

SUPPORTING STATEMENT

Information Collection Submission For Adopted Amendments To

Rule 2a-7

A. JUSTIFICATION

1. Information Collection Necessity

Money market funds are open-end management investment companies that differ from other open-end management investment companies in that they seek to maintain a stable price per share, usually \$1.00. Rule 2a-7 [17 CFR 270.2a-7] under the Investment Company Act of 1940 [15 U.S.C. 80a] (the “Act”) exempts money market funds from the valuation requirements of the Act, and, subject to certain risk-limiting conditions, permits money market funds to use the “amortized cost method” of asset valuation or the “penny-rounding method” of share pricing.

Rule 2a-7 also imposes certain recordkeeping and reporting obligations on money market funds. The board of directors of a money market fund, in supervising the fund's operations, must establish written procedures designed to stabilize the fund's net asset value (“NAV”). The board must also adopt guidelines and procedures relating to certain responsibilities it delegates to the fund's investment adviser. These procedures and guidelines typically address various aspects of the fund's operations. The fund must maintain and preserve for six years a written copy of both these procedures and guidelines. The fund also must maintain and preserve for six years a written record of the board's considerations and actions taken in connection with the discharge of its responsibilities, to be included in the board's minutes. In addition, the fund must maintain and preserve for three years written records of certain credit risk analyses, evaluations with respect to securities subject to demand features or guarantees, and determinations with respect to adjustable rate securities and asset backed securities. If the board takes action with respect to defaulted securities, events of insolvency, or deviations in share price, the fund must file with the

Commission an exhibit to Form N-SAR (OMB Control No. 3235-0330) describing the nature and circumstances of the action. If any portfolio security fails to meet certain eligibility standards under the rule, the fund also must identify those securities in an exhibit to Form N-SAR. After certain events of default or insolvency relating to a portfolio security, the fund must notify the Commission of the event and the actions the fund intends to take in response to the situation.

In addition, money market fund boards must adopt written procedures that provide for periodic testing (and reporting to the board) of the fund's ability to maintain a stable NAV per share based on certain hypothetical events. Funds must also post monthly portfolio information on their websites and maintain records of creditworthiness evaluations on counterparties to repurchase agreements that the fund intends to "look through" for purposes of rule 2a-7's diversification limitations. Finally, money market funds must promptly notify the Commission of the purchase of any money market fund's portfolio security by an affiliated person in reliance on rule 17a-9 under the Act and explain the reasons for such purchase.

On July 23, 2014, the Commission adopted amendments to rule 2a-7 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)

¹ See Money Market Fund Reform; Amendments to Form PF, Investment Company Act Release No. [xxxxx] (July 23, 2014).

determines that 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.

The Commission is therefore amending rule 2a-7, and, consequently, amending or establishing new collection of information burdens by: (a) requiring money market funds to be diversified with respect to the sponsors of asset-backed securities by deeming the sponsor to guarantee the asset-backed security unless the fund's board of directors makes a finding otherwise; (b) requiring that "retail money market funds" adopt and implement policies and procedures reasonably designed to limit beneficial ownership of the fund to natural persons; (c) requiring that "government money market funds" amend policies and procedures to reflect the 0.5% *de minimis* non-conforming basket; (d) requiring money market funds' boards to make and document a number of determinations regarding the imposition of fees and gates when weekly liquid assets fall below a certain threshold; (e) replacing the requirement that funds promptly notify the Commission via electronic mail of defaults and other events with disclosure on new Form N-CR; (f) amending the stress testing requirements; and (g) amending the disclosures that money market funds are required to post on their websites.

2. Purpose of the Information Collection

The recordkeeping requirements in rule 2a-7 are designed to enable Commission staff in its examinations of money market funds to determine compliance with the rule, as well as to ensure that money market funds have established procedures for collecting the information

necessary to make adequate credit reviews of securities in their portfolios. The reporting requirements of rule 2a-7 are intended to assist the Commission in overseeing money market funds, reducing the likelihood that a fund is unable to maintain a stable NAV (where a fund seeks to maintain a stable NAV), mitigating funds' susceptibility to heavy redemptions in times of stress, and increasing the transparency of risk in money market funds.

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. The exhibit to Form N-SAR required to be filed with the Commission under rule 2a-7 when a money market fund's board takes action with respect to defaults, insolvencies, or share price deviations or when a portfolio security fails to meet certain standards may be filed electronically through EDGAR. Under amended rule 2a-7, new Form N-CR will replace the disclosures currently made in exhibits to Form N-SAR. Form N-CR will also be filed electronically through EDGAR. In addition to electronic filing of the exhibit to Form N-SAR (or, under our amendments, Form N-CR), money market funds are required to post monthly portfolio information on their websites, taking advantage of investors' widespread use of the Internet to obtain investment information.

4. Efforts to Identify Duplication

The Commission periodically evaluates rule-based reporting and recordkeeping requirements for duplication, and reevaluates them whenever it proposes a rule or form, or a

change in either. The recordkeeping, reporting, and website posting required by rule 2a-7 are not duplicated elsewhere.

5. Effect on Small Entities

The recordkeeping and reporting requirements of rule 2a-7 are the same for all money market funds, including those that are small entities. A significant portion of the recordkeeping burden involves organizing information that the funds already collect when initially purchasing securities. In addition, when a money market fund analyzes a security, the analysis need not be presented in any particular format. Money market funds therefore have a choice of methods for maintaining these records that vary in technical sophistication and formality (*e.g.*, handwritten notes, computer disks, etc.). Pursuant to 5 U.S.C. section 605(b), the Commission certified that our amendments to rule 2a-7 will not have a significant effect on small entities.

6. Consequences of Less Frequent Collection

As described in section 1, rule 2a-7 requires the fund's board to adopt (i) written procedures designed to stabilize the fund's NAV (where applicable); (ii) written guidelines regarding the delegation of certain responsibilities; and (iii) written guidelines that provide for periodic stress testing. In addition, rule 2a-7 requires the fund to notify the Commission if the board takes certain actions or if certain events of default or insolvency occur, or there is a purchase of a fund's portfolio security by an affiliated person in reliance on rule 17a-9. None of these is a recurring obligation. They are, however, essential to the Commission's ability to determine compliance with the rule.

The rule also requires money market funds to perform periodic analyses of portfolio securities and reviews of the credit risks associated with those securities, as well as maintain records of creditworthiness determinations specific to counterparties in repurchase agreements.

The frequency of these reviews is within a fund's discretion. The reviews are necessary to ensure that securities that remain in a fund's portfolio continue to present minimal credit risks.

Finally, rule 2a-7 requires that money market funds post monthly portfolio information on their websites within five business days after the end of each month. We believe that this monthly frequency allows current and prospective investors in the fund to have timely information about the fund without excessively burdening money market funds. Money market funds voluntarily provide this information on their websites more frequently than monthly.

Most of the amendments to rule 2a-7 that affect collection of information requirements do not change the frequency of collection burdens. The amendments do increase the collection burden frequency for certain new website disclosure requirements, for example, requiring daily website updates for the fund's daily and weekly liquid assets, the fund's net inflows or outflows, and the fund's daily current NAV per share. The website disclosures will provide current and prospective investors with timely information about the fund without excessively burdening money market funds. Many money market funds already voluntarily disclose current NAV per share data daily on their websites.

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

Rule 2a-7 requires money market funds to retain certain written records for more than three years. The fund must maintain and preserve for six years a written copy of the procedures established by the board of directors designed to stabilize the fund's NAV (where applicable), records of the reports to the board on stress tests and records of determinations of credit quality of counterparties to repurchase agreements, and a written record of the board's considerations and actions taken in connection with the discharge of its responsibilities. The long-term retention of these records is necessary to allow Commission inspection staff to determine compliance with rule 2a-7. Rule 2a-7 also requires funds to post portfolio information monthly,

and as amended, will require funds to post certain portfolio information daily. Given the short-term nature of money market fund portfolio holdings, this increased frequency of information collection is necessary to provide portfolio information that is meaningful to investors.

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 2a-7 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

Information received pursuant to this collection of information will be kept private to the extent permitted by law.

11. Sensitive Questions

No PII collected/Not applicable.

12. Estimates of Hour Burden

In our most recent Paperwork Reduction Act submission for rule 2a-7, the Commission estimated that the annual compliance burden to comply with the collection of information requirements of rule 2a-7 is 517,228 hours. The final amendments to rule 2a-7 will affect the Commission's estimates of the hour burden as described below.

1. *Asset-Backed Securities*

Funds will be required to treat the sponsor of an SPE issuing ABS as a guarantor of the ABS subject to rule 2a-7's diversification limitations applicable to guarantors and demand feature providers, unless the fund's board of directors (or its delegate) determines that the fund is not relying on the sponsor's financial strength or its ability or willingness to provide liquidity. The board of directors will be required to adopt written procedures requiring periodic evaluation of this determination. Furthermore, for a period of not less than three years from the date when the evaluation was most recently made, the fund must preserve and maintain in an easily accessible place a written record of the evaluation. This requirement is a collection of information under the PRA and will be mandatory for money market funds that rely on rule 2a-7, and to the extent that the Commission receives confidential information pursuant to this collection of information, such information will be kept confidential, subject to the provisions of applicable law.

Based on a review of reports on Form N-MFP, the Commission estimates that approximately 152 money market funds hold asset-backed securities and will be required to adopt written procedures regarding the periodic evaluation of determinations made by the fund as to ABS not subject to guarantees. The Commission estimates that it will take approximately eight hours of a fund attorney's time to prepare the procedures and one hour for a board to adopt the procedures. Therefore, the Commission estimates the one-time burden to prepare and adopt these procedures will be approximately nine hours per money market fund, at an internal labor cost of approximately \$7,440 per fund.² Therefore, the Commission estimates the one-time

² This estimate is based on the following calculation: (8 hours x \$380 per hour for an attorney = \$3,040) + (1 hour x \$4,400 per hour for a board of 8 directors = \$4,400) = \$7,440. 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.

burden to prepare and adopt these procedures will be approximately 1,368 hours³ at \$1,130,880 in total internal labor costs for all money market funds.⁴ Amortized over a three-year period, this will result in an average annual burden of approximately 456 hours and internal labor costs of \$376,960 for all funds.⁵

The Commission further estimates that the 152 money market funds we estimate will adopt such written procedures will spend, on an annual basis, (i) two hours of a fund attorney's time to prepare materials for the board's review of new and existing determinations, (ii) one hour for the board to review those materials and make the required determinations, and (iii) one hour of a fund attorney's time per year, on average, to prepare the written records of such determinations.⁶ Therefore, the Commission estimates that the average annual burden to prepare materials and written records for a board's required review of new and existing determinations will be approximately four hours per fund⁷ at an internal labor cost of approximately \$5,540 per fund.⁸ Therefore, the Commission estimates the annual burden will be approximately 608

³ This estimate is based on the following calculation: 8 burden hours to prepare written procedures + 1 burden hour to adopt procedures = 9 burden hours per money market fund required to adopt procedures; 9 burden hours per money market fund x 152 funds expected to adopt procedures = 1,368 total burden hours.

⁴ This estimate is based on the following calculation: 152 money market funds x \$7,440 in total costs per fund complex = \$1,130,880.

⁵ This estimate is based on the following calculations: 1,368 burden hours ÷ 3 = 456 average annual burden hours; \$1,130,880 burden costs ÷ 3 = \$376,960 average annual burden cost.

⁶ This estimate includes documenting, if applicable, the fund board's determination that the fund is not relying on the fund sponsor's financial strength or its ability or willingness to provide liquidity or other credit support to determine the ABS's quality or liquidity.

⁷ This estimate is based on the following calculation: 2 hours to adopt + 1 hour for board review + 1 hour for record preparation = 4 hours per year.

⁸ This estimate is based on the following calculations: (3 hours x \$380 per hour for an attorney = \$1,140) + (1 hour x \$4,400 per hour for a board of 8 directors = \$4,400) = \$5,540.

burden hours⁹ and \$842,080 in total internal labor costs for all money market funds.¹⁰ Adding the amortized one-time burden to prepare and adopt procedures with the average annual burdens to prepare materials for determinations over three years, will result in a total average annual burden of approximately 1,064 hours and internal labor costs of \$1,219,040 for all funds.¹¹

2. *Retail and Government Funds*

i. Retail Funds

Under our final amendments, a retail money market fund—which means a money market fund that adopts and implements policies and procedures reasonably designed to limit beneficial owners to natural persons—will be allowed to continue to maintain a stable NAV through the use of amortized cost valuation and/or penny-rounding pricing.

The Commission estimates that approximately 55 money market fund complexes will seek to qualify as retail money market funds under rule 2a-7 and therefore be required to adopt written policies and procedures reasonably designed to limit beneficial owners to natural persons.¹² The Commission estimates that it will take approximately 12 hours of a fund

⁹ This estimate is based on the following calculation: 4 burden hours per money market fund x 152 funds = 608 total burden hours.

¹⁰ This estimate is based on the following calculation: 152 money market funds x \$5,540 in total costs per fund complex = \$842,080.

¹¹ This estimate is based on the following calculation: ((1,368 one-time burden hours to prepare and adopt procedures + 608 average annual burden hours to prepare materials for determinations in year 1 = 1,976 total burden hours in year 1) + 608 average annual burden hours to prepare materials for determinations in year 2 + 608 average annual burden hours to prepare materials for determinations in year 3) ÷ 3 = 1,064 average annual burden hours; ((\$1,130,880 one-time burden cost to prepare and adopt procedures + \$842,080 average annual burden cost to prepare materials for determinations in year 1 = \$1,972,960 total burden cost in year 1) + \$842,080 average annual burden cost to prepare materials for determinations in year 2 + \$842,080 average annual burden cost to prepare materials for determinations in year 3) ÷ 3 = \$1,219,040 average annual burden cost.

¹² For purposes of the PRA, the Commission estimates that those money market funds that self-reported as “retail” funds as of February 28, 2014 (based on iMoney.net data) will likely seek to qualify as retail money market funds under amended rule 2a-7. Based on iMoney.net data, these 55 fund complexes managed 195 self-reported “retail” money market funds.

attorney's time to prepare the procedures and one hour for a board to adopt the procedures.¹³ Therefore, the Commission estimates an initial time cost of approximately \$8,960 per fund complex.¹⁴ We estimate the one-time burden to prepare and adopt these procedures will be approximately 715 hours¹⁵ at \$492,800 in total time costs for all fund complexes.¹⁶ Amortized over a three year period, this will result in an average annual burden of 238 hours and time costs of \$164,267 for all funds.¹⁷

ii. Government Funds

Government money market funds will not be required to implement a floating NAV or fees and gates. We define a government money market fund to mean a fund that invests at least 99.5% of its total assets in cash, government securities, and/or repurchase agreements collateralized by cash or government securities. Currently, a government money market fund is permitted to invest up to 20% of its total assets in non-government assets. Under our amendments, a government money market fund will no longer be permitted to invest up to 20% of its total assets in non-government assets; rather, these funds will be permitted a 0.5% *de minimis* non-conforming basket in which the fund may invest in non-government assets.

¹³ The Commission believes that the burden associated with drafting and adopting policies and procedures reasonably designed to limit beneficial ownership to natural persons will be approximately the same as the burden that would have been required under our proposal (requiring that funds adopt and implement procedures reasonably designed to allow the conclusion that the omnibus account holder does not permit any beneficial owner, directly or indirectly, to redeem more than the daily permitted amount).

¹⁴ This estimate is based on the following calculation: (12 hours x \$380 per hour for an attorney = \$4,560) + (1 hour x \$4,400 per hour for a board of 8 directors = \$4,400) = \$8,960.

¹⁵ This estimate is based on the following calculation: 12 burden hours to prepare written procedures + 1 burden hour to adopt procedures = 13 burden hours per money market fund complex; 13 burden hours per fund complex x 55 fund complexes = 715 total burden hours for all fund complexes.

¹⁶ This estimate is based on the following calculation: 55 fund complexes x \$8,960 in total costs per fund complex = \$492,800.

¹⁷ This estimate is based on the following calculation: 715 burden hours ÷ 3 = 238 average annual burden hours; \$492,800 burden costs ÷ 3 = \$164,267 average annual burden cost.

Accordingly, we anticipate that government money market funds will need to amend their existing policies and procedures to reflect the new 0.5% *de minimis* basket.

The Commission estimates that approximately 60 money market fund complexes will seek to qualify as government money market funds under rule 2a-7 and therefore be required to amend their written policies and procedures to reflect the 0.5% *de minimis* basket.¹⁸ We estimate that it will take approximately one hour of a fund attorney's time to amend the procedures and 0.5 hours for a board to adopt the amended procedures. Accordingly, we estimate the total initial time cost that will result from the amendments will be approximately \$2,580 per fund complex.¹⁹ Therefore, we estimate the one-time burden to amend these procedures will be approximately 90 hours²⁰ at \$154,800 in total time costs for all fund complexes.²¹ Amortized over a three-year period, this will result in an average annual burden of approximately 30 hours and time costs of \$51,600 for all funds.²²

3. Board Determinations – Fees and Gates

Under the liquidity fees and gates reform, if a money market fund's weekly liquid assets fall below 30% or 10%, respectively, of total assets, the fund's board may be required to make and document a number of determinations, when in the best interest of the fund, regarding the imposition of liquidity fees and gates, including (i) whether to impose the liquidity fee, and if so, what the amount of the liquidity fee should be (not to exceed 2%); (ii) whether to impose a

¹⁸ Based on Form N-MFP data as of February 28, 2014.

¹⁹ This estimate is based on the following calculation: (1 hours x \$380 per hour for an attorney = \$380) + (0.5 hours x \$4,400 per hour for a board of 8 directors = \$2,200) = \$2,580.

²⁰ This estimate is based on the following calculation: 1 burden hours to amend written procedures + 0.5 burden hours to adopt procedures = 1.5 burden hours per money market fund complex; 1.5 burden hours per fund complex x 60 fund complexes = 90 total burden hours for all fund complexes.

²¹ This estimate is based on the following calculation: 60 fund complexes x \$2,580 in total costs per fund complex = \$154,800.

²² This estimate is based on the following calculation: 90 burden hours ÷ 3 = 30 average annual burden hours; \$154,800 burden costs ÷ 3 = \$51,600 average annual burden cost.

redemption gate; (iii) when to remove a liquidity fee put in place (subject to other rule requirements); and (iv) when to lift a redemption gate put in place (subject to other rule requirements). This requirement is a collection of information under the PRA, and is designed to ensure that a fund that imposes a liquidity fee or gate does so only when, as determined by the fund's board, it is in the best interest of the fund to do so. This new collection of information will be mandatory for money market funds that rely on rule 2a-7, and to the extent that the Commission receives confidential information pursuant to these collections of information, such information will be kept confidential, subject to the provisions of applicable law.

Staff analysis of Form N-MFP data shows that, between March 2011 and October 2012, 138 prime money market funds had weekly liquid assets below 30% of total assets, the trigger for board determinations regarding the imposition of liquidity fees and gates. The Commission estimates that a fund will spend, on an annual basis, (i) four hours of a fund attorney's time to prepare materials for the board's determinations, (ii) two hours for the board to review those materials and make the required determinations, and (iii) one hour of a fund attorney's time per year, on average, to prepare the written records of such determinations.²³ Therefore, the Commission estimates that the average annual burden to prepare materials and written records for a board's required determinations will be approximately seven hours per fund²⁴ at an internal labor cost of approximately \$10,700 per fund.²⁵ Based on a total of 83 funds per year that will have weekly liquid assets below 30% of total assets,²⁶ the Commission estimates the annual

²³ This estimate includes preparing and evaluating materials relevant to the determinations required in imposing (and removing) either or both liquidity fees and redemption gates.

²⁴ This estimate is based on the following calculation: 4 hours to adopt + 2 hours for board review + 1 hour for record preparation = 7 hours per year.

²⁵ This estimate is based on the following calculation: (5 hours x \$380 per hour for an attorney = \$1,900) + (2 hours x \$4,400 per hour for a board of 8 directors = \$8,800) = \$10,700.

²⁶ This estimate is based on the following calculation: (183 funds ÷ 20 months) x 12 months = 83 funds per year.

burden will be approximately 581 burden hours,²⁷ and \$888,100 in total time costs for all money market funds.²⁸ Because there is no separate initial burden associated with this requirement, amortizing the annual burden over three years will equal the estimated annual burden of approximately 581 hours at a total time cost of \$888,100 for all funds.

4. *Notice to the Commission*

Rule 2a-7 currently requires that money market funds promptly notify the Commission by electronic mail of any default or event of insolvency with respect to the issuer of one or more portfolio securities (or any issuer of a demand feature or guarantee) where immediately before the default the securities comprised one half of one percent or more of the fund's total assets. In addition, money market funds must also provide notice to the Commission of any purchase of its securities by an affiliated person in reliance on rule 17a-9 under the Investment Company Act. Based on conversations with individuals in the mutual fund industry, the Commission has previously estimated that the burden associated with these requirements is (i) 0.5 burden hours of professional legal time per response for each notification of an event of default or insolvency, and (ii) one burden hour of professional legal time per response for each notification of the purchase of a money market fund's portfolio security by certain affiliated persons in reliance on rule 17a-9.

Under the reform, money market funds will no longer be required to provide electronic notice of any event of default or insolvency of a portfolio security and any purchase by a fund of a portfolio security by an affiliate in reliance on rule 17a-9.²⁹ The Commission estimates that

²⁷ This estimate is based on the following calculation: 7 burden hours per fund x 83 funds = 581 burden hours.

²⁸ This estimate is based on the following calculation: \$10,700 in total costs per fund x 83 money market funds = \$888,100.

²⁹ These requirements are being replaced by new disclosure required on Form N-CR. The collection burdens for Form N-CR are a part of a separate PRA submission for new rule 30b1-8.

elimination of these requirements will reduce the current annual burden by 0.5 hours for notices of default or insolvency and one hour for notices of purchases in reliance on rule 17a-9. Based on our prior estimate of 20 money market funds per year that will have to be required to provide the notification of an event of default or insolvency, the Commission estimates that the amendment will reduce the current collection of information by approximately 10 hours annually, at a total internal labor savings of \$3,800.³⁰ Based on our prior estimate of 25 money market fund complexes per year that will have to be required to provide the notification of a purchase of a portfolio security in reliance on rule 17a-9, the Commission estimates that the amendment will reduce the current collection of information by approximately 25 hours annually, at a total internal labor cost savings of \$9,500.³¹ Therefore, the total reduction is 35 hours at a total time cost of \$13,300.³²

5. *Stress Testing*

The stress testing provision of rule 2a-7, as amended, will enhance the hypothetical events for which a fund (or its adviser) is required to stress test, including: (i) increases (rather than changes) in the general level of short-term interest rates; (ii) downgrades or defaults of portfolio securities, and the effects these events could have on other securities held by the fund; (iii) “widening or narrowing of spreads among the indexes to which interest rates of portfolio securities are tied”; (iv) other movements in interest rates that may affect the fund’s portfolio securities, such as shifts in the yield curve; and (v) combinations of these and any other events

³⁰ This estimate is based on the following calculations: 20 funds x 0.5 hour reduction in hours per fund = reduction of 10 hours; 10 burden hours x \$380 per hour for an attorney = \$3,800.

³¹ This estimate is based on the following calculations: 25 fund complexes x 1 hour reduction in hours per fund = reduction of 25 hours; 25 hours x \$380 per hour for an attorney = \$9,500.

³² This estimate is based on the following calculation: 10 hours (reduction for notices of default or insolvency) + 25 hours (reduction for notices of purchases in reliance on rule 17a-9) = 35 hours total reduction; \$3,800 (reduction for notices of default or insolvency) + \$9,500 (reduction for notices of purchases in reliance on rule 17a-9) = \$13,300 total reduction.

the adviser deems relevant, assuming a positive correlation of risk factors. Floating NAV money market funds will be required to replace their current stress test for the ability to maintain a stable price per share with a test of the fund's ability to maintain 15% of its total assets in weekly liquid assets. Funds that are exempt from our floating NAV requirement will continue to test the fund's ability to maintain a stable share price as well. A written copy of the procedures, and any modifications thereto, must be maintained and preserved for a period of not less than six years following the replacement of such procedures with new procedures, the first two years in an easily accessible place. This requirement is a collection of information under the PRA, and is designed to address disparities in the quality and comprehensiveness of stress tests. The new collection of information will be mandatory for money market funds that rely on rule 2a-7, and to the extent that the Commission receives confidential information pursuant to this collection of information, such information will be kept confidential, subject to the provisions of applicable law.

We understand that most money market funds, in their normal course of risk management, include the elements we are requiring in their stress testing. Nevertheless, smaller funds that perform their own stress testing (rather than use a third party service provider) may incur a one-time internal burden to reprogram an existing system to provide the required reports of stress testing results based on our amendments. The Commission estimates that each fund that will have to implement the stress testing changes will incur an average one-time burden of 92 hours at an internal labor cost of \$43,872.³³ Based on an estimate of 559 funds that will incur

³³ This estimate is based on the following calculations : (i) project planning and systems design (24 hours x \$260 (hourly rate for a senior systems analyst) = \$6,240); (ii) systems modification integration, testing, installation, and deployment (32 hours x \$303 (hourly rate for a senior programmer) = \$9,696); (iii) drafting, integrating, implementing procedures and controls (24 hours x \$319 (blended hourly rate for assistant general counsel (\$426), chief compliance officer (\$485), senior EDP auditor (\$241) and operations specialist (\$125)) = \$7,656); and (iv) preparation of training materials ((8 hours x \$335 (hourly rate for an assistant compliance director) = \$2,680) + (4 hours (4 hour training session for board of directors) x \$4,400 (hourly rate for board of 8 directors) = \$17,600) = \$20,280). Therefore, the Commission estimates an average one-time burden of 92 hours (24+32+24+8+4), at a total cost per fund of \$43,872 (\$6,240+\$9,696+\$7,656+\$20,280).

this one-time burden,³⁴ the Commission estimates that the aggregate one-time burden, for all money market funds, to implement the amendments to stress testing will be 51,428 hours at a total internal labor cost of \$24,524,448.³⁵ Amortized over a three-year period, this will result in an average annual burden of 17,143 burden hours and \$8,174,816 total internal labor cost for all funds.³⁶

Each report to the board of directors will include an assessment of the money market fund's ability to have invested at least 10% of its total assets in weekly liquid assets and to minimize principal volatility, and an assessment by the fund's adviser of the fund's ability to withstand the events that are reasonably likely to occur within the following year. Under current rule 2a-7, money market funds are required to have written procedures that provide for a report of the stress testing results to be presented to the board of directors at its next regularly scheduled meeting (or sooner, if appropriate in light of the results). However, because we are amending the type of information that must be included in the report to the board, we estimate that the collection of information burden hours and the total time cost will increase.

The Commission estimates that it will take on average an additional: (i) two hours of portfolio management time, (ii) one hour of compliance time, (iii) one hour of professional legal time and (iv) 0.5 hours of support staff time, requiring an additional 4.5 burden hours at a time cost of approximately \$1,302 per fund.³⁷ Under normal circumstances, the report must be provided at the next scheduled board meeting, and the Commission estimates that the report and

³⁴ This estimate is based on staff experience and discussions with industry.

³⁵ This estimate is based on the following calculations: 559 funds x 92 hours per fund = 51,428 hours; 559 funds x \$43,872 = \$24,524,448.

³⁶ This estimate is based on the following calculations: 51,428 hours ÷ 3 = 17,143 burden hours; \$24,524,448 ÷ 3 = \$8,174,816 burden cost.

³⁷ This estimate is based on the following calculation: (2 hours x \$301 per hour for a portfolio manager = \$602) + (1 hour x \$283 for a compliance manager = \$283) + (1 hour x \$380 for an attorney = \$380) + (0.5 hours x \$74 per hour for an administrative assistant = \$37) = \$1,302.

the adviser's assessment will cover all money market funds in a complex. For purposes of these calculations, the Commission assumes that funds will conduct stress tests no less than monthly. With an average of six board meetings each year, the Commission estimates that the annual burden for regularly scheduled reports will be 27 hours per money market fund.³⁸ Under the rule, a report must be provided earlier if appropriate in light of the results of the test. The Commission estimates that as a result of unanticipated changes in market conditions or other events, stress testing results are likely to prompt additional reports on average four times each year.³⁹ Thus, the Commission estimates reports will result in an additional 18 hours for an individual fund each year.⁴⁰ The Commission estimates the total annual burden for all money market funds will be an additional 25,155 hours at a total time cost of \$7,278,180.⁴¹ Because there is no separate initial burden associated with this requirement, averaging the annual burden over three years will equal the estimated annual burden of approximately 25,155 hours at a total time cost of \$7,278,180 for all funds.

Totaling the amortized one-time burden to implement the stress testing amendments with the average annual burdens to report the results of the stress tests to the board of directors over three years will result in a total average annual burden of 42,298 hours and time costs of \$15,452,996 for all funds.⁴²

³⁸ This estimate is based on the following calculation: (2 hours (portfolio management) + 1 hour (compliance) + 1 hour (legal) + 0.5 hours (support staff) = 4.5 hours) x 6 meetings = 27 hours.

³⁹ The Commission anticipates that in many years there will be no need for special reports, but that in a year in which there is severe market stress, a fund may report to the board weekly for a period of 3 to 6 months. Such reporting will generate 9 to 18 reports in addition to the regular monthly reports. Assuming that this type of event may occur once every five years, and additional reports will be generated for 6 months, a fund will produce an average of four additional reports per year (18 additional reports ÷ 5 = 3.6 reports).

⁴⁰ This estimate is based on the following calculation: 4.5 hours x 4 = 18 hours.

⁴¹ This estimate is based on the following calculation: (27 hours + 18 hours = 45 hours) x 559 money market funds = 25,155 hours and (\$1,302 x (6 regularly scheduled reports + 4 additional reports = 10 reports per year) = \$13,020 per fund) x 559 funds = \$7,278,180.

6. Website Disclosure

The final amendments to rule 2a-7 will require money market funds to disclose certain additional information on their websites. These amendments will promote transparency to investors of money market funds' risks and risk management by: (i) harmonizing the specific portfolio holdings information that rule 2a-7 currently requires funds to disclose on the fund's website with the corresponding portfolio holdings information reported on Form N-MFP; (ii) requiring that a fund disclose on its website a schedule, chart, graph, or other depiction showing the percentage of the fund's total assets that are invested in daily and weekly liquid assets, as well as the fund's net inflows or outflows, as of the end of each business day during the preceding six months (which depiction must be updated each business day as of the end of the preceding business day); (iii) requiring that a fund disclose on its website a schedule, chart, graph, or other depiction showing the fund's daily current NAV per share, as of the end of each business day during the preceding six months (which depiction must be updated each business day as of the end of the preceding business day); and (iv) requiring a fund to disclose on its website certain information that the fund is required to report to the Commission on Form N-CR regarding the imposition and removal of liquidity fees, the suspension and resumption of fund redemptions, and the provision of financial support to the fund.

These new collections of information will be mandatory for money market funds that rely on rule 2a-7, and to the extent that the Commission receives confidential information pursuant to

⁴² This estimate is based on the following calculation: $((51,428 \text{ one-time burden hours to implement stress testing amendments} + 25,155 \text{ average annual burden hours to report stress testing results to the board in year 1} = 1,976 \text{ total burden hours in year 1}) + 25,155 \text{ average annual burden hours to report stress testing results to the board in year 2} + 25,155 \text{ average annual burden to report stress testing results to the board in year 3}) \div 3 = 42,298 \text{ average annual burden hours}$; $((\$24,524,448 \text{ one-time burden cost to implement stress testing amendments} + \$7,278,180 \text{ average annual burden cost to report stress testing results to the board in year 1} = \$1,972,960 \text{ total burden cost in year 1}) + \$7,278,180 \text{ average annual burden cost to report stress testing results to the board in year 2} + \$7,278,180 \text{ average annual burden cost to report stress testing results to the board in year 3}) \div 3 = \$15,452,996 \text{ average annual burden cost}$.

these collections of information, such information will be kept confidential, subject to the provisions of applicable law.

i. Disclosure of Portfolio Holdings Information

Because the new information that a fund will be required to disclose on its website overlaps with the information that a fund will be required to disclose on Form N-MFP, we anticipate that the burden for each fund to draft and finalize the disclosure that will appear on its website will largely be incurred when the fund files Form N-MFP. The Commission estimates that a fund will incur an additional burden of one hour each time that it updates its website to include the new disclosure. Using an estimate of 559 money market funds that will be required to include the new portfolio holdings disclosure on the fund's website,⁴³ the Commission estimates that each fund will incur 12 additional hours of internal staff time per year (one hour per monthly filing), at an internal labor cost of \$2,484,⁴⁴ to update the website to include the new disclosure, for a total of 6,708 aggregate hours per year,⁴⁵ at a total aggregate internal labor cost of \$1,522,716.⁴⁶

ii. Disclosure of Daily Liquid Assets and Weekly Liquid Assets and Net Shareholder Flow

The burdens associated with the requirement that a fund disclose, on its website, a schedule, chart, graph, or other depiction showing the percentage of the fund's total assets invested in daily and weekly liquid assets, as well as the fund's net inflow or outflow, include one-time burdens as well as ongoing burdens. The Commission expects that each money market

⁴³ This estimate is based on a staff review of reports on Form N-MFP filed with the Commission for the month ended February 28, 2013.

⁴⁴ This estimate is based on the following calculation: 12 hours x \$227 per hour for a webmaster = \$2,724.

⁴⁵ This estimate is based on the following calculation: 12 hours per year x 559 money market funds = 6,708 hours.

⁴⁶ This estimate is based on the following calculation: 6,708 hours x \$227 per hour for a webmaster = \$1,522,716.

fund will incur a one-time burden of 70 hours,⁴⁷ at an internal labor cost of \$20,280,⁴⁸ to design the required schedule, chart, graph, or other depiction, and to make the necessary software programming changes to the fund's website to disclose the percentage of the fund's total assets that are invested in daily liquid assets and weekly liquid assets, as well as the fund's net inflow or outflow, as of the end of each business day during the preceding six months. Using an estimate of 559 money market funds, the Commission estimates that money market funds will incur, in aggregate, a total one-time burden of 39,130 hours,⁴⁹ at an internal labor cost of \$11,336,520,⁵⁰ to comply with these website disclosure requirements. The Commission estimates that each fund will incur an ongoing annual burden of 36 hours,⁵¹ at an internal labor

⁴⁷ The Commission estimates that the lower bound of the range of the initial, one-time hour burden to design and present the historical depiction of daily and weekly liquid assets and the fund's net inflows and outflows will include the following: 16 hours (project assessment) + 40 hours (project development, implementation, and testing) = 56 hours. The Commission estimates that the upper bound of the range of the initial, one-time hour burden to design and present the historical depiction of daily and weekly liquid assets and the fund's net inflows and outflows will include the following: 24 hours (project assessment) + 60 hours (project development, implementation, and testing) = 84 hours. For purposes of our estimates for the PRA analysis, we have taken the midpoint of the range discussed above (mid-point of 56 hours and 84 hours = 70 hours).

⁴⁸ This estimate is based on the following calculations: (20 hours (mid-point of 16 hours and 24 hours for project assessment) x \$309 (blended rate for a compliance manager (\$283) and a compliance attorney (\$334)) = \$6,180) + (50 hours (mid-point of 40 hours and 60 hours for project development, implementation, and testing) x \$282 (blended rate for a senior systems analyst (\$260) and senior programmer (\$303)) = \$14,100) = \$20,280 per fund.

⁴⁹ This estimate is based on the following calculation: 70 hours x 559 money market funds = 39,130 hours.

⁵⁰ This estimate is based on the following calculation: \$20,280 per fund x 559 money market funds = \$11,336,520.

⁵¹ The Commission estimates that the lower bound of the range of the ongoing annual hour burden to update the required website information will be 21 hours per year (5 minutes per day x 252 business days in a year = 1,260 minutes, or 21 hours). The Commission estimates that the upper bound of the range of the ongoing annual hour burden to update the required website information will be 42 hours per year (10 minutes per day x 252 business days in a year = 2,520 minutes, or 42 hours).

Additionally, we estimate that each fund will incur an additional ongoing annual hour burden of between 3 hours and 6 hours associated with implementing enhanced controls required to publicly disseminate the data at issue. Specifically, depending on the controls the fund already has in place, the Commission estimates that it will take a compliance manager and an attorney between 3 and 6 hours to review and update (or if necessary, to develop and implement) the controls associated with the public dissemination of daily liquid asset and weekly liquid asset data each year.

Because we do not have the information necessary to provide a point estimate of the costs to modify a particular fund's systems we thus have provided ranges of estimated costs in our economic analysis. Like-

cost of \$10,274,⁵² to update the depiction of daily and weekly liquid assets and the fund's net inflow or outflow on the fund's website each business day during that year; in aggregate, the Commission estimates that money market funds will incur an average ongoing annual burden of 20,124 hours,⁵³ at an internal burden cost of \$5,743,166,⁵⁴ to comply with this disclosure requirement. Amortizing the one-time burden to comply with website disclosure requirements and the annual burdens to update website data over three years results in a total average annual burden of 33,167 burden hours⁵⁵ at an internal labor cost of \$9,522,006.⁵⁶

iii. Disclosure of Daily Current NAV

The burdens associated with the requirement that a fund disclose, on its website, a schedule, chart, graph, or other depiction showing the fund's daily current NAV as of the end of the previous business day include one-time burdens as well as ongoing burdens. The Commission expects that these one-time and ongoing burdens will be substantially similar to the burdens associated with the requirement regarding website disclosure of daily liquid assets and weekly liquid assets, discussed above. This is because the Commission expects the core activities associated with both of these website disclosure requirements (designing the required

wise, for purposes of our estimates for the PRA analysis, we have taken the mid-point of the range discussed above (mid-point of 24 hours (21 hours + 3 hours) and 48 hours (42 hours + 6 hours) = 36 hours).

⁵² This estimate is based on the following calculation: (31.5 hours (mid-point of 21 hours and 42 hours for updating the required website information) x \$282 (blended rate for a senior systems analyst (\$260) and senior programmer (\$303)) = \$8,883) + (4.5 hours (mid-point of 3 hours and 6 hours for implementing enhanced controls associated with public dissemination of data) x \$309 (blended rate for a compliance manager (\$283) and a compliance attorney (\$334)) = \$1,391) = \$10,274 per fund.

⁵³ This estimate is based on the following calculation: 36 hours x 559 money market funds = 20,124 hours.

⁵⁴ This estimate is based on the following calculation: \$10,274 per fund x 559 money market funds = \$5,743,166.

⁵⁵ This estimate is based on the following calculation: ((39,130 one-time burden hours + 20,124 annual burden hours in year 1 = 57,018 total burden hours in year 1) + 20,124 burden hours in year 2 + 20,124 burden hours in year 3) ÷ 3 = 33,167 hours.

⁵⁶ This estimate is based on the following calculation: ((\$11,336,520 one-time burden cost + \$5,743,166 annual burden cost in year 1 = \$16,380,936 total burden cost in year 1) + \$5,743,166 burden cost in year 2 + \$5,743,166 burden cost in year 3) ÷ 3 = \$9,522,006.

schedule, chart, graph, or other depiction; making necessary software programming changes; and updating the website disclosure each day) will be identical for each requirement, and expects that the burdens associated with these activities will not vary substantially based on the substance of the disclosure necessitated by each requirement. As discussed below, the Commission believes that funds will not incur an additional burden obtaining current NAV data for purposes of the requirement regarding website disclosure of the fund's daily current NAV.

The Commission expects that each money market fund will incur a one-time burden of 70 hours,⁵⁷ at an internal burden cost of \$20,280,⁵⁸ to design the required schedule, chart, graph, or other depiction, and to make the necessary software programming changes to the fund's website to disclose the fund's daily current NAV as of the end of each business day during the preceding six months. Using an estimate of 559 money market funds, the Commission estimates that money market funds will incur, in aggregate, a total one-time burden of 39,130 hours,⁵⁹ at an internal labor cost of \$11,336,520,⁶⁰ to comply with these website disclosure requirements. The

⁵⁷ The Commission estimates that the lower bound of the range of the initial, one-time hour burden to design and present the historical depiction of the fund's daily current NAV will include the following: 16 hours (project assessment) + 40 hours (project development, implementation, and testing) = 56 hours. The Commission estimates that the upper bound of the range of the initial, one-time hour burden to design and present the historical depiction of daily liquid assets and weekly liquid assets will include the following: 24 hours (project assessment) + 60 hours (project development, implementation, and testing) = 84 hours. For purposes of our estimates for the PRA analysis, we have taken the midpoint of the range discussed above (mid-point of 56 hours and 84 hours = 70 hours).

⁵⁸ This estimate is based on the following calculations: (20 hours (mid-point of 16 hours and 24 hours for project assessment) x \$309 (blended rate for a compliance manager (\$283) and a compliance attorney (\$334)) = \$6,180) + (50 hours (mid-point of 40 hours and 60 hours for project development, implementation, and testing) x \$282 (blended rate for a senior systems analyst (\$260) and senior programmer (\$303)) = \$14,100) = \$20,280 per fund.

⁵⁹ This estimate is based on the following calculation: 70 hours x 586 money market funds = 41,020 hours.

⁶⁰ This estimate is based on the following calculation: \$20,150 per fund x 586 money market funds = \$11,807,900.

Commission estimates that each fund will incur an annual ongoing burden of 32 hours,⁶¹ at an internal labor cost of \$9,024,⁶² to update the depiction of the fund's daily current NAV on the fund's website each business day during that year; in aggregate, the Commission estimates that money market funds will incur an ongoing annual burden on 17,888 hours,⁶³ at an internal labor cost of \$5,044,416,⁶⁴ to comply with this disclosure requirement. Amortizing the one-time burden to comply with website disclosure requirements and the annual burdens to update website data over three years results in a total average annual burden of 30,391 burden hours⁶⁵ at an internal labor cost of \$8,823,256.⁶⁶

iv. Disclosure Regarding Financial Support Received by the Fund, the Imposition and Removal of Liquidity Fees, and the Suspension and Resumption of Fund Redemptions

The Commission estimates that it will receive 30 reports per year filed in response to an event specified on Part C ("Provision of financial support to Fund") of Form N-CR.⁶⁷ Because

⁶¹ The Commission estimates that the lower bound of the range of the ongoing annual hour burden to update the required website information will be 21 hours per year (5 minutes per day x 252 business days in a year = 1,260 minutes, or 21 hours). The Commission estimates that the upper bound of the range of the ongoing annual hour burden to update the required website information will be 42 hours per year (10 minutes per day x 252 business days in a year = 2,520 minutes, or 42 hours). For purposes of our estimates for the PRA analysis, we have taken the mid-point of the range discussed above (mid-point of 21 hours and 42 hours = 32 hours).

⁶² This estimate is based on the following calculation: 32 hours (mid-point of 21 hours and 42 hours) x \$282 (blended rate for a senior systems analyst (\$260) and senior programmer (\$303)) = \$9,024.

⁶³ This estimate is based on the following calculation: 32 hours x 559 money market funds = 17,888 hours.

⁶⁴ This estimate is based on the following calculation: \$9,024 x 559 money market funds = \$5,044,416.

⁶⁵ This estimate is based on the following calculation: ((39,130 one-time burden hours + 17,888 annual burden hours in year 1 = 57,018 total burden hours in year 1) + 17,888 burden hours in year 2 + 17,888 burden hours in year 3) ÷ 3 = 30,931 hours.

⁶⁶ This estimate is based on the following calculation: ((\$11,336,520 one-time burden cost + \$5,044,416 annual burden cost in year 1 = \$16,380,936 total burden cost in year 1) + \$5,044,416 burden cost in year 2 + \$5,044,416 burden cost in year 3) ÷ 3 = \$8,823,256.

⁶⁷ The Commission estimates this figure based in part by reference to our estimate of the average number of notifications of security purchases in reliance on rule 17a-9 that money market funds currently file each year. Because money market funds will be required to file a report in response to an event specified on 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 Form N-CR Part C reports than the number of notifica-

the required website disclosure overlaps with the information that a fund must disclose on Form N-CR when the fund receives financial support from a sponsor or fund affiliate, we anticipate that the burdens a fund will incur to draft and finalize the disclosure that will appear on its website will largely be incurred when the fund files Form N-CR. The Commission estimates that a fund will incur an additional burden of one hour, at an internal burden cost of \$227,⁶⁸ each time that it updates its website to include the new disclosure. Accordingly, the Commission estimates that the requirement to disclose information about financial support received by a money market fund on the fund's website will result in a total aggregate burden of 30 hours per year,⁶⁹ at a total aggregate internal labor cost of \$6,810.⁷⁰

Money market funds must also disclose, on its website, certain information that the fund is required to report to the Commission on Form N-CR regarding the imposition and removal of liquidity fees, and the suspension and resumption of fund redemptions. The Commission estimates that it will receive, in aggregate, an average of 3.6 reports per year filed in response to events specified on Part E ("Imposition of liquidity fee"), Part F ("Suspension of Fund redemptions"), and Part G ("Removal of liquidity fees and/or resumption of Fund redemptions") of Form N-CR.⁷¹ Because the required website disclosure overlaps with the information that a

tions of rule 17a-9 security purchases that it currently receives.

⁶⁸ This estimate is based on the following calculation: 1 hour per website update x \$227 per hour for a webmaster = \$227.

⁶⁹ This estimate is based on the following calculation: 1 hour per website update x 30 website updates made by money market funds = 30 hours.

⁷⁰ This estimate is based on the following calculation: 30 hours per year x \$227 per hour for a webmaster = \$6,810.

⁷¹ This estimate is based on staff's analysis of Form N-MFP data that shows that, between March 2011 and October 2012, 4 prime money market funds had weekly liquid assets below 15% at the time of filing. We assume that the Commission will receive 4 reports on Form N-CR filed in response to events specified on Part E (which requires filing when the 15% threshold is crossed, regardless of whether the fund imposes the default liquidity fee) and Part F (which requires filing when the 15% threshold is crossed and the fund imposes a redemption gate). Assuming that each time a fund crosses the 15% threshold, it will impose a fee or gate, and that it will eventually remove this fee or gate, we assume that the Commission will additionally receive 4 reports on Form N-CR filed in response to events specified on Part G (which requires filing when

fund must disclose on Form N-CR when the fund imposes or removes liquidity fees, or suspends and resumes fund redemptions, we anticipate that the burdens a fund will incur to draft and finalize the disclosure that will appear on its website will largely be incurred when the fund files Form N-CR. The Commission estimates that a fund will incur an additional burden of one hour, at an internal burden cost of \$227,⁷² each time that it updates its website to include the new disclosure. Accordingly, the Commission estimates that the requirement to disclose information about the imposition and removal of liquidity fees, and the suspension and resumption of fund redemptions, on the fund's website will result in a total aggregate burden of 3.6 hours per year,⁷³ at a total aggregate internal labor cost of \$817.⁷⁴

v. Total Change in Burden for Website Disclosure

a fund that has imposed a liquidity fee and/or suspended the fund's redemptions determines to remove such fee and/or resume fund redemptions).

However, this is a conservative estimate, because we expect that funds will be less likely to cross the 15% threshold under the amended rules, and instead will increase their risk management around their level of weekly liquid assets in response to the fee and gate requirements.

⁷² This estimate is based on the following calculation: 1 hour per website update x \$227 per hour for a webmaster = \$227.

⁷³ This estimate is based on the following calculation: 1 hour per website update x 3.6 website updates made by money market funds = 3.6 hours.

⁷⁴ This estimate is based on the following calculation: 3.6 hours per year x \$227 per hour for a webmaster = \$817.

The aggregate additional annual burden associated with the website disclosure amendments discussed above is 70,840 hours⁷⁵ at a time cost of \$19,875,605.⁷⁶ There is no change in the external cost burden associated with this collection of information.

7. *Total Change in Burden*

The Commission estimates that all money market funds will incur a total annual increased burden of 115,016 hours,⁷⁷ at an internal labor cost of \$37,638,308⁷⁸ to comply with the rule 2a-7 amendments. The Commission estimates that the amendments to rule 2a-7 will result in a total aggregate annual collection of information burden of 632,244 hours.⁷⁹

13. **Estimate of Total Annual Cost Burden**

Cost burden is the cost of services purchased to comply with rule 2a-7, such as outside counsel and third-party service providers. The Commission does not currently estimate any external cost burdens associated with the amendments to rule 2a-7.

⁷⁵ This estimate is based on the following calculation: 6,708 hours (annual aggregate burden for the disclosure of portfolio holdings information) + 33,167 (average annual aggregate burden for the disclosure of daily liquid assets and weekly liquid assets and net shareholder flow) + 30,931 (average annual aggregate burden for the disclosure of daily current NAV) + 30 hours (annual aggregate burden for the disclosure of financial support provided to money market funds) + 3.6 hours (annual aggregate burden for the imposition and removal of liquidity fees, and suspension and resumption of fund redemptions) = 70,840 hours. This calculation reflects hourly burdens that have been amortized over three years, where appropriate.

⁷⁶ This estimate is based on the following calculation: \$1,522,716 (annual aggregate costs associated with the disclosure of portfolio holdings information) + \$9,522,006 (average annual aggregate costs associated with the disclosure of daily liquid assets and weekly liquid assets and net shareholder flow) + \$8,823,256 (average annual aggregate costs associated with the disclosure of daily current NAV) + \$6,810 (annual aggregate costs associated with the disclosure of financial support provided to money market funds) + \$817 (annual aggregate costs associated with the imposition and removal of liquidity fees, and suspension and resumption of fund redemptions) = \$19,875,605. This calculation reflects hourly burdens that have been amortized over three years, where appropriate.

⁷⁷ This estimate is based on the following calculation: 1,064 hours (asset-backed securities) + 238 hours (retail funds) + 30 hours (government funds) + 581 hours (board determinations) - 35 hours (notice to Commission) + 42,298 hours (stress testing) + 70,840 hours (website disclosure) = 115,016 hours.

⁷⁸ This estimate is based on the following calculation: \$1,219,040 (asset-backed securities) + \$164,267 (retail funds) + \$51,600 (government funds) + \$888,100 (board determinations) - \$13,300 (notice to Commission) + \$15,452,996 (stress testing) + \$19,875,605 (website disclosure) = \$37,638,308.

⁷⁹ This estimate is based on the following calculation: current approved burden of 517,228 hours + 115,016 in additional burden hours as a result of the amendments = 632,244 hours.

14. Estimate of Cost to the Federal Government

Rule 2a-7 does not impose any costs on the federal government.

15. Explanation of Changes in Burden

The total annual hour burden of 632,244 hours represents an increase of 115,016 hours over the previous burden hour estimate of 517,228 hours. The change in burden hours is due to the Commission's estimates of the time that will result from our amendments. The currently approved cost burden did not change as a result of our amendments.

16. Information Collection Planned for Statistical Purposes

Not applicable.

17. Approval to not Display Expiration Date

Not applicable.

18. Exceptions to Certification Statement

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.