

**SUPPORTING STATEMENT**  
**For the Paperwork Reduction Act Information Collection Submission for**  
**Form N-1A**

**A. JUSTIFICATION**

**1. Necessity for the Information Collection**

Form N-1A (17 CFR 239.15A and 274.11A) is the form used by open-end management investment companies (“funds”) to register under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.) (“Investment Company Act”) and/or to register their securities under the Securities Act of 1933 (15 U.S.C. 77a et seq.) (“Securities Act”). Section 5 of the Securities Act (15 U.S.C. 77e) requires the filing of a registration statement prior to the offer of securities to the public and that the statement be effective before any securities are sold, and Section 8 of the Investment Company Act (15 U.S.C. 80a-8) requires a fund to register as an investment company. Form N-1A also permits funds to provide investors with a prospectus and a statement of additional information (“SAI”) covering essential information about the fund when it makes an initial or additional offering of its securities. Section 5(b) of the Securities Act requires that investors be provided with a prospectus containing the information required in a registration statement prior to the sale or at the time of confirmation or delivery of the securities.

On October 13, 2016, the Commission issued three releases adopting, among other things, amendments to Form N-1A requiring certain disclosures regarding securities lending activities,<sup>1</sup> liquidity risk management,<sup>2</sup> and the use of swing pricing.<sup>3</sup>

In the Reporting Modernization Adopting Release, the Commission adopted amendments to the Statement of Additional Information requirements in Forms N-1A to require funds to disclose the dollar amounts of income and fees and compensation paid to service providers related to their securities lending activities during their most recent fiscal year, as illustrated in Table 1 below.<sup>4</sup>

### SECURITIES LENDING ACTIVITIES

<b>Gross income from securities lending activities</b>	\$ _____
<i>Fees and/or compensation for securities lending activities and related services</i>	
Fees paid to securities lending agent from a revenue split	\$ _____
Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split	\$ _____
Administrative fees not included in revenue split	\$ _____
Indemnification fee not included in revenue split	\$ _____
Rebate (paid to borrower)	\$ _____
Other fees not included in revenue split (specify)	\$ _____
<b>Aggregate fees/compensation for securities lending activities</b>	<b>\$ _____</b>
<b>Net income from securities lending activities</b>	<b>\$ _____</b>

<sup>1</sup> See Investment Company Reporting Modernization, Investment Company Act Release No. 32314 (October 13, 2016) (“Reporting Modernization Adopting Release”).

<sup>2</sup> See Investment Company Liquidity Risk Management Programs, Investment Company Act Release No. 32315 (October 13, 2016) (the “Liquidity Adopting Release”);

<sup>3</sup> See Investment Company Swing Pricing, Investment Company Act Release No. 32316 (October 13, 2016) (the “Swing Pricing Adopting Release”).

<sup>4</sup> See Item 19(i)(1) of Form N-1A. The disclosure need not be presented in a tabular format.

## Table 1

We proposed similar requirements as part of proposed amendments to Regulation S-X, including disclosure in the fund's financial statements of (1) the gross income from securities lending, including income from cash collateral reinvestment; (2) the dollar amount of all fees and/or compensation paid by the fund for securities lending activities and related services, including borrower rebates and cash collateral management services; (3) the net income from securities lending activities; (4) the terms governing the compensation of the securities lending agent, including any revenue sharing split, with the related percentage split between the fund and the securities lending agent, and/or any fee-for-service, and a description of services included; (5) the details of any other fees paid directly or indirectly, including any fees paid directly by the fund for cash collateral management and any management fee deducted from a pooled investment vehicle in which cash collateral is invested; and (6) the monthly average of the value of portfolio securities on loan.<sup>5</sup> We proposed these disclosures in order to allow investors to better understand the income generated from, as well as the expenses associated with, a fund's securities lending activities.<sup>6</sup>

In the Liquidity Adopting Release, the Commission adopted amendments to Form N-1A that require funds to disclose additional information concerning the procedures for redeeming a fund's shares. Funds will be required to describe the number of days following receipt of shareholder redemption requests in which the fund reasonably expects to pay redemption proceeds to redeeming shareholders.<sup>7</sup> Funds also will be

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<sup>5</sup> See proposed rule 6-03(m) of Regulation S-X; Investment Company Reporting Modernization, Investment Company Act Release No. 31610 (May 20, 2015) [80 FR 33590 (June 12, 2015)] at 33624.

<sup>6</sup> See *id.*

<sup>7</sup> See Item 11(c)(7) of Form N-1A.

required to describe the methods used to meet redemption requests in stressed and non-stressed market conditions.<sup>8</sup> Funds, however, will not be required to file as exhibits to their registration statements credit agreements as originally proposed. Overall, we believe that requiring funds to provide this additional disclosure regarding redemption procedures will provide Commission staff, investors, and market participants with improved information about the procedures funds use to meet their redemption obligations.

In the Swing Pricing Adopting Release, the Commission adopted amendments to Form N-1A that require funds that use swing pricing to disclose that they use swing pricing, and, if applicable, an explanation of what swing pricing is, the circumstances under which swing pricing is used, and the effects of using swing pricing.<sup>9</sup> Funds that use swing pricing will also be required to disclose the swing factor upper limit.<sup>10</sup> We also adopted amendments to Form N-1A that require funds to include, if applicable, a footnote that describes the effects of swing pricing on the fund's annual total return bar chart and average annual total returns table, and additional disclosures in the prospectus financial highlights with respect to the per share impact of amounts related to swing pricing in the NAV per-share roll-forward, as well as the Swung NAV per share.<sup>11</sup> We believe that requiring funds to provide this additional disclosure regarding swing pricing will provide Commission staff, investors, and market participants with improved information about the conditions under which swing pricing procedures will be used to mitigate the effects of dilution as a result of shareholder purchase or redemption activity.

<sup>8</sup> See Item 11(c)(8) of Form N-1A.

<sup>9</sup> See Item 6(d) of Form N-1A.

<sup>10</sup> See *id.*

<sup>11</sup> See Swing Pricing Adopting Release at *supra* footnote 3 at section II.B. See also Item 4(b)(2)(ii); Item 4(b)(2)(iv)(E); Item 13(a); and Instructions 2(d) and (e) of Item 13(a) of Form N-1A.

## **2. Purpose and Use of the Information Collection**

The title for the collection of information is: Form N-1A under the Investment Company Act of 1940 and Securities Act of 1933, Registration Statement of Open-End Management Investment Companies.” The purpose of Form N-1A is to meet the filing and disclosure requirements of the Securities Act and the Investment Company Act and to enable funds to provide investors with information necessary to evaluate an investment in the fund. Unlike many other federal information collections, which are primarily for the use and benefit of the collecting agency, this information collection is primarily for the use and benefit of investors. The information filed with the Commission also permits the verification of compliance with securities law requirements and assures the public availability and dissemination of the information.

## **3. Consideration Given to Information Technology**

The Commission’s electronic filing system (Electronic Data Gathering, Analysis and Retrieval or “EDGAR”) is designed to automate the filing, processing and dissemination of full disclosure filings. The system permits publicly-held companies to transmit 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-1A is required to be filed with the Commission electronically on EDGAR. (17 CFR 232.101(a)(1)(i) and (iv)). 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. Prospectuses

and SAIs may be sent to investors by electronic means so long as the fund meets certain requirements.<sup>12</sup>

#### **4. 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-1A are not generally duplicated elsewhere.

#### **5. Effect on Small Entities**

The current disclosure requirements for reports on Form N-1A do not distinguish between small entities and other funds. The burden on smaller funds, however, to prepare and file registration statements may be greater than for larger funds. The Commission believes, however, that imposing different requirements on smaller investment companies would not be consistent with investor protection and the purposes of the registration statements. The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act, to identify methods to minimize recordkeeping or reporting requirements affecting small businesses.

#### **6. Consequences of Not Conducting Collection**

The Investment Company Act requires that funds file annual amendments to their registration statements. Less frequent collection would mean that current information might not be available to fund investors.

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

Not Applicable.

#### **8. Consultation Outside the Agency**

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<sup>12</sup> See Use of Electronic Media for Delivery Purposes, Securities Act Release No. 7233, Exchange Act Release No. 36345, Investment Company Act Release No. 21399 (Oct. 6, 1995) (60 FR 53458 (Oct. 13, 1995)).

The Commission and staff of the Division of Investment Management participate in an ongoing dialogue with representatives of the investment company industry through public conferences, meetings, and information 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 proposed amendments to Form N-1A (and, for purposes of the amendments regarding securities lending activities, the similar proposed amendments to Regulation S-X) and related information collection requirements before it submitted this request for revision and approval to the OMB. The Commission received no comments on this aspect of the proposal regarding securities lending activities. With respect to Form N-1A amendments related to liquidity risk management and swing pricing, one commenter stated that the cost estimates under the proposal were overly optimistic, including as an example our estimated \$637 cost per fund to implement the proposed Form N-1A disclosure requirements.<sup>13</sup>

Our amendments to Form N-1A regarding liquidity risk management include several modifications or clarifications from the proposal that address concerns raised by commenters and that are intended, in part, to decrease implementation burdens relative to the proposal. For example, we are not adopting the proposed requirement that funds file credit agreements as exhibits to their registration statements. Furthermore, instead of a requirement for funds to disclose the exact number of days in which a fund would pay

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<sup>13</sup> See Comment Letter of Financial Services Roundtable (Jan. 13, 2016) (“FSR Comment Letter”) available at <https://www.sec.gov/comments/s7-16-15/s71615-55.pdf> (noting that changes to a fund’s disclosure typically involve a number of stakeholders and several rounds of drafting and review, such that costs associated with even modest changes to fund disclosure can have a serious cost component). With the exception of this comment, we did not receive comments on the estimated hour and costs burdens associated with the disclosure amendments to Form N-1A under the proposal.

redemption proceeds, including the number of days that apply for each distribution channel of the fund, funds are required to disclose the number of days a fund reasonably expects to pay redemption proceeds and are not required to account for all distribution channels, only varied payment methods, if applicable. We believe that these modifications will increase the quality of information provided to fund shareholders about the timing of their redemption proceeds and, at the same time, reduce the likelihood that disclosures regarding such timing will be overly granular and complex for investors and overly burdensome for registrants.

We believe that certain modifications from and clarifications to the proposal that we are adopting will generally reduce the estimated burden hours and costs associated with the adopted liquidity risk management-related amendments to Form N-1A relative to the proposal. Furthermore, we have considered the concern expressed by one commenter that the burdens and costs estimated in the proposal were overly optimistic and believe that any possible underestimates in burdens and costs expressed in the proposal have been offset by the adopted modifications that reduce such burdens. For these reasons, we believe that the amendments to Form N-1A, including modifications from the proposal, will reduce the estimated burden hours and costs stated in the proposal.

In addition, our amendments to Form N-1A concerning swing pricing have been modified from the proposal, and some of these disclosure requirements were not contemplated in the burden hours and costs we estimated in the proposal. For example, we are adopting a requirement that a fund include in its financial highlights presentation in Form N-1A two NAV calculations (*i.e.*, the Net Asset Value adjusted for GAAP and



the Net Asset Value adjusted pursuant to Swing Pricing, End of Period) rather than a single Swing NAV as proposed.<sup>14</sup> We are also adopting a requirement that funds include a general description of the effects of swing pricing on the fund's annual total returns bar chart and average annual total returns table if swing pricing policies and procedures were applied during any of the periods represented.<sup>15</sup> We are also requiring funds that use swing pricing to disclose the swing factor upper limit.<sup>16</sup> In addition, we recognize that one commenter suggested that we had understated the cost estimates associated with amendments to Form N-1A although they did not provide alternative quantitative estimates.<sup>17</sup>

The Commission has modified the estimated increase in annual burden hours and total time costs that will result from the swing pricing-related amendments to Form N-1A based on the modifications to the proposal. Furthermore, we have considered the concern expressed by one commenter that the burdens and costs estimated in the proposal were overly optimistic. We also have estimated an increase in the aggregate annual burden hours that will result from the amendments to Form N-1A regarding swing pricing in light of updated data regarding the number of funds subject to the disclosure requirements.

**9. Payment or Gift**

Not Applicable.

**10. Confidentiality**

Not Applicable.

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<sup>14</sup> See Item 13 of Form N-1A. See also the Swing Pricing Adopting Release, *supra* footnote 3 at section II.B.

<sup>15</sup> See Item 4(b)(2)(ii) and Item 4(b)(2)(iv)(E) of Form N-1A.

<sup>16</sup> See Item 6(d) of Form N-1A.

<sup>17</sup> See FSR Comment Letter.

## **11. Sensitive Questions**

a. No information of a sensitive nature, including social security numbers, will be required under this collection of information. The information collection collects basic Personally Identifiable Information (PII) that may include names, job titles and work addresses. However, the agency has determined that the information collection does not constitute a system of record for purposes of the Privacy Act. Information is not retrieved by a personal identifier. In accordance with Section 208 of the E-Government Act of 2002, the agency has conducted a Privacy Impact Assessment (PIA) of the EDGAR system, in connection with this collection of information. The EDGAR PIA, published on 1/29/2016, is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

## **12. Burden of Information Collection**

Open-end funds register as investment companies under the Investment Company Act and register their securities under the Securities Act on Form N-1A. Compliance with the disclosure requirements of Form N-1A is mandatory. Form N-1A generally imposes two types of reporting burdens on investment companies: (i) the burden of preparing and filing the initial registration statement; and (ii) the burden of preparing and filing post-effective amendments to a previously effective registration statement (including post-effective amendments filed pursuant to rule 485(a) or 485(b) under the Securities Act, as applicable). In our most recent Paperwork Reduction Act submission for Form N-1A, Commission staff estimated the annual compliance burden to comply with the collection of information requirement of Form N-1A is 1,579,974 hours.<sup>18</sup>

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<sup>18</sup> This estimate is based on the last time the rule's information collection was submitted for PRA renewal in 2014.

a. Securities Lending Activities Disclosure Requirements

With respect to the amendments related to securities lending activities, we estimate that funds will incur an additional 2 burden hours in the first year and an additional 0.5 hours for filings in subsequent years. Amortized over three years, we estimate that the average additional annual hour burden will therefore be 1 hour per fund.<sup>19</sup> We estimate that the total annual average hour burden associated with the amendments to Form N-1A will be 9,502 hours.<sup>20</sup> We estimate that funds will incur, in the aggregate, initial one-time costs associated with establishing systems and procedures for compliance of \$3,891,069,<sup>21</sup> and ongoing annual costs of \$1,297,023 each year,<sup>22</sup> or a

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<sup>19</sup> 2 hours in first year + (0.5 hours per year thereafter × 2 years) = 2 hours + 1 hour = 3 hours total.  
3 hours total ÷ 3 years = 1 hour per year.

<sup>20</sup> 1 hour per fund × 9,502 funds per year = 9,502 hours per year.

<sup>21</sup> We estimate that funds will, on average, incur 1.5 one-time burden hours in the first year to comply with the new registration statement requirements. Therefore, in the aggregate, we estimate that such funds will incur about 14,253 one-time burden hours to comply with these requirements. (9,502 funds × 1.5 one-time burden hours = 14,253 one-time burden hours. Based on the Commission's estimate of 14,253 one-time burden hours and the estimated wage rate of \$273 per hour, the estimated total one-time paperwork expenses for funds associated with the new registration statement requirements are approximately \$3,891,069. 14,253 one-time burden hours × \$273 per hour = \$3,891,069.

<sup>22</sup> We estimate that 9,502 funds per year could file registration statements on Form N-1A. We estimate that funds will, on average, incur 0.5 burden hours per fund per year to comply with the new registration statement requirements. Therefore, in the aggregate, we estimate that such funds would incur about 5,038 burden hours to comply with these requirements. (9,502 funds + 16 funds) × 0.5 burden hours per fund per year = 4,751 burden hours per year. The Commission estimates the wage rate associated with these burden hours based on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association. The estimated wage figure is based on published rates for intermediate accountants and attorneys, modified to account for an 1,800-hour work year; multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead; and adjusted to account for the effects of inflation, yielding effective hourly rates of \$160 and \$386, respectively. See Securities Industry and Financial Markets Association, Report on Management & Professional Earnings in the Securities Industry 2013. We estimate that intermediate accountants and attorneys would divide their time equally, yielding an estimated hourly wage of \$273 per hour. (\$160 per hour for intermediate accountants + \$386 per hour for attorneys) ÷ 2 = \$273 per hour. Based on the Commission's estimate of 4,751 burden hours per year and the estimated wage rate of \$273 per hour, the total annual paperwork expenses for funds associated with the new registration statement requirements are approximately \$1,297,023. 4,751 hours per year × \$273 per hour = \$1,297,023 per year.

total average annual cost of \$2,161,705<sup>23</sup> as a result of the adopted securities lending disclosure amendments on Form N-1A.

b. Liquidity Risk Management Disclosure Requirements

With respect to the amendments related to liquidity risk management, we estimate that each fund will incur a one-time burden of an additional hour to draft and finalize the required disclosure and amend its registration statement,<sup>24</sup> but at a time cost of an additional \$324<sup>25</sup> based on updated data concerning funds and fund personnel salaries. In aggregate, we estimate that funds will incur a one-time burden of an additional 11,114 hours<sup>26</sup> at a time cost of an additional \$3,600,936<sup>27</sup> to comply with the Form N-1A disclosure requirements as adopted. We estimate that amortizing the one-time burden over a three-year period will result in an average annual burden of an additional 3,705 hours at a time cost of an additional \$1,200,312.<sup>28</sup>

In addition, we estimate that each fund will incur an ongoing burden of an additional 0.25 hours, but at a time cost of an additional \$81,<sup>29</sup> each year to review and update disclosures required in response to the liquidity risk management-related amendments to Form N-1A. In aggregate, we estimate that funds will incur an annual

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<sup>23</sup> This estimate is based upon the following calculations:  $(\$3,891,069 + (2 \times \$1,297,023)) \div 3 = \$2,161,705$ .

<sup>24</sup> This estimate is based on the following calculation: 1 hour to update registration statement disclosure about redemption procedures = 1 hour.

<sup>25</sup> This estimate is based on the following calculation: 1 hour x \$324 (blended rate for a compliance attorney (\$340) and a senior programmer (\$308)) = \$324.

<sup>26</sup> This estimate was based on the following calculations: 1 hour x 11,114 funds (including money market funds and ETFs) = 11,114 hours.

<sup>27</sup> This estimate is based on the following calculation: 11,114 hours x \$324 (blended rate for a compliance attorney (\$340) and a senior programmer (\$308)) = \$3,600,936.

<sup>28</sup> This estimate is based on the following calculation: 11,114 hours  $\div$  3 = 3,704.67 average annual burden hours; \$3,600,936 burden costs  $\div$  3 = \$1,200,312 average annual burden cost.

<sup>29</sup> This estimate is based on the following calculations: 0.25 hours x \$324 (blended hourly rate for a compliance attorney (\$340) and a senior programmer (\$308)) = \$81.

burden of an additional 2,778.50 hours,<sup>30</sup> at a time cost of an additional \$900,234,<sup>31</sup> to comply with the adopted Form N-1A disclosure requirements.

Furthermore, we estimate that amortizing these one-time and ongoing hour and cost burdens over three years will result in an average annual increased burden of approximately 0.50 hours per fund,<sup>32</sup> at a time cost of \$162 per fund.<sup>33</sup>

In total, we estimate that funds will incur an average annual increased burden of approximately 6,483.17 hours,<sup>34</sup> at a time cost of approximately \$2,100,546,<sup>35</sup> to comply with the liquidity risk management amendments to Form N-1A.

c. Swing Pricing Disclosure Requirements

Based on updates to industry data figures that were utilized in the Proposing Release and the reduction in our estimate of the number of funds in fund complexes that will choose to use swing pricing, for purposes of the PRA analysis, we estimate that approximately 474 funds (half as many funds as proposed) will use swing pricing. We estimate that each fund will incur a one-time burden of an additional 2 hours to draft and finalize the required swing pricing-related disclosures and amend its registration statement accordingly,<sup>36</sup> at a time cost of an additional \$648<sup>37</sup> based on updated data

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<sup>30</sup> This estimate is based on the following calculation: 0.25 hours x 11,114 funds = 2,778.50 hours.

<sup>31</sup> This estimate is based on the following calculation: 2,778.50 hours x \$324 (blended hourly rate for a compliance attorney (\$340) and a senior programmer (\$308)) = \$900,234.

<sup>32</sup> This estimate is based on the following calculation: 1 burden hour (year 1) + 0.25 burden hour (year 2) + 0.25 burden hour (year 3) ÷ 3 = 0.50 hours.

<sup>33</sup> This estimate is based on the following calculation: \$324 (year 1 monetized burden hours) + \$81 (year 2 monetized burden hours) + \$81 (year 3 monetized burden hours) ÷ 3 = \$162.

<sup>34</sup> This estimate is based on the following calculation: 3,704.67 hours + 2,778.50 hours = 6,483.17 hours.

<sup>35</sup> This estimate is based on the following calculation: \$1,200,312 + \$900,234 = \$2,100,546.

<sup>36</sup> This estimate is based on the following calculation: 2 hours to update registration statement to include swing pricing-related disclosure statements.

<sup>37</sup> This estimate is based on the following calculation: 2 hours x \$324 (blended rate for a compliance attorney (\$340) and a senior programmer (\$308)) = \$648.

concerning funds and fund personnel salaries. In aggregate, we estimate that funds will incur a one-time burden of an additional 948 hours<sup>38</sup> at a time cost of an additional \$307,152<sup>39</sup> to comply with the Form N-1A swing pricing disclosure requirements as adopted. We estimate that amortizing the one-time burden over a three-year period will result in an average annual burden of an additional 316 hours at a time cost of an additional \$102,384.<sup>40</sup>

In addition, we estimate that each fund will incur an ongoing burden of an additional one hour, at a time cost of an additional \$324,<sup>41</sup> each year to review and update disclosures required in response to the amendments to Form N-1A related to swing pricing. In aggregate, we estimate that funds will incur an annual burden of an additional 474 hours,<sup>42</sup> at a time cost of an additional \$153,576,<sup>43</sup> to comply with the Form N-1A disclosure requirements related to swing pricing.

Furthermore, we estimate that amortizing these one-time and ongoing hour and cost burdens over three years will result in an average annual increased burden of approximately 1.33 hours per fund,<sup>44</sup> at a time cost of \$432 per fund.<sup>45</sup>

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<sup>38</sup> This estimate was based on the following calculations: 2 hours x 474 funds) = 948 hours.

<sup>39</sup> This estimate is based on the following calculation: 948 hours x \$324 (blended rate for a compliance attorney (\$340) and a senior programmer (\$308)) = \$307,152.

<sup>40</sup> This estimate is based on the following calculation: 948 hours ÷ 3 = 316 average annual burden hours; \$307,152 burden costs ÷ 3 = \$102,384 average annual burden cost.

<sup>41</sup> This estimate is based on the following calculations: 1 hour x \$324 (blended hourly rate for a compliance attorney (\$340) and a senior programmer (\$308)) = \$324.

<sup>42</sup> This estimate is based on the following calculation: 1 hour x 474 funds = 474 hours.

<sup>43</sup> This estimate is based on the following calculation: 474 hours x \$324 (blended hourly rate for a compliance attorney (\$340) and a senior programmer (\$308)) = \$153,576.

<sup>44</sup> This estimate is based on the following calculation: 2 burden hours (year 1) + 1 burden hour (year 2) + 1 burden hour (year 3) ÷ 3 = 1.33 hours.

<sup>45</sup> This estimate is based on the following calculation: \$648 (year 1 monetized burden hours) + \$324 (year 2 monetized burden hours) + \$324 (year 3 monetized burden hours) ÷ 3 = \$432.

In total, we estimate that funds will incur an average annual increased burden of approximately 790 hours,<sup>46</sup> at a time cost of approximately \$255,960,<sup>47</sup> to comply with the Form N-1A disclosure requirements related to swing pricing

d. Estimated Total Burdens

We estimate that that the hour burdens and time costs associated with the adopted amendments to Form N-1A regarding securities lending, liquidity risk management, and swing pricing will result in an additional total average annual hour burden of 16,775 hours<sup>48</sup> for a total of 1,596,749 burden hours,<sup>49</sup> and average aggregate time costs of \$4,518,211,<sup>50</sup> for a total of \$129,338,408 cost burdens<sup>51</sup> for Form N-1A.

**13. Cost to Respondents**

In our most recent Paperwork Reduction Act submission for Form N-1A, Commission staff estimated the annual cost burden to comply with the collection of information requirement of Form N-1A is \$124,820,197.<sup>52</sup> The staff estimates that the amendments to Form N-1A do not impose any material cost burdens on funds, apart from the cost of the burden hours discussed above.

**14. Cost to the Federal Government**

The annual cost of reviewing and processing new registration statements, post-effective amendments, proxy statements, and shareholder reports of investment

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<sup>46</sup> This estimate is based on the following calculation: 316 hours + 474 hours = 790 hours.

<sup>47</sup> This estimate is based on the following calculation: \$102,384 + \$153,576 = \$255,960.

<sup>48</sup> This estimate is based on the following calculation: 9,502 + 6,483.17 + 790 = 16,775.17 hours.

<sup>49</sup> This estimate is based on the following calculation: 1,579,974 + 16,775.17 = 1,596,749.17 hours.

<sup>50</sup> This estimate is based on the following calculation: \$2,161,705 + \$2,100,546 + \$255,960 = \$4,518,211.

<sup>51</sup> This estimate is based on the following calculation: \$124,820,197 + \$4,518,211 = \$129,338,408.

<sup>52</sup> This estimate is based on the last time the rule's information collection was submitted for PRA renewal in 2014.

companies amounted to approximately \$19.5 million in fiscal year 2015, based on the Commission's computation of the value of staff time devoted to this activity and related overhead.

**15. Change in Burden**

The total annual hour burden of 1,596,749 hours represents an increase of 16,775 hours over the previous burden hour estimate of 1,579,974 hours. In addition, the annual cost burden of \$129,338,408 represents an increase of \$4,518,211 over the previous annual external cost burden estimate of \$124,820,197. The changes in burden hours and external cost burdens are due to the staff's estimates of the time costs and external costs that would result from our adopted amendments to Form N-1A regarding securities lending activities, liquidity risk management, and swing pricing.

**16. Information Collection Planned for Statistical Purposes**

Not Applicable.

**17. Approval to Omit OMB Expiration Date**

Not Applicable.

**18. Exceptions to Certification Statement for Paperwork Reduction Act Submission**

Not Applicable.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

Not Applicable.