

SUPPORTING STATEMENT
For the Paperwork Reduction Act Information Collection Submission for
Rule 30b1-7 and Form N-MFP

A. JUSTIFICATION

1. Necessity for the Information Collection

Section 30(b) of the Investment Company Act of 1940 (“Investment Company Act”)¹ 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....”²

Rule 30b1-7 under the Investment Company Act, entitled “Monthly Report for Money Market Funds,” provides that every registered investment company, or series thereof, that is regulated as a money market funds under rule 2a-7³ must file with the Commission a monthly report of portfolio holdings on Form N-MFP⁴ no later than the fifth business day of each month.⁵ Form N-MFP sets forth the specific disclosure items that money market funds must provide. Filers must submit this report electronically using the Commission’s electronic filing system (“EDGAR”) in Extensible Markup Language (“XML”).

¹ 15 U.S.C. 80a-1 *et seq.*

² 15 U.S.C. 80a-30(b).

³ 17 CFR 270.2a-7.

⁴ 17 CFR 274.201.

⁵ 17 CFR 270.30b1-7.

Compliance with rule 30b1-7 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. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

On December 15, 2021, the Commission proposed amendments to Form N-MFP that would improve the Commission's monitoring and analysis of money market funds.⁶ The proposed amendments to Form N-MFP would increase the frequency of certain data points from weekly to daily, collect new information about securities that have been disposed of before maturity, collect new information about the composition and concentration of money market funds' shareholders, and collect additional information about repurchase agreement transactions, as well as certain other information about the fund's portfolio securities (*e.g.*, the acquisition date for a security). The proposed amendments would also improve identifying information about the fund, including changes to better identify different categories of government money market funds, changes to identify privately-offered funds that are used for internal cash management purposes, and amendments to provide the name and other identifying information for the registrant, series, and class. The proposed amendments also include several changes to clarify current instructions or items in Form N-MFP.

⁶ Money Market Fund Reforms, Investment Company Act Release No. 34441 (Dec. 15, 2021) [87 FR 7248 (Feb. 8, 2022)].

2. Purpose and Use of the Information Collection

Certain of the proposed amendments to Form N-MFP contain “collection of information” requirements within the meaning on the Paperwork Reduction Act of 1995 (“Paperwork Reduction Act”),⁷ and the Commission is submitting the collection of information to the Office of Management and Budget (“OMB”) for review in accordance with 44 U.S.C. 3507(d) and 5 CFR 1320.11. The information collection requirements of rule 30b1-7 and reports on Form N-MFP are designed to assist the Commission in analyzing the portfolio holdings of money market funds, and thereby augment our understanding of the risk characteristics of individual money market funds and money market funds as a group and industry trends. This information collection enhances our oversight of money market funds and our ability to respond to market events. In addition, although the portfolio reports to the Commission are not primarily designed for individual investors, the information will be available to the public. Academic researchers, financial analysts, and economic research firms may use the information to study money market fund holdings and evaluate their risk information, and their analyses may further help investors and regulators better understand risks in money market funds.

3. Consideration Given to Information Technology

The Commission’s Electronic Data Gathering, Analysis, and Retrieval System (“EDGAR”) automates the filing, processing, and dissemination of full disclosure filings. This automation has increased the speed, accuracy, and availability of information,

⁷ 44 U.S.C. 3501 *et seq.*⁸ See rule 101(a)(1)(iv) of Regulation S-T [17 CFR 232.101(a)(1)(iv)].

generating benefits to investors and financial markets. Funds are required to file reports on Form N-MFP on EDGAR.⁸ In addition, the XML-tagged language facilitates efficient and expeditious analysis of portfolio holdings information by the Commission and other interested persons.

4. Duplication

The Commission periodically evaluates rule-based 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 provided under rule 30b1-7 and reports on Form N-MFP may duplicate some information included in other filings with the Commission and/or information required to be disclosed on fund websites. Unlike other filings, however, reports of Form N-MFP must be filed in XML, which facilitates staff analysis of portfolio holdings information and enhances Commission oversight of money market funds.

5. Effect on Small Entities

The information collection requirements of Form N-MFP do not distinguish between small entities and other funds. The burden of the conditions on smaller funds may be proportionally greater than for larger funds. This burden includes the cost of producing and filing the reports. The Commission believes, however, that imposing different requirements on smaller money market funds would not be consistent with investor protection. The Commission reviews all rules periodically, as required by the

⁸ See rule 101(a)(1)(iv) of Regulation S-T [17 CFR 232.101(a)(1)(iv)].

Regulatory Flexibility Act, to identify methods to minimize recordkeeping or reporting requirements affecting small businesses.

With respect to the proposed amendments, pursuant to 5 U.S.C. section 605(b), the Commission certified that the amendments to Form N-MFP would not have a significant impact on a substantial number of small entities.

6. Consequences of Not Conducting Collection

Rule 30b1-7 provides that money market funds file a report on Form N-MFP each month. Given the rapidly changing composition of money market fund portfolios, which consist of only short-term securities, we believe that less frequent collections would render the portfolio information less timely and relevant.

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 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. In addition, the Commission has requested public comment on the proposed amendments to Form N-MFP, including the collection of information requirements resulting from the proposed amendments. Before adopting these amendments, the Commission will receive and evaluate public comments on the proposed amendments and their associated collection of information requirements.

9. Payment or Gift

No payment or gift to respondents was provided.

10. Confidentiality

No assurance of confidentiality was provided.

11. Sensitive Questions

Form N-MFP collects information that is relevant to an evaluation of the risk characteristics of the fund and its portfolio holdings. No information of a sensitive nature, including social security numbers, is required under this collection of information. The information collection does collect basic personally identifiable information (PII) that may include name and job title. However, the agency has determined that the information collection does not constitute a system of record for purposes of the Privacy Act. 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 February 5, 2020, is provided as a supplemental document and is also available at <https://www.sec.gov/about/privacy/pia/pia-edgar.pdf>.

12. Burden of Information Collection

The following estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. A fund must comply with the requirement to prepare Form N-MFP in order to hold itself out to

investors as a money market fund or the equivalent of a money market fund in reliance on rule 2a-7. The collection of information is mandatory for money market funds that rely on rule 2a-7, and responses to the information collections will not be kept confidential.

The Commission estimates there are 318 money market funds that report information on Form N-MFP although certain components of the proposed new collections of information would apply to certain subsets of money market funds, as reflected in the below table. We estimate that 35% of money market funds (or 111 money market funds) license a software solution and file reports on Form N-MFP in house. We estimate that the remaining 65% of money market funds (or 207 money market funds) retain the services of a third party to provide data aggregation and validation services as part of the preparation and filing of reports on Form N-MFP on the fund's behalf. We understand that the required data in the proposed amendments to Form N-MFP generally are already maintained by money market funds pursuant to other regulatory requirements or in the ordinary course of business. Accordingly, for the purposes of our analysis, we do not believe that the proposed amendments add significant burden hours for filers of Form N-MFP.

In our most recent Paperwork Reduction Act submission for Form N-MFP, we estimated the annual aggregate compliance burden to comply with the collection of information requirement of Form N-MFP is 64,667 burden hours with an internal cost burden of \$6,754,832 and an external cost burden estimate of \$8,682,037.⁹

⁹ This estimate is based on the last time the PRA submission for the rule's information collection was approved in 2019 (OMB Control No. 3235-0657).

The table below summarizes our PRA initial and ongoing annual burden estimates associated with the proposed amendments to Form N-MFP.

Table 1: Proposed Burden Estimates for Form N-MFP

| | Internal initial burden hours | Internal annual burden hours ¹ | | Wage rate ² | Internal time costs |
|--|-------------------------------|---|-----|------------------------|---------------------|
| PROPOSED ESTIMATES | | | | | |
| Reporting on disposed securities | 3 hours | 2 hours | × | \$304 ³ | \$608 |
| Number of funds for disposed securities information ⁴ | | × | 64 | | x 64 |
| Total new annual burden for disposed securities information (I) | | 128 hours | | | \$38,912 |
| Other proposed amendments | 9 hours | 7 hours | | \$304 ² | \$2,128 |
| Number of funds ⁵ | | × | 318 | | x 318 |
| Total new annual burden for Other proposed amendments (II) | | 2,226 hours | | | \$676,704 |
| Total new annual burden (I +II) | | 2,354 hours | | | \$715,616 |
| Current burden estimates | | 64,667 hours | | | \$6,754,832 |
| Revised burden estimates | | 67,021 hours | | | \$7,470,448 |

Notes:

1. This estimate includes the initial burden estimates amortized over a three-year period.
2. The Commission's estimates of the relevant wage rates 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. The estimated wage figures are modified by Commission staff to account for an 1,800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits, overhead, and adjusted to account for the effects of inflation. These PRA estimates assume that the same types of professionals would be involved in the proposed reporting requirements that we believe otherwise would be involved in preparing and filing reports on Form N-MFP.
3. This represents a blended hourly rate of \$304 for a Financial Reporting Manager (\$297 per hour), Fund Senior Accountant (\$221 per hour), Senior Database Administrator (\$349 per hour), Senior Portfolio Manager (\$336 per hour), and Compliance Manager (\$316 per hour). The blended hourly rate was calculated as $(\$297 + \$221 + \$349 + \$336 + \$316) / 5 = \304 .
4. This reflects that our proposal requires that only prime money market funds report information about disposed securities on Form N-MFP. We estimate that there were 64 prime funds as of July 2021, based on Form N-MFP filings.
5. We estimate that there were 318 money market funds as of July 2021, based on Form N-MFP filings.

13. Cost to Respondents

Cost burden is the cost of goods and services purchased in connection with complying with the collection of information requirements of rule 30b1-7 and Form N-MFP. The cost burden does not include the cost of the hour burden discussed in Item

12 above. For the purposes of our analysis, we believe that the proposed amendments to Form N-MFP would add an additional 10% costs for external goods and services purchased in connection with complying with the collection of information requirements of rule 30b1-7 and Form N-MFP.

Based on discussions with industry participants, we estimate that the 35% of money market funds that file reports on Form N-MFP in house license a third-party software solution to assist in filing their reports at an average cost of \$4,805 per fund per year. In addition, we estimate that 65% of money market funds that use a service provider to prepare and file reports on Form N-MFP pay an average fee of \$11,440 per fund per year. For the purposes of our analysis, we believe that the proposed amendments to Form N-MFP would add an additional 10% costs for external goods and services purchased in connection with complying with the collection of information requirements of rule 30b1-7 and Form N-MFP. In sum, we estimate that all money market funds would incur on average, in the aggregate, external annual costs of \$3,469,716, including \$290,016 in external annual costs as a result of the proposed amendments.¹⁰

¹⁰ This estimate is based on the following information and calculations: $(35\% \times \$4,805)$ (the average cost to license a third-party software solution per year) = \$1,681.75) + $(65\% \times \$11,440)$ (the average cost of retaining the services of a third-party vendor to prepare and file reports on Form N-MFP on the fund's behalf) = \$7,436) = basis for existing external N-MFP filing costs. We estimate that the new N-MFP requirements will add an additional 10% costs (e.g., $(\$1,681.75 + \$7,436 = \$9,117.75) \times 10\% = \912 per fund). $\$912 \times 318 = \$290,016$. $\$290,016 + 3,179,700$ (current external annual cost estimate) = \$3,469,716.

Table 2: Summary of Revised Annual Responses, Burden Hours, and Cost Estimates

| IC Title | Annual No. of Responses | | | Annual Time Burden (Hrs.) | | | External Cost to Respondents (\$) | | |
|------------|----------------------------|------------------|---------------|----------------------------|------------------|---------------|-----------------------------------|------------------|---------------|
| | <i>Previously approved</i> | <i>Requested</i> | <i>Change</i> | <i>Previously approved</i> | <i>Requested</i> | <i>Change</i> | <i>Previously approved</i> | <i>Requested</i> | <i>Change</i> |
| Form N-MFP | 5,148 | 3,816 | -1,332 | 64,667 | 67,021 | 2,354 | \$3,179,700 | \$3,469,716 | \$290,016 |

14. Costs to Federal Government

The annual cost of reviewing and processing disclosure documents, including new registration statements, post-effective amendments, proxy statements, shareholder reports, and other filings of investment companies amounted to approximately \$25.7 million in fiscal year 2020, based on the Commission’s computation of the value of staff time devoted to this activity and related overhead.

15. Changes in Burden

With the proposed amendments, the estimated hourly burden associated with Form N-MFP would increase from 64,667 hours to 67,021 hours (an increase of 2,354 hours). In addition, the estimated external cost burden associated with Form N-MFP would increase from \$3,179,700 to \$3,469,716 (an increase of \$290,016). The Commission requested public comment on all information collection burden estimates for this OMB control number.

16. Information Collection Planned for Statistical Purposes

The results of any information collected will not be published.

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 for Paperwork Reduction Act Submissions

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

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

The collection of information will not employ statistical methods.