

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

A. JUSTIFICATION

1. Necessity for the Information Collection

Adopted by Congress in 1975, section 13(f) of the Securities Exchange Act of 1934 (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. Rule 13f-1 under the 1934 Act (17 CFR 240.13f-1) 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. The reports of such managers are filed as holdings reports or combination reports (together, "Form 13F-HR") under rule 13f-1. In some instances, two or more managers may exercise investment discretion with respect to the same securities. In these cases, subject to certain conditions, Form 13F permits one such institutional manager to report those securities on behalf of the other(s). A manager on whose behalf securities are reported, generally, must file an abbreviated "notice" report on Form 13F to identify the manager(s) reporting on its behalf ("Form 13F-NT").

On July 10, 2020, the Commission issued a release proposing amendments to rule 13f-1 and Form 13F. The proposal would raise the reporting threshold from \$100 million to \$3.5 billion to reflect the change in size and structure of the U.S. equities market between 1975 and 2018. The proposal also would amend Form 13F to increase the information provided by institutional investment managers by eliminating the omission threshold for individual securities, and requiring

managers to provide additional identifying information. The Commission is also proposing to make certain technical amendments, including to modernize the structure of data reporting and amend the instructions on Form 13F for confidential treatment requests in light of a recent decision of the U.S. Supreme Court.

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

Before adopting amendments to Form 13F, the Commission will receive and evaluate public comments on the proposal and its collection of information requirements. Specifically, the Commission's solicitation of public comments includes estimating and requesting public comments on the burden estimates for all information collections under this OMB control number (*i.e.*, both changes associated with the proposed rulemaking and other burden updates).

Moreover, 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 information exchanges. These various forums provide the Commission

and staff with a means of ascertaining and acting upon the paperwork burdens confronting the industry.

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

In our most recent PRA submission for Form 13F, we estimated a total hour burden of 472,521.6 hours, with an internal cost burden of \$31,186,425.60, and with no annual external

cost burden.¹ Based on staff analysis and outreach to managers, however, we believe that these estimates do not reflect all of the information collection costs associated with Form 13F. The current burden estimates for Form 13F assume that all of the functions are carried out by a compliance clerk, whereas we understand that additional professionals are typically involved. The current burden estimates also do not include external costs for third-party vendors, which we understand many managers use in connection with their filings on Form 13F, or external legal counsel, who may provide advice in connection with the form’s reporting requirements or actual or potential requests for confidential treatment. Furthermore, the current burden estimates assume that the same number of hours and costs are necessary to prepare and file Form 13F-HR and 13F-NT filings, even though reports on Form 13F-HR would involve greater burdens. This results in a current overestimation of the costs associated with filing Form 13F-NT. Therefore, we are revising the current PRA burdens associated with filing Form 13F.

The table below summarizes our adjustments to the current PRA estimates and the initial and ongoing annual burden estimates associated with the proposed amendments to Form 13F. Staff estimates that the proposed amendments will not change the PRA hour burdens associated with making amended filings on Form 13F.

Form 13F PRA Estimates

	Initial hours	Annual hours		Wage rate	Internal time cost	External costs ¹
REVISIONS TO CURRENT PRA BURDEN ESTIMATES						
Revised Burdens for 13F-HR Filings						
Current estimated annual burden of Form 13F-		80.8 hours	x	\$66 ²	\$5,332.80	

¹ This estimate is based on the last time the rule’s information collection was submitted for PRA renewal in 2018.

HR per filer						
Revised current annual estimated burden per filer		80.8 hours x 5,089 filers ³	x	\$257.70 (blended rate for compliance attorney, senior programmer, and compliance clerk) ⁴	\$20,822.16 x 5,089 filers	\$789 ⁵ x 5,089 filers
Revised current annual burden of Form 13F-HR filings		411,191.2 hours			\$105,963,972	\$4,015,221 ⁶
Revised Burdens for 13F-NT Filings						
Current estimated annual burden of Form 13F-NT		80.8 hours				
Revised current estimated Form 13F-NT burden per filing		4 hours x 4 filings				
Revised current annual burden of Form 13F-NT per filer		16 hours x 1,570 filers ⁷	x	\$71 (wage rate for compliance clerk)	\$1,136 x 1,570 filers	\$300 x 1,570 filers
		25,120 hours			\$1,783,520	\$471,000
Revised Burdens for Form 13F Amendment Filings						
Current estimated burden per amendment filing		4 hours		\$66.00	\$264	
Revised current estimated burden per amendment		4 hours x 1,066 amendments	x	\$257.70 (blended rate for compliance attorney, senior programmer, and compliance clerk)	\$1,030.80 x 1,066 amendments	\$300 x 1,066 amendments
Revised current annual estimated burden of all amendments		4,264 hours			\$1,098,832.80	\$319,800
PROPOSED AMENDMENTS TO FORM 13F						
Estimated Form 13F-HR Burdens						
Proposed Amendments to Form 13F-HR (additional identifying information, technical amendments, change in omission threshold) per filer	16 hours	5.8 hours ⁸	x	\$257.70 (blended rate for compliance attorney, senior programmer, and	\$1,494.66	\$0

New annual estimated Form 13F-HR burden per filer		86.6 hours		compliance clerk) ⁹	\$22,316.82	\$789
Number of annual filers		x 550 filers ¹⁰			x 550 filers	x 550 filers
Total new annual burden		47,630 hours			\$12,274,251	\$433,950
Estimated Form 13F-NT Burdens						
Proposed Amendments to Form 13F-NT (additional identifying information)	6 hours	2.5 hours ⁸	x	71.00 (wage rate for compliance clerk) ¹¹	\$177.50	\$0
New annual estimated Form 13F-NT burden per filer		18.5 hours			\$1,313.50	\$300
Number of annual filers		x 738 filers ¹²			x 738 filers	x 738 filers
Total new annual burden		13,653 hours			\$969,363	\$221,400
Estimated Amendment Filings Burdens						
Revised estimated number of Amendments		344 amendments ¹³				\$300
		x 4 hours				x 344 amendments
Estimated total burden of amendments		1,376 hours	x	\$257.70 (blended rate for compliance attorney, senior programmer, and compliance clerk)	\$354,595.2	\$103,200
TOTAL ESTIMATED FORM 13F BURDEN						
Currently approved burden estimates		472,521.6 hours			\$31,186,425.60	\$0
Revised current burden estimates		440,575.2 hours			\$108,846,325	\$4,806,021
Burden estimates under the proposal		62,659 hours			\$13,598,209.2	\$758,550

Notes:

1. The external costs of complying with Form 13F can vary among filers. Some filers use third-party vendors for a range of services in connection with filing reports on Form 13F, while other filers use vendors for more limited purposes such as providing more user-friendly versions of the list of section 13(f) securities. For purposes of the PRA, we estimate that each filer will spend an average of \$300 on vendor services each year in connection with the filer's four quarterly reports on Form 13F-HR or Form 13F-NT, as applicable, in addition to the estimated vendor costs associated with any amendments. In addition, some filers engage outside legal services in connection with the preparation of requests for confidential treatment or analyses regarding possible requests, or in connection with the form's disclosure requirements. For purposes of the PRA, we estimate that each manager filing reports on Form 13F-HR will incur \$489 for one hour of outside legal services each year.

2. \$66 was the estimated wage rate for a compliance clerk in 2018.

3. This estimate is based on the number of 13F-HR filers as of December 2018.

4. The \$257.7 wage rate reflects current estimates of the blended hourly rate for an in-house compliance attorney (\$368), a senior programmer (\$334) and in-house compliance clerk (\$71). \$257.7 is based on the following calculation: $(\$368 + \$334 + \$71) / 3 = \257.7 . The \$368 per hour and \$334 per hour figures for a compliance attorney and a senior programmer, respectively, are based on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association's Office Salaries in the Securities Industry 2013 ("SIFMA Report"), modified by Commission staff to account for an 1800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead. The \$71 per hour figure for a compliance clerk is based on salary information from the SIFMA Report, modified by Commission staff to account for an 1800-hour work-year and inflation, and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead.

5. \$789 includes an estimated \$300 paid to a third-party vendor in connection with the Form 13F-HR filing as well as an estimated \$489 for one hour of outside legal services.

6. We estimate that Form 13F-HR filers will require some level of external legal counsel in connection with these filings.

7. This estimate is based on the number of Form 13F-NT filers as of December 2018.
8. Includes initial burden estimates annualized over a three-year period, plus 0.5 hours of ongoing annual burden hours.
9. These PRA estimates assume that the same types of professionals would be involved in satisfying the proposed amendments that we believe otherwise would be involved in preparing and filing reports on Form 13F-HR.
10. This estimate is based on the Form 13F-HR filers as of December 2018 that would continue to be required to file Form 13F under the proposed \$3.5 billion reporting threshold.
11. These PRA estimates assume that the same types of professionals would be involved in satisfying the proposed amendments that we believe otherwise would be involved in preparing and filing reports on Form 13F-NT.
12. This estimate is based on the number of Form 13F-NT filers as of December 2018, and assumes that a Form 13F-NT filing linked to a Form 13F-HR filing of a manager that exceeds the \$3.5 billion threshold would continue to be filed.
13. We estimate that 86 filers would file amendments to Form 13F if the \$3.5 billion reporting threshold is adopted. 86 amendments x 4 annual filings= 344 amendments.

13. Cost to Respondents

Cost burden is the cost of goods and services purchased to prepare and submit reports on Form 13F. The cost burden does not include the hour burden discussed in Item 12 above. In our last PRA submission we estimated that there were no annual external costs associated with complying with Form 13F. However, as outlined in the table above, we estimate the current total external cost burden to comply with Form 13F to be \$4,806,021. These external costs are due to the use of third-party vendors, which we understand many managers use in connection with their filings on Form 13F, or external legal counsel, who may provide advice in connection with the form's reporting requirements or actual or potential requests for confidential treatment. If the proposed amendments are adopted, we estimate the total external cost burden to comply with Form 13F would decrease to \$758,550.

14. Cost to the Federal Government

The annual cost to the Commission of processing Form 13F is approximately \$209,251. 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 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. If the proposed amendments are adopted, the annual cost to the Commission would decrease from \$209,251 to \$120,750. This decrease is primarily due to the decrease in number of annual confidential treatment requests that the Commission would receive as a result of the decrease in the number of 13F filers.

15. Changes in Burden

As summarized in the table above, the proposed adjustments to the current estimated hourly burden associated with complying with Form 13F would decrease the total annual burden hours from 472,521.6 to 440,575.2 hours. This decrease is due to adjusting the current overestimation of the costs associated with filing Form 13F-NT. If the proposed amendments to Form 13F are adopted, the estimated annual burden hours would decrease from 440,575.2 hours to 62,659 hours. This decrease in annual burden hours is due primarily to the proposed decrease in the number of 13F filers.

Additionally, the proposed adjustments to the current total annual external cost burdens to comply with Form 13F would increase the external cost burdens to \$4,806,021. These external costs are due to the use of third-party vendors, which we understand many managers use in connection with their filings on Form 13F, or external legal counsel, who may provide advice in connection with the form's reporting requirements or actual or potential requests for confidential treatment. If the proposed amendments to Form 13F are adopted, the estimated total annual external cost burdens would decrease from \$4,806,021 to \$758,550. This decrease in annual external cost burdens is due primarily to the proposed decrease in the number of 13F filers.

These changes in hourly and external cost burdens also reflect the Commission's revision and update of burden estimates for all information collections under this OMB control number (whether or not associated with rulemaking changes), and the Commission requested public comment on all information collection burden estimates for this OMB control number.

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.