

**SUPPORTING STATEMENT**  
**For the Paperwork Reduction Act Information Collection Submission for**  
**Rule 30b1-8 and Form N-CR**

**A. JUSTIFICATION**

**1. Necessity for the Information Collection**

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

Specifically, a money market fund is required to file Form N-CR if a portfolio security defaults, an affiliate provides financial support to the fund, the fund experiences a significant decline in its shadow price, or when liquidity fees or redemption gates are imposed and when they are lifted. In most cases, a money market fund is required to submit a brief summary filing on Form N-CR within one business day of the occurrence of the event, and a follow up filing within four business days that includes a more complete description and information.

Compliance with rule 30b1-8 is mandatory for any fund that holds itself out as a money market fund in reliance on rule 2a-7. Responses to the disclosure requirements will not be kept confidential.

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

The information collection requirements for rule 30b1-8 and Form N-CR are designed to assist Commission staff in its oversight of money market funds and its ability to respond to market events. It also provides investors with better and timelier disclosure of potentially important events. Finally, the Commission is able to use the information provided on Form N-CR in its regulatory, disclosure review, inspection, and policymaking roles.

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

The Commission's electronic filing project (Electronic Data Gathering, Analysis and Retrieval System, or "EDGAR") is designed to automate the filing, processing and dissemination of full disclosure filings. EDGAR permits investment companies to transmit their filings to the Commission electronically. Such automation has increased the speed, accuracy and availability of information, generating benefits to investors and financial markets. Form N-CR is required to be filed with the Commission electronically on EDGAR.

## **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-CR are not generally duplicated elsewhere.

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

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

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

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

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

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

Not applicable.

**8. Consultation Outside the Agency**

The Commission and the staff of the Division of Investment Management participate in an ongoing dialogue with representatives of the investment company industry through public conferences, meetings and informal exchanges. These various forums provide the Commission and the staff with a means of ascertaining and acting upon paperwork burdens confronting the industry. The Commission requested public comment on the collection requirements in rule 30b1-8 and Form N-CR before it submitted this request for extension and approval to the Office of Management and Budget. The Commission received no comments in response to its request.

**9. Payment or Gift**

Not applicable.

**10. Confidentiality**

Not applicable.

**11. Sensitive Questions**

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 and job titles. 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 Commission estimates that it will receive, in the aggregate, an average of 37 reports per year filed on Form N-CR.<sup>1</sup> Taking into account a blend of legal and financial in-house professionals,<sup>2</sup> we estimate that a fund will spend, on average, 8.5 burden hours<sup>3</sup> and time costs of approximately \$3,100<sup>4</sup> for one report. The Commission therefore estimates that the total annual burden for Form N-CR reporting will be 315 burden hours and the total annual time cost will be \$114,700.<sup>5</sup>

## **13. Cost to Respondents**

Cost burden is the cost of services purchased to comply with rule 30b1-8 and Form N-CR, such as computer programmers, outside counsel, and third-party service providers. The Commission estimates that some funds may engage outside legal counsel to complete Form N-

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<sup>1</sup> The estimated number of reports per year filed on Form N-CR is based on initial and follow-up amendment filings with the Commission in 2016.

<sup>2</sup> Recognizing that, depending on the particular circumstances, different members of a fund's financial team may assist with the preparation of Form N-CR in varying degrees, we have estimated the time costs for a financial professional to be \$263 per hour, which is the blended average hourly rate for a senior portfolio manager (\$311), financial reporting manager (\$275), and senior accountant (\$204). For similar reasons, we have estimated the time costs for a legal professional to be \$455 per hour, which is the blended average hourly rate for a deputy general counsel (\$564) and compliance attorney (\$345). 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, and adjusted for inflation.

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

<sup>4</sup> This estimate is based on the following calculations: (4.5 hours x \$455 per hour for a legal professional = \$2,048) + (4 hours x \$263 per hour for a financial professional = \$1,052) = \$3,100.

<sup>5</sup> This estimate is based on the following calculation: 37 reports per year x 8.5 burden hours per report = 315 burden hours; 37 reports per year x \$3,100 time cost per report = \$114,700 in time costs.

CR.<sup>6</sup> The Commission estimates that funds will incur, on average, external costs of approximately \$840 for one report;<sup>7</sup> therefore the total external costs for Form N-CR reporting will be \$31,080.<sup>8</sup>

#### **14. Cost to the Federal Government**

The annual cost of reviewing and processing registration statements, post-effective amendments, proxy statements, shareholder reports, and other filings of investment companies amounted to approximately \$22.9 million in fiscal year 2016, based on the Commission's computation of the value of staff time devoted to this activity and related overhead. A portion of those costs will relate to processing and reviewing Form N-CR filings submitted to the Commission for compliance with rule 30b1-8.

#### **15. Change in Burden**

The estimated hourly burden associated with Form N-CR has decreased from 941 hours to 315 hours (a decrease of 626 hours). The estimated external cost burden associated with Form N-CR has decreased from \$80,780 to \$31,080. The decrease in burden hours and external burden costs for compliance with rule 30b1-8 and Form N-CR is attributable to a decrease in the estimated number of reports filed on Form N-CR each year.

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

<sup>7</sup> We estimate that approximately a quarter of the total legal professional time that will otherwise have been spent on responding to Form N-CR, or 2.1 hours, will be shifted from in-house counsel to outside counsel. Accordingly, we estimate that funds will incur additional external legal costs of \$840 (2.1 hours x \$400 per hour for outside counsel) per report.

<sup>8</sup> This estimate is based on the following calculation: 37 reports per year x \$840 external cost per report = \$31,080 in external costs.

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

Not applicable.

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

We request authorization to omit the expiration date on the electronic version of the form. Including the expiration date on the electronic version of the form will result in increased costs, because the need to make changes to the form may not follow the application's scheduled version release dates. The OMB control number will be displayed.

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

Not applicable.

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

Not applicable.