commission requested public comment on the collection requirements in rule 30b1-8 and Form N-CR before it submitted this request for revision 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

Not applicable.

11. Sensitive Questions

Form N-CR collects information related to certain reportable events. A money market fund will file the report when a portfolio security defaults, an affiliate provides financial support to the fund, the fund experiences a significant decline in its shadow price, or when liquidity fees or redemption gates are imposed and when they are lifted. The form does not request Social Security Numbers. A System of Records Notice has been published in the Federal Register and can also be found at <u>http://www.sec.gov/about/privacy/sorn/secsorn6.pdf</u>.

12. Estimate of Hour Burden

1. Part B: Default Events

The Commission estimates that it will receive, in the aggregate, an average of 20 sets² of initial and follow-up reports per year in response to Part B of Form N-CR. Taking into account a blend of legal and financial in-house professionals,³ we estimate that a fund will spend, on average, 13.5 burden hours⁴ and time costs of \$4,830⁵ for one set of initial and follow-up reports in response to Part B. The Commission therefore estimates that the total annual burden for Part B reporting will be 270 burden hours and time costs of \$96,600.⁶

² This estimate is based on the Commission's current estimate of an average of 20 notifications of an event of default or insolvency sent via email to the Director of IM pursuant to rule 2a-7(c)(7)(iii) each year. We believe that this estimate is likely to be high, in particular when markets are not in crisis as they were during 2008 or 2011. However, we are continuing to use this higher estimate to be conservative in our analysis.

³ Recognizing that, depending on the particular circumstances, different members of a fund's financial team may assist with the preparation of Form N-CR in varying degrees, we have estimated the time costs for a financial professional to be \$255 per hour, which is the blended average hourly rate for a senior portfolio manager (\$301), financial reporting manager (\$266), and senior accountant (\$198). For similar reasons, we have estimated the time costs for a legal professional to be \$440 per hour, which is the blended average hourly rate for a deputy general counsel (\$546) and compliance attorney (\$334). Estimated wage figures are based on published rates taken from SIFMA's Management & Professional Earnings in the Securities Industry 2013, *available at http://www.sifma.org/research/item.aspx?id=8589940603*, 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.

⁴ When filing a report, the Commission estimates that a fund will spend on average approximately 3 hours of legal professional time and 3 hours of financial professional time to prepare, review and submit an initial filing. In addition, the Commission estimates that a fund will spend on average approximately 4.5 hours of legal professional time and 3 hours of financial professional time to prepare, review and submit a follow-up amendment. The estimates of the average legal professional time above have already been reduced by the corresponding average amount of time that we estimate will be shifted in the aggregate from in-house counsel to outside counsel.

⁵ This estimate is based on the following calculations: ((3 hours for the initial filing + 4.5 hours for the follow-up filing) x \$440 per hour for a legal professional = 3,300 + ((3 hours for the initial filing + 3 hours for the follow-up filing) x \$255 per hour for a financial professional = 1,530 = 4,830.

⁶ This estimate is based on the following calculation: 20 reports per year x 13.5 burden hours per report = 270 burden hours; 20 reports per year x \$4,830 time cost per report = \$96,600 in time costs.

2. Part C: Financial Support

The Commission estimates that it will receive, in the aggregate, an average of 30 sets⁷ of initial and follow-up reports per year in response to Part C of Form N-CR. Taking into account a blend of legal and financial in-house professionals, we estimate that a fund will spend, on average, 18.5 burden hours⁸ and time costs of approximately \$6,660⁹ for one set of initial and follow-up reports in response to Part C. The Commission therefore estimates that the total annual burden for Part C reporting will be 555 burden hours and time costs of \$199,800.¹⁰

3. Part D: Shadow Price Declines

The Commission estimates that it will receive, in the aggregate, an average of 0.3 sets¹¹

of initial and follow-up reports per year in response to Part D of Form N-CR. Taking into

¹⁰ This estimate is based on the following calculation: 30 reports per year x 18.5 burden hours per report = 555 burden hours; 30 reports per year x \$6,660 time cost per report = \$199,800 in time costs.

⁷ This estimate is based on our current estimate of an average of 25 notifications of certain rule 17a-9 security purchases that money market funds currently sent via email to the Director of IM pursuant to rule 2a-7(c)(7)(iii) each year. Because money market funds will be required to file a report in response to Part C of Form N-CR if the fund receives any form of financial support from the fund's sponsor or other affiliated person (which support includes, but is not limited to, a rule 17a-9 security purchase), the Commission estimates that it will receive a greater number of reports on Form N-CR Part C than the number of notifications of rule 17a-9 security purchases that it currently receives. In the Proposing Release, we originally estimated 40 filings per year under Part C of Form N-CR. Today we are adopting certain exclusions from the definition of financial support that will narrow the definition to a certain degree. Correspondingly, in anticipation of a moderate reduction in instances that meet the definition as amended today, we predict an estimated 30 filings per year under Part C of Form N-CR. We believe that this estimate is likely to be high, in particular when markets are not in crisis as they were during 2008 or 2011. However, we are using this higher estimate to be conservative in our analysis.

⁸ When filing a report, the Commission estimates that a fund will spend on average approximately 4.5 hours of legal professional time and 4 hours of financial professional time to prepare, review and submit an initial filing. In addition, the Commission estimates that a fund will spend on average approximately 6 hours of legal professional time and 4 hours of financial professional time to prepare, review and submit a follow-up amendment. The estimates of the average legal professional time above have already been reduced by the corresponding average amount of time that we estimate will be shifted in the aggregate from in-house counsel to outside counsel.

⁹ This estimate is based on the following calculations: ((4.5 hours for the initial filing + 6 hours for the follow-up filing) x \$440 per hour for a legal professional = 4,620 + ((4 hours for the initial filing + 4 hours for the follow-up filing) x \$255 per hour for a financial professional = 2,040 = 6,660.

¹¹ Commission staff analyzed form N-MFP data from November 2010 to February 2014 and found that only one non-institutional fund had a ¼ of 1 percent deviation from the stable \$1.00 per share NAV. 1 fund in over 39 months is equivalent to less than 1 (1*12/39=0.31) funds per year. In the Proposing Release, we had estimated 0.167 reports filed per year in respect of Part D. We revised this estimate to reflect more accurate accounting and updated data.

account a blend of legal and financial in-house professionals, we estimate that a fund will spend, on average, 13.5 burden hours¹² and time costs of approximately \$4,830¹³ for one set of initial and follow-up reports in response to Part D. The Commission therefore estimates that the total annual burden for Part D reporting will be 4 burden hours and time costs of \$1,449.¹⁴

4. Part E: Imposition of Liquidity Fees

The Commission estimates that it will receive, in the aggregate, an average of 1.2 sets¹⁵

of initial and follow-up reports per year in response to an event specified on Part E of Form N-

CR. Taking into account a blend of legal and financial in-house professionals, as well as time

spent by the board reviewing the disclosure, ¹⁶ we estimate that a fund will spend, on average, 20

¹³ This estimate is based on the following calculations: ((3 hours for the initial filing + 4.5 hours for the follow-up filing) x \$440 per hour for a legal professional = 3,300 + ((3 hours for the initial filing + 3 hours for the follow-up filing) x \$255 per hour for a financial professional = 1,530 = 4,830.

¹⁴ This estimate is based on the following calculation: 0.3 reports per year x 13.5 burden hours per report = 4 burden hours; 0.3 reports per year x \$4,830 time cost per report = \$1,449 in time costs.

¹² When filing a report, the Commission estimates that a fund will spend on average approximately 3 hours of legal professional time and 3 hours of financial professional time to prepare, review and submit an initial filing. In addition, the Commission estimates that a fund will spend on average approximately 4.5 hours of legal professional time and 3 hours of financial professional time to prepare, review and submit a follow-up amendment. The estimates of the average legal professional time above have already been reduced by the corresponding average amount of time that we estimate will be shifted in the aggregate from in-house counsel to outside counsel.

¹⁵ For purposes of this estimate, the Commission estimates that 0.6 funds per year will file a report triggered by the 10% weekly liquid asset threshold. In the Proposing Release, we had previously estimated a total of 4 reports in response to Parts E and F based on the previously proposed higher 15% weekly liquid asset trigger. We estimate that funds will voluntarily impose a liquidity fee at most as often as they will be required to consider a liquidity fee based on the 10% weekly liquid asset trigger. Accordingly, the Commission conservatively estimates that 0.6 additional funds per year will file a report in response to Part E because it breached the 30% weekly liquid asset threshold and their board determined to impose such a discretionary liquidity fee. Together with the filings triggered by the 10% weekly liquid asset threshold, this will result in a total of 1.2 sets of filings in response to Part E per year. Although we believe this estimate is likely to be high, we are using this estimate to be conservative in our analysis.

¹⁶ For purposes of this PRA, we estimate time costs of \$4,400/hour for a board of 8 directors.

burden hours¹⁷ and time costs of approximately \$10,910¹⁸ for one set of initial and follow-up reports in response to Part E. The Commission therefore estimates that the total annual burden for Part E reporting will be 24 burden hours and time costs of \$13,092.¹⁹

5. Part F: Suspension of Fund Redemptions

The Commission estimates that it will receive, in the aggregate, an average of 0.6 sets²⁰

of initial and follow-up reports per year in response to an event specified on Part F of Form N-

CR. Taking into account a blend of legal and financial in-house professionals, as well as time

spent by the board reviewing the disclosure, we estimate that a fund will spend, on average, 20

¹⁹ This estimate is based on the following calculation: 1.2 reports per year x 20 burden hours per report = 24 burden hours; 1.2 reports per year x \$10,910 time cost per report = \$13,092 in time costs.

¹⁷ When filing a report, the Commission estimates that a fund would spend on average approximately 3 hours of legal professional time and 4 hours of financial professional time to prepare, review and submit an initial filing. In addition, the Commission estimates that a fund would spend on average approximately 6 hours of legal professional time and 6 hours of financial professional time to prepare, review and submit a follow-up amendment. The Commission also estimates that a fund would spend 1 hour for a board of directors to review the reports. The estimates of the average legal professional time above have already been reduced by the corresponding average amount of time that we estimate will be shifted in the aggregate from inhouse counsel to outside counsel.

¹⁸ This estimate is based on the following calculations: ((3 hours for the initial filing + 6 hours for the followup filing) x \$440 per hour for a legal professional = 3,960 + ((4 hours for the initial filing + 6 hours for the follow-up filing) x \$255 per hour for a financial professional = 2,550 + (1 hour x \$4,400 per hour for a board of 8 directors = 4,400 = 10,910.

²⁰ In the Proposing Release, we had previously estimated a total of 4 reports in response to Parts E and F based on the previously proposed 15% weekly liquid asset trigger. However, we are revising this estimate in light of the amended higher 30% weekly liquid asset threshold for discretionary gates. We conservatively estimate the number of instances in which a fund breached the 30% weekly liquid asset threshold and its board determined to impose a voluntary gate to be equal to the number of instances in which a fund breached the 30% weekly liquid asset threshold and its board determined to impose a voluntary gate to be equal to the number of instances in which a fund breached the 30% weekly liquid asset threshold and its board determined to impose a voluntary fee. This results in an estimate of approximately 0.6 sets of initial and follow-up reports filed per year in response to Part F. Although we believe this estimate is likely to be high, we are using this estimate to be conservative in our analysis.

burden hours²¹ and time costs of approximately \$10,910²² for one set of initial and follow-up reports in response to Part F. The Commission therefore estimates that the total annual burden for Part F reporting will be 12 burden hours and time costs of \$6,546.²³

6. Part G: Removal of Liquidity Fees and/or Resumption of Fund Redemptions

The Commission estimates that it will receive, in the aggregate, an average of 1.8 reports per year in response to Part G of Form N-CR. Taking into account a blend of legal and financial in-house professionals, we estimate that a fund will spend, on average, 2 burden hours²⁴ and time costs of approximately \$695²⁵ for a filing in response to Part G. The Commission therefore estimates that the total annual burden for Part G reporting will be 3.6 burden hours and time costs of \$1,251.²⁶

²³ This estimate is based on the following calculation: 0.6 reports per year x 20 burden hours per report = 12 burden hours; 0.6 reports per year x \$10,910 time cost per report = \$6,546 in time costs.

²¹ When filing a report, the Commission estimates that a fund would spend on average approximately 3 hours of legal professional time and 4 hours of financial professional time to prepare, review and submit an initial filing. In addition, the Commission estimates that a fund would spend on average approximately 6 hours of legal professional time and 6 hours of financial professional time to prepare, review and submit a follow-up amendment. The Commission also estimates that a fund would spend 1 hour for a board of directors to review the reports. The estimates of the average legal professional time above have already been reduced by the corresponding average amount of time that we estimate will be shifted in the aggregate from inhouse counsel to outside counsel.

²² This estimate is based on the following calculations: ((3 hours for the initial filing + 6 hours for the followup filing) x \$440 per hour for a legal professional = 3,960 + ((4 hours for the initial filing + 6 hours for the follow-up filing) x \$255 per hour for a financial professional = 2,550 + (1 hour x \$4,400 per hour for a board of 8 directors = 4,400 = 10,910.

²⁴ When filing a report, the Commission estimates that a fund will spend on average approximately 1 hour of legal professional time and 1 hour of financial professional time to prepare, review, and submit a filing in response to Part G.

This estimate is based on the following calculations: (1 hour x \$440 per hour for a legal professional = 440) + (1 hour x \$255 per hour for a financial professional = 255) = \$695.

This estimate is based on the following calculation: 1.8 reports per year x 2 burden hours per report = 3.6 burden hours; 1.8 reports per year x \$695 time cost per report = \$1,251 in time costs.

7. Part H: Other Events

The Commission estimates that it will receive, in the aggregate, approximately 15 reports²⁷ per year in response to Part H of Form N-CR. Taking into account a blend of legal and financial in-house professionals, we estimate that a fund will spend, on average, four burden hours²⁸ and time costs of approximately \$1,390²⁹ for one set of initial and follow-up reports in response to Part H. The Commission therefore estimates that the total annual burden for Part H reporting will be 60 burden hours and time costs of \$20,850.³⁰

8. Total Change in Burden

In the aggregate, the Commission estimates that compliance with Form N-CR will result

in a total annual burden of approximately 941 burden hours,³¹ and total annual time costs of

approximately \$339,588.³²

²⁷ For purposes of this estimate, the Commission conservatively estimates that funds will include a disclosure under Part H in about a quarter of the instances they submit a follow-up filing under Parts B through F, as well as with respect to a quarter of all filings under Part G. Because of the timing constraints, we generally will not expect funds will to make a Part H disclosure in an initial filing. However, given the possibility that funds might make a Part H disclosure in the initial filing or on a stand-alone basis, we conservatively estimate one additional Part H filing per year under each scenario. We therefore estimate an annual total of approximately 15 filings in response to Part H based on the following calculation: (20 sets of Part B filings per year) + (30 sets of Part C filings per year) + (0.3 sets of Part D filings per year) + (1.2 sets of Part E filings per year) + (0.6 sets of Part F filings per year) + (1.8 Part G filings per year) = approximately 54 Parts B-G filings per year. (54 Parts B-G filings per year \div 4) + (2 additional Part H filings per year in an initial filing or on a stand-alone basis) = approximately 15 Part H filings per year.

²⁸ This estimate is derived in part from our current PRA estimate for Form 8-K under the Exchange Act. In particular, we estimate that Form 8-K takes approximately 5 hours per response if rounded up to the next whole hour. As an initial step, we conservatively added an additional hour, for a total of 6 hours. Of this total, we estimate that an average of 2 hours will be shifted to outside legal counsel (corresponding to the 2 hours of legal professional time discussed immediately below). Accordingly, when filing a report, the Commission estimates that a fund will spend on average approximately 2 hours of legal professional time and 2 hours of financial professional time to prepare, review and submit a response to Part H.

²⁹ This estimate is based on the following calculations: ((2 hours x \$440 per hour for a legal professional = \$880) + ((2 hours x \$255 per hour for a financial professional = \$510) = 4 burden hours and time costs of \$1,390.

³⁰ This estimate is based on the following calculation: 15 reports per year x 4 burden hours per report = 60 burden hours; 15 reports per year x \$1,390 time cost per report = \$20,850 in time costs.

³¹ This estimate is based on the following calculation: 270 hours (Part B) + 555 hours (Part C) + 4 hours (Part D) + 24 hours (Part E) + 12 hours (Part F) + 3.6 hours (Part G) + 60 hours (Part H) = 929 aggregate burden hours.

³² This estimate is based on the following calculation: \$96,600 (Part B) + \$199,800 (Part C) + \$1,449 (Part D) + \$13,092 (Part E) + \$6,546 (Part F) + \$1,251 (Part G) + \$20,850 (Part H) = \$339,588 aggregate time

13. Estimate of Total Annual Cost Burden

Cost burden is the cost of services purchased to comply with rule 30b1-8 and Form N-CR, such as computer programmers, outside counsel, and third-party service providers. The Commission estimates that some funds may engage outside legal counsel to complete Parts B-F and H.³³ For Part B, the Commission estimates that funds will incur, on average, external costs of approximately \$1,000 for one set of reports;³⁴ therefore the total external costs for Part B reporting will be \$20,000.³⁵ For Part C, the Commission estimates that funds will incur, on average, external costs of approximately \$1,400 for one set of reports;³⁶ therefore the total external costs that funds will incur, on average, external costs for Part C reporting will be \$42,000.³⁷ For Part D, the Commission estimates that funds will incur, on average, external costs of approximately \$1,000 for one set of reports;³⁸

costs.

³³ We estimate the cost for outside legal counsel to be \$400 per hour. This is based on an estimated \$400 per hour cost for outside legal services, and is the same estimate used by the Commission for these services in the "Exemptions for Advisers to Venture Capital Funds, Private Fund Advisers With Less Than \$150 Million Under Management, and Foreign Private Advisers" final rule: SEC Release No. IA-3222 (June 22, 2011); 76 FR 39646 (July 6, 2011).

³⁴ We estimate that in approximately half of all instances funds will engage legal counsel to assist in the preparation of a set of initial and follow up filings responding to Part B of Form N-CR. In such cases, we estimate that approximately half of the total legal professional time that in-house counsel will have otherwise spent on responding to Part B of Form N-CR will be shifted to outside counsel. Accordingly, a quarter of the total legal professional time that will otherwise have been spent on responding to Part B of Form N-CR, or 2.5 hours, will be shifted from in-house counsel to outside counsel ($\frac{1}{2}$ of all instances x $\frac{1}{2}$ legal professional time = $\frac{1}{4}$ aggregate legal professional time). Accordingly, we estimate that funds will incur additional external legal costs of \$1,000 (2.5 hours x \$400 per hour for outside counsel) per set of initial and follow-up reports in response to Part B.

³⁵ This estimate is based on the following calculation: 20 reports per year x \$1,000 external cost per report = \$20,000 in external costs.

³⁶ We estimate that approximately a quarter of the total legal professional time that will otherwise have been spent on responding to Part C of Form N-CR, or 3.5 hours, will be shifted from in-house counsel to outside counsel. Accordingly, we estimate that funds will incur additional external legal costs of \$1,400 (3.5 hours x \$400 per hour for outside counsel) per set of initial and follow-up reports in response to Part C.

³⁷ This estimate is based on the following calculation: 30 reports per year x \$1,400 external cost per report = \$42,000 in external costs.

³⁸ We estimate that approximately a quarter of the total legal professional time that will otherwise have been spent on responding to Part D of Form N-CR, or 2 hours, will be shifted from in-house counsel to outside counsel. Accordingly, we estimate that funds will incur additional external legal costs of \$1,000 (2.5 hours x \$400 per hour for outside counsel) per set of initial and follow-up reports in response to Part D.

therefore the total external costs for Part D reporting will be \$300.³⁹ The Commission expects that most, if not all, funds may engage outside legal counsel to assist with the drafting and review of Part E,⁴⁰ and estimates that funds will incur, on average, external costs of approximately \$3,600 per set of reports.⁴¹ Therefore the total external costs for Part E reporting will be \$4,320.⁴² The Commission expects that most, if not all, funds may engage legal counsel to assist with the drafting and review of Part F,⁴³ and estimates that funds will incur, on average, external costs of approximately \$3,600 for each set of reports.⁴⁴ Therefore the total external costs for Part G, the Commission does not estimate that funds will incur any external legal costs to complete Part G. For Part H, the Commission estimates that funds will incur, on average, external legal costs of

³⁹ This estimate is based on the following calculation: 0.3 reports per year x \$1,000 external cost per report = \$300 in external costs.

⁴⁰ Because the potential imposition of a liquidity fee is one of the most significant events that can occur to money market funds, to be conservative we estimate that all funds will seek outside counsel for purposes of this estimate.

⁴¹ On average, we estimate that approximately half of the total legal professional time that in-house counsel will have otherwise spent on reviewing and responding to Part E of Form N-CR will be shifted to outside counsel. Accordingly, for purposes of this PRA, we estimate that a total of 9 hours will be shifted from inhouse counsel to outside counsel. Accordingly, we estimate that funds will incur external legal costs of \$3,600 (9 hours x \$400 per hour for outside counsel) per set of initial and follow-up reports in response to Part E.

⁴² This estimate is based on the following calculation: 1.2 reports per year x \$3,600 external cost per report = \$4,320 in external costs.

⁴³ Because the potential imposition of a gate is one of the most significant events that can occur to money market funds, to be conservative we estimate that all funds will seek outside counsel for purposes of this estimate.

⁴⁴ On average, we estimate that approximately half of the total legal professional time that in-house counsel will have otherwise spent on reviewing and responding to Part F of Form N-CR will be shifted to outside counsel. Accordingly, for purposes of this PRA, we estimate that a total of 8 hours will be shifted from inhouse counsel to outside counsel. Accordingly, we estimate that funds will incur external legal costs of \$3,600 (9 hours x \$400 per hour for outside counsel) per set of initial and follow-up reports in response to Part F.

⁴⁵ This estimate is based on the following calculation: 0.6 reports per year x \$3,600 external cost per report = \$2,160 in external costs.

approximately \$800 per report,⁴⁶ therefore the total external costs for Part H reporting will be \$12,000.⁴⁷

In the aggregate, the Commission estimates that compliance with Form N-CR will result in total external costs of \$80,780.⁴⁸

14. Estimate of 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 \$18.6 million in fiscal year 2013, based on the Commission's computation of the value of staff time devoted to this activity and related overhead. A portion of those costs will relate to processing and reviewing Form N-CR filings submitted to the Commission for compliance with rule 30b1-8.

15. Explanation of Changes in Burden

Not applicable. This is the first request for approval of the collection of information for

this rule.

16. Information Collection Planned for Statistical Purposes

Not applicable.

17. Approval not to Display Expiration Date

⁴⁶ In particular, we expect that funds are more likely to file a report on Part H when there are more complex events that need to be addressed, which correspondingly we believe will make it significantly more likely that funds will engage legal counsel. To be conservative, we estimate that funds will engage outside legal counsel in all cases they file a response to Part H. Accordingly, we estimate that funds will incur additional external legal costs of \$800 (2 hours x \$400 per hour for outside counsel) per set of initial and follow-up reports in response to Part H (with the estimated 2 hours of outside counsel time corresponding to the 2 hours of legal professional time we estimated).

⁴⁷ This estimate is based on the following calculation: 15 reports per year x \$800 external cost per report = \$12,000 in external costs.

⁴⁸ This estimate is based on the following calculation: 20,000 (Part B) + 42,000 (Part C) + 300 (Part D) + 4,320 (Part E) + 2,160 (Part F) + 12,000 (Part H) = 80,780 total external costs.

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

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS Not applicable.