

**SUPPORTING STATEMENT**  
**For the Paperwork Reduction Act Information Collection Submission for**  
**Rule 30b1-9 and Form N-PORT**

**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...” Final rule 30b1-9 under the Act [17 CFR 270.30b1-9], entitled “Monthly Report,” provides that each registered management investment company or exchange-traded fund organized as a unit investment trust, or series thereof, other than a registered open-end management investment company that is regulated as a money market fund under rule 2a-7 [17 CFR 270.2a-7] or a small business investment company registered on Form N-5 [17 CFR 239.24 and 274.5], must file a monthly report of portfolio holdings on Form N-PORT [17 CFR 274.150], current as of the last business day, or last calendar day, of the month.<sup>1</sup>

Form N-PORT requires funds to report portfolio holdings information in a structured, XML format. The form is filed electronically using the Commission’s electronic filing system (Electronic Data Gathering, Analysis and Retrieval or “EDGAR”). Consistent with the current portfolio disclosure regime, only information reported for the third month of each fund’s fiscal quarter on Form N-PORT is made

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<sup>1</sup> See Investment Company Reporting Modernization, Investment Company Act Release No. 32314 (October 16, 2016).

publicly available, and such information is not made public until 60 days after the end of the third month of the fund's fiscal quarter. This approach is intended to minimize the harm of free-riding and front running activity that might occur with more frequent or rapid public disclosure.

On May 25, 2022, the Commission proposed amendments to Form N-PORT ("Names Rule Proposal") to include a new reporting item regarding the 80% investment policy that a fund would adopt in compliance with rule 35d-1 under the Act.<sup>2</sup> There would also be a proposed new Form N-PORT reporting item requiring a fund subject to the 80% investment policy requirement to indicate, with respect to each portfolio investment, whether the investment is included in the fund's calculation of assets in the fund's 80% basket.<sup>3</sup>

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

The title for the collection of information is: Rule 30b1-9 and Form N-PORT. The information provided in reports on Form N-PORT will be used by the Commission in its regulatory, disclosure review, inspection, and policymaking roles. Unlike many other federal information collections, which are primarily for the use and benefit of the collecting agency, this information collection will also be for the use and benefit of investors. The Commission will make information reported for the third month of each fund's fiscal quarter on Form N-PORT publicly available.

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<sup>2</sup> See 17 CFR 270.35d-1. A policy that a fund must adopt under rule 35d-1 is referred to as an "80% investment policy" and the fund's investments invested in accordance with this policy as the fund's "80% basket."

<sup>3</sup> See Investment Company Names, Investment Company Act Release No. 34593 (May 25, 2022) ("Names Rule Proposing Release").

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

The Commission's EDGAR electronic filing system is designed to automate the filing, processing and dissemination of full disclosure filings. The system permits filers 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. Reports on Form N-PORT are filed with the Commission electronically on EDGAR. The public may access filings on EDGAR through the Commission's website (<http://www.sec.gov>) or at EDGAR terminals located at the Commission's public reference rooms.

### **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 collection required by the amendments to Form N-PORT is not duplicated elsewhere.

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

The requirements for reports on Form N-PORT will not distinguish between small entities and other funds in terms of what information will be required to be reported, including the information required by the proposed amendments. The Commission believes that imposing different reporting requirements on smaller funds will not be consistent with investor protection and the purposes of portfolio holdings reports. Differing reporting requirements will not provide comparable information about portfolio

holdings held by small entities and other funds that could be used by Commission staff to identify trends and outliers and by investors to make informed investment decisions.

The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act, to identify methods to minimize recordkeeping or reporting requirements affecting small entities.

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

Funds are required to file reports on Form N-PORT with the Commission no later than 30 days after the end of each month. Less frequent collection would mean that current information will not be available to the Commission.

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

Rule 30b1-9 requires funds to submit reports on Form N-PORT on a monthly basis. Given the rapidly changing composition of fund portfolios, monthly reports are necessary to ensure that the Commission receives timely and accurate portfolio holdings information.

#### **8. Consultation Outside the Agency**

Before adopting the proposed amendments to Form N-PORT in the Names Rule Proposal, the Commission will receive and evaluate public comments on the proposal and its collection of information requirements. 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 informal exchanges. These various forums provide the Commission and

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

**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, job titles, work addresses and telephone numbers. 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 (“PRA”) (44 U.S.C. 3501 *et seq.*) and are not derived from a comprehensive or even representative survey or study of the cost of the Commission rules and forms.

Preparing reports of portfolio holdings on Form N-PORT is mandatory for all management investment companies (other than money market funds and small business investment companies) and UITs that operate as ETFs and is a collection of information under the PRA. We estimate that 11,980 entities will be required to submit reports on Form N-PORT. We estimate that 35% of funds will file reports on Form N-PORT in house and the remaining 65% of funds will retain the services of a third party to prepare and file reports on Form N-PORT on the fund's behalf.

The information required by Form N-PORT must be data-tagged in XML format. Responses to the reporting requirements will be kept confidential, subject to the provisions of applicable law, for reports filed with respect to the first two months of each quarter; the third month of the quarter will not be kept confidential, but made public 60 days after the quarter end, unless otherwise stated in the form. Form N-PORT is designed to assist the Commission its regulatory, disclosure review, inspection, and policymaking roles, and to help investors and other market participants better assess different fund products.

Table 1 below summarizes our PRA burden estimates associated with filing Form N-PORT.

**Table 1: Form N-PORT PRA Estimates**

	Internal initial burden hours	Internal annual burden hours <sup>1</sup>	Wage rate <sup>2</sup>	Internal time costs	Initial external cost burden	Annual external cost burden
<b>CURRENT BURDEN ESTIMATES</b>						
Preparing and Filing Reports on Form N-PORT Generally <sup>3</sup>		12.7984	× \$355.8123 [blended wage rate]	\$4,553.8278		\$792.0015
Number of responses <sup>4</sup>		143,760		× 143,760		× 143,760
<b>Current Burden Requirement</b>		<b>1,839,903 hours</b>		<b>\$654,658,288</b>		<b>\$113,858,133</b>
<b>NEW PROPOSED BURDENS</b>						
Reporting About 80% Investment Policy	4 hours	9 hours	× \$356 (blend of compliance attorney and senior programmer)	\$3,204		\$992 <sup>5</sup>
Number of funds		× 9,996 funds <sup>6</sup>		× 9,996 funds		× 9,996 funds
<b>Total Burden for Reporting About 80% Investment Policy (a)</b>		<b>89,964 hours</b>		<b>\$32,027,184</b>		<b>\$9,916,032</b>
Investments to be Included in a Fund's 80% Basket	4 hours	10 hours	× \$356 (blend of compliance attorney and senior programmer)	\$3,560		\$992
Number of funds		× 9,996 funds		× 9,996 funds		× 9,996 funds
<b>Total Burden for Investments to be Included in a Fund's 80% Basket (b)</b>		<b>99,960 hours</b>		<b>\$35,585,760</b>		<b>\$9,912,032</b>
<b>Total annual burden for Names Rule Information (a +b)</b>		<b>189,924 hours</b>		<b>\$67,612,944</b>		<b>\$19,832,064</b>
<b>TOTALS/CHANGES</b>						
<b>Total estimated annual burden (current burden estimates plus new proposed burdens)</b>		<b>2,029,827 hours</b>		<b>\$722,271,232</b>		<b>\$133,690,197</b>
<b>Current burden estimates<sup>7</sup></b>		<b>1,839,903 hours</b>		<b>\$654,658,288</b>		<b>\$113,858,133</b>
<b>Change to current burden estimates</b>		<b>189,924 hours</b>		<b>\$67,612,944</b>		<b>\$19,832,064</b>

Notes to Table 1:

1. Includes initial burden estimates annualized over a three-year period.

2. Estimates of the relevant wage rates for internal time costs in the table above are based on salary information for the securities industry compiled by and reported in the Securities Industry and Financial Markets Association's Report on Management & Professional Earnings in the Securities Industry 2013 ("SIFMA Report"), and 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. The final internal wage figures are slightly higher than the proposed estimates due to inflation.

Estimates of the relevant wage rates for external time costs, such as outside legal services, take into account staff experience, information from a variety of sources including general information websites, and adjustments for inflation.

These PRA estimates assume that the same types of professionals will be involved in the reporting requirements that we believe otherwise will be involved in preparing and filing reports on Form N-PORT.

3. These estimates have been rounded to the nearest ten thousandths.

4. This estimate is based upon the following calculation: 11,980 respondents x 12 responses per year = 143,760 annual responses.

5. The estimated burden is based on the estimated wage rate of \$496/hour, for 2 hours, for outside legal services. The Commission's estimates of the relevant wage rate for external time costs, such as outside legal services, take into account staff experience, a variety of sources including general information websites, and adjustments for inflation.

6. The currently-approved PRA burden for rule 35d-1 was based on the Commission's estimate that 83% of funds were covered by rule 35d-1. We now estimate that 75% of funds would be covered by our proposed rule amendments. The prior PRA burden was based on an estimate using a different analytical approach than we are now employing. Based on our current analysis, we estimate that 62% of funds are currently subject to rule 35d-1 and that our proposed rule amendments would increase this estimate to 75% of funds. The Commission estimates, across approximately 14,001 open-end and closed-end funds registered with the Commission, not including money market funds, that there are approximately 10,394 funds that have names that would be covered by the proposed rule amendments, or 75% of funds covered by the rule amendments (10,223 mutual funds (other than money market funds) + 2,320 non-UIT ETFs = 12,543 open end funds + 736 registered closed-end funds + 49 UITs = 13,328 funds x 75% = 9,996 funds).

7. The Names Rule Proposing Release inadvertently included erroneous information about the current burdens of Form N-PORT (the estimates of 108,457,536 hours, \$41,293,162,680 in internal costs of this hour burden, and \$12,628,862,016 in external costs are all erroneous; the correct currently-approved estimates are 1,839,903 hours, \$654,658,288 in internal costs of this hour burden, and \$113,858,133 in external costs). The



information above correctly reflects the currently-approved burden hours and costs. The estimated changes in burdens as a result of the proposal were correctly reported in the Names Rule Reporting Release.

**13. Cost to Respondents**

Cost burden is the cost of goods and services purchased to prepare and update filings on Form N-PORT, such as for licensing software solutions or for the services of external service providers. The cost burden does not include the hour burden discussed in Item 12. Estimates are based on the Commission's experience with the filing of registration forms. As discussed above, we estimate a total of \$133,690,197 in costs to respondents should the amendments be adopted.

**14. Cost to the Federal Government**

The annual cost of reviewing and processing new registration statements, post-effective amendments, proxy statements, and shareholder reports of investment companies amounted to approximately \$30 million in fiscal year 2021, based on the Commission's computation of the value of staff time devoted to this activity and related overhead.

**15. Change in Burden**

The proposed changes to N-PORT as part of the Names Rule Proposal would result in increases in the burdens on reporting entities. As summarized in Table 1 above, the estimated hourly burden associated with Form N-PORT would increase from 1,839,903 hours to 2,029,827 hours (an increase of 189,924 hours). The internal time cost would increase from \$654,658,288 to \$722,271,232 (an increase of \$67,612,944). The annual external cost burden would increase from \$113,858,133 to \$133,690,197 (an increase of \$19,832,064).

**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 for design and IT project scheduling reasons. 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.