

**SUPPORTING STATEMENT**  
**For the Paperwork Reduction Act Information Collection Submission for**  
**FORM 13F**

**A. JUSTIFICATION**

**1. Necessity for the Information Collection**

In 1968, Congress directed the Securities and Exchange Commission to make a study of the purchase, sale, and holding of securities by institutional investors to determine the effect of those activities upon the maintenance of fair and orderly securities markets, the stability of those markets, and the interests of issuers of securities and of the public. As a result of that study, Congress in 1975 adopted Section 13(f) of the Securities Exchange Act of 1934 (the "1934 Act") as part of the Securities Acts Amendments of 1975. The reporting system required by Section 13(f) of the 1934 Act is intended, among other things, to create in the Commission a central repository of historical and current data about the investment activities of certain institutional investment managers, and to improve the body of factual data available in order to facilitate consideration of the influence and impact of institutional investment managers on the securities markets as well as the public policy implications of that influence.

Section 13(f) of the 1934 Act empowers the Commission to: (1) adopt rules that create a reporting and disclosure system to collect specific information; and (2) disseminate such information to the public. Pursuant to this statutory mandate, the Commission adopted Rule 13f-1 under the 1934 Act (17 CFR 240.13f-1), which requires institutional investment managers that exercise investment discretion over accounts that have in the aggregate a fair market value of at least \$100,000,000 of certain U.S. exchange-traded equity securities, as set forth in rule 13f-1(c), to file quarterly reports with the Commission on Form 13F.

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

The purpose of Form 13F is twofold: (1) to provide a reporting and disclosure system to collect information about certain equity security holdings of institutional investment managers; and (2) to disseminate such information to the public.

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

The Commission's electronic filing system (Electronic Data Gathering, Analysis, and Retrieval System, or "EDGAR") is designed to automate the filing, processing and dissemination of disclosure filings. Using the EDGAR system, publicly held companies generally transmit their filings to the Commission directly over the Internet. *See* Rulemaking for EDGAR System, Release No. 33-7855 (April 24, 2000) (part of the modernization of EDGAR). Such automation has increased the speed, accuracy and availability of information, generating benefits to investors and financial markets. In addition, Form 13F is filed in an online format that requires, among other things, that the Form 13F Information Table be submitted in XML (Extensible Markup Language), which helps filers avoid common mistakes and improves data quality.

## **4. Duplication**

The Commission periodically evaluates reporting and recordkeeping requirements for duplication and reevaluates them whenever it proposes a rule or form or a change in a rule or form. The information required by Form 13F is not generally duplicated elsewhere.

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

Not applicable. The requirements of Form 13F are the same for all potential filers. An institutional investment manager is not subject to Form 13F reporting unless it exercises

investment discretion over, in the aggregate, at least \$100,000,000 in certain equity securities.

**6. Consequences of Not Conducting Collection**

See Item 1, above. Not collecting the information would: (i) be a failure to comply with the requirements of Section 13(f) of the Securities Exchange Act of 1934; and (ii) eliminate disclosure about certain U.S. equity security holdings of institutional investment managers that currently is available to the Commission and the public.

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

Not applicable.

**8. Consultation Outside the Agency**

The Commission requested public comment on the information collection requirements in Form 13F 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**

Section 13(f)(4) of the 1934 Act (15 U.S.C. 78m(f)(4)) authorizes the Commission, upon request, to delay or prevent public disclosure of any information filed under Section 13(f) as it determines to be necessary or appropriate for public interest reasons or to protect investors.

Section 13(f)(4) also prohibits the Commission from disclosing to the public information identifying securities held by the account of a natural person or any estate or trust (other than a business trust or investment company).

## **11. Sensitive Questions**

The information collection collects basic Personally Identifiable Information (PII) that may include information on an institutional investment manager's name, Form 13F file number, business address, and name-title-business phone number of the person that signs the form on behalf of the reporting manager. However, the agency has determined that the information collection does not constitute a system of records for purposes of the Privacy Act. Information is not retrieved by a personal identifier.

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

An estimated 5,837 institutional investment managers file Form 13F reports each calendar quarter.<sup>1</sup> Accordingly, an estimated 23,348 initial filings on Form 13F per year are expected going forward.<sup>2</sup> An estimated 223 investment managers file amendments to Form 13F each quarter.<sup>3</sup> Accordingly, an estimated 892 amendments per year are expected going forward.<sup>4</sup> Amendments are filed: (1) to correct an error or omission; (2) after a confidential treatment request is denied; or (3) when confidential treatment expires.

It is estimated that each Form 13F filer spends an average of 80.8 hours/year preparing Form 13F reports. In addition, it is estimated that a Form 13F filer spends an average of 4 hours/year if and when it files an amendment to any of its previously filed Forms 13F. These estimates are based on consultations with a representative sample of filers. The number of

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<sup>1</sup> Based on the number of Forms 13F-HR and 13F-NT filings made in September 2017.

<sup>2</sup> 5,837 filings on Form 13F x 4 quarters = 23,348 filings per year.

<sup>3</sup> Based on the number of Form 13F amendments filed in September 2016.

<sup>4</sup> 223 amendments x 4 quarters = 892 amendments per year.

burden hours may vary considerably, depending, for example, on the number of equity positions and accounts reflected on a manager's Form 13F report. The total estimated burden hours for all filers is 472,521.6<sup>5</sup>

The estimated annual cost, per filer, to submit the report is \$5,332.80.<sup>6</sup> In addition, the estimated annual cost, per filer, to file an amendment is \$264.<sup>7</sup> The estimated annual aggregate cost for all filers is \$31,186,425.60.<sup>8</sup>

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

Not applicable.

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

The annual cost to the Commission of processing Form 13F is approximately \$237,923.60. The majority of forms are received electronically via the Commission's EDGAR system. Notwithstanding the electronic filing requirement, the Commission still processes Form 13F confidential treatment requests, which are required to be filed in paper. Such processing is handled primarily by the Office of the Secretary and the Division of Investment Management's Dissemination and EDGAR Filer Support Branch (part of IM's Disclosure Review Office), as a

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<sup>5</sup>  $[471,629.6 (5,837 \text{ filers} \times 80.8 \text{ hours}) + 892 (223 \text{ filers} \times 4 \text{ hours})] = 472,521.6.$

<sup>6</sup>  $80.8 \text{ hours} \times \$66.00 \text{ per hour} = \$5,332.80.$  \$66.00 /hour for a Compliance Clerk is based on the Commission's estimates concerning the allocation of burden hours and the relevant wage rates from the Commission's consultations with industry representatives and on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association's Office Salaries in the Securities Industry 2013. The estimated wage figures are modified by Commission staff to account for an 1800-hour work-year and multiplied by 2.93 to account for bonuses, firm size, employee benefits, overhead, and adjusted to account for the effects of inflation. See Securities Industry and Financial Markets Association, Report on Management & Professional Earnings in the Securities Industry 2013.

<sup>7</sup>  $4 \text{ hours} \times \$66.00 \text{ per hour} = \$264.$

<sup>8</sup>  $[(\$31,127,553.6 (5,837 \text{ filers} \times \$5,332.80 \text{ per year})) + (\$58,872 (223 \text{ filers} \times \$264 \text{ per year})) =$

small part of the usual and customary work of each office. In addition, the Division of Investment Management's Chief Counsel's Office reviews confidential treatment requests for Form 13F information, and, acting pursuant to delegated authority from the Commission, may grant, deny, or revoke confidential treatment of Form 13F. In addition, pursuant to a contract with the SEC, Interactive Data Pricing and Reference Data, Inc. provides services to compile and deliver to the Commission each quarter a list of "Section 13(f) Securities," as defined in rule 13f-1(c) under the 1934 Act. Such list, the Official List of Section 13(f) Securities, is made available to the public pursuant to Section 13(f)(4) for use in the preparation of Form 13F reports.

#### **15. Changes in Burden**

The estimated total annual burden hours increased by 64,150.6, from 408,371.0 to 472,521.6.

The increase in annual burden hours is due primarily to an increase in the number of amendments.

#### **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, although the OMB control number will be displayed. Including the expiration date on the electronic version of this 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.

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

Not applicable.

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

Not applicable.