

**SUPPORTING STATEMENT**  
**For the Paperwork Reduction Act Information Collection Submission for**  
**Rule 30b1-5**

**A. JUSTIFICATION**

**1. Necessity for the Information Collection**

The Investment Company Act of 1940 (“Investment Company Act”) permits the Commission to require that registered management investment companies file such information, documents, and reports (other than financial statements) as the Commission may require to keep reasonably current the information and documents contained in the company’s registration statement.<sup>1</sup> In 2004, the Commission adopted rule 30b1-5 under the Investment Company Act to improve the periodic disclosure provided by certain registered management investment companies to their investors about portfolio investments. Pursuant to rule 30b1-5, registered management investment companies other than small business investment companies registered on Form N-5 (“funds”), are required to file their complete portfolio schedule as of the end of its first and third fiscal quarters with the Commission on Form N-Q.<sup>2</sup>

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

The purpose of the collection of information required by rule 30b1-5 is to meet the disclosure requirements of the Investment Company Act and to provide investors with information necessary to evaluate an interest in the fund by improving the transparency of information about the fund’s portfolio holdings. The information required to be filed

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<sup>1</sup> 15 U.S.C. 80a-29(b)(1).

<sup>2</sup> 17 CFR 249.332 and 274.130.

with the Commission permits verification of compliance with securities law requirements and assures the public availability and dissemination of information.

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

The Commission's electronic filing system (Electronic Data Gathering, Analysis and Retrieval or "EDGAR") automates the filing, processing and dissemination of full disclosure filings. The system permits public companies to transmit filings to the Commission electronically. This automation has increased the speed, accuracy and availability of information, generating benefits to investors and financial markets.

### **4. Duplication**

The Commission periodically evaluates rule-based reporting and recordkeeping requirements for duplication and reevaluates them whenever it proposes a rule or a change in a rule. The information required by rule 30b1-5 is not generally duplicated elsewhere.

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

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. The current disclosure requirements under the rule do not distinguish between small entities and other funds. The burden on smaller funds may be greater, in proportion to their size, than for larger funds. This burden includes the costs related to the requirement that funds file their complete portfolio schedules with the Commission on a quarterly basis. These costs also could include expenses for computer time, legal and accounting fees, information technology staff, and additional computer and telephone equipment. The Commission believes, however, that imposing different

requirements on smaller investment companies would not be consistent with investor protection and the purposes of the disclosure requirements.

**6. Consequences of Not Conducting Collection**

Funds currently file their complete portfolio holdings schedules with the Commission on a semi-annual basis as part of their shareholder reports. In addition, funds are required to file their portfolio schedules for the first and third fiscal quarters on Form N-Q pursuant to the rule. The Commission requires the filing of Form N-Q semi-annually for all funds so that it will have current information available for use in performing inspections of funds, selectively reviewing registration documents, and conducting studies and other types of analyses necessary to keep the Commission's regulatory program for investment companies current with industry conditions. Less frequent collection of information would impede the amount of current information provided to shareholders about their funds.

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

This collection is not inconsistent with 5 CFR 1320.5(d)(2).

**8. Consultation Outside the Agency**

The Commission and the Division of Investment Management staff participate in an ongoing dialogue with representatives of the fund 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 that may confront the industry.

The Commission requested public comment on the collection of information required by rule 30b1-5 before it submitted this request for extension and approval to the

Office of Management and Budget. The Commission received no comments in response to its request.

**9. Payment or Gift**

No payment or gift to respondents was provided.

**10. Confidentiality**

No assurance of confidentiality was provided.

**11. Sensitive Questions**

No information of a sensitive nature will be required under this collection of information. The information collection collects basic Personally Identifiable Information (PII) that may include a signatory's name and title. 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**

The following estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act of 1995 ("PRA")<sup>3</sup> and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. Compliance with rule 30b1-5 is mandatory for every fund. Responses to the disclosure requirements will not be kept confidential.

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<sup>3</sup> 44 U.S.C. 3501 et seq.

We estimate that there are approximately 2,380 funds, with a total of approximately 11,757 portfolios, that are affected by the rule. Each of those 2,380 funds is required by rule 30b1-5 to file a complete portfolio holdings schedule via EDGAR on Form N-Q. For purposes of this PRA analysis, the hour burden associated with the requirements of rule 30b1-5 has been included in the collection of information requirements of Form N-Q, rather than the rule. This information collection imposes no hour burden; however, we are requesting a one hour burden for administrative purposes.

### **13. Cost to Respondents**

Cost burden is the cost of services purchased to prepare and update rule 30b1-5, such as for the services of independent auditors, outside counsel, and the costs associated with purchasing technology or other components used in generating, maintaining, and disclosing or providing the information. Estimates are based on the Commission's experience with the filing of registration forms and shareholder reports.

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**14. Cost to the Federal Government**

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

This information collection imposes no hour or cost burdens; however, we are requesting a one hour burden for administrative purposes. This does not result in a change to the existing burden.

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

The results of any information collected will not be published.

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

The Commission is not seeking approval to not display the expiration date for OMB approval.

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

**Submission**

The Commission is not seeking an exception to the certification statement.

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

The collection of information will not employ statistical methods.