

**SUPPORTING STATEMENT**  
**For the Paperwork Reduction Act Information Collection Submission for**  
**Form N-CEN**

**A. JUSTIFICATION**

**1. Necessity of Information Collection**

All registered investment companies with the exception of face amount certificate companies are required to file periodic reports with the Commission under the Investment Company Act of 1940 (“Investment Company Act”).<sup>1</sup> Section 30(a) of the Investment Company Act<sup>2</sup> provides that each registered investment company must file annually with the Commission such information, documents and reports as investment companies having securities registered on a national securities exchange are required to file annually under the Securities Exchange Act of 1934 (“Exchange Act”).<sup>3</sup> In addition, section 30(b) of the Investment Company Act requires each registered investment company to file, among other things, “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.”<sup>4</sup>

Form N-CEN is used to collect annual, census-type information for registered funds. Filers must submit this report electronically using the Commission’s electronic filing system “(EDGAR)” in Extensible Markup Language (“XML”) format. This

---

<sup>1</sup> 15 U.S.C. 80a-1 *et seq.*

<sup>2</sup> 15 U.S.C. 80a-29(a).

<sup>3</sup> 15 U.S.C. 78a *et seq.*

<sup>4</sup> 15 U.S.C. 80a-29(b).

collection of information is mandatory for all registered funds, and responses are not kept confidential.

On May 25, 2022, the Commission issued a release proposing amendments to Form N-CEN that are designed to collect census-type information regarding the environmental, social, and governance (“ESG”) investment practices of registered investment companies.<sup>5</sup> Specifically, registered investment companies that are required to complete Part C of Form N-CEN (hereinafter referred to as “funds”) would be required to indicate whether or not it incorporates ESG factors and, if it does incorporate ESG factors, to report: (i) the type of ESG strategy it employs, (ii) the ESG factor(s) it considers (*i.e.*, E, S, and/or G), (iii) if applicable, whether it considers ESG factors as part of its proxy voting policies and procedures; (iv) whether the fund considers ESG—related information or scores provided by ESG providers in implementing its investment strategy and, if so, the fund would be required to provide the full name and legal entity identifier of such provider(s), if applicable; and (v) whether the fund follows any third-party ESG frameworks and, if so, the fund would be required to provide the full name of such frameworks.<sup>6</sup> The amendments also would require all index funds to report the name and LEI, if any, or provide and describe other identifying number of the index the funds track.<sup>7</sup>

---

<sup>5</sup> See Enhanced Disclosures by Certain Investment Advisers and Investment Companies about Environmental, Social, and Governance Investment Practices, Investment Company Act Release No. 34594 (May 25, 2022) (“Proposing Release”).

<sup>6</sup> Proposed Item C.3(j) of Form N-CEN.

<sup>7</sup> See proposed Item C.3(b)(i) of Form N-CEN.

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

The purpose of Form N-CEN is to satisfy the filing and disclosure requirements of section 30 of the Investment Company Act, and of rule 30a-1 thereunder. The information required to be filed with the Commission assures the public availability of the information and is designed to facilitate the Commission's oversight of registered funds and its ability to monitor trends and risks.

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

The Commission's electronic filing system (Electronic Data Gathering, Analysis, and Retrieval or "EDGAR") provides for automated filing, processing, and dissemination of full disclosure filings. This automation has increased the speed, accuracy, and availability of information, generating benefits to investors and financial markets. Reports on Form N-CEN are required to be filed with the Commission electronically on EDGAR in a structured (XML) format which permits the electronic analysis of the data in a single filing and comparisons over time or across similar investment companies.

## **4. Duplication**

The Commission periodically evaluates rule-based reporting and recordkeeping requirements for duplication and reevaluates them whenever it proposes a rule or a form or a change in a rule or form. The information provided under reports on Form N-CEN either is not duplicated elsewhere at all or is not duplicated in a format that permits the electronic analysis of the data in a single filing or in comparison over time or across similar investment companies. Any information solicited by Form N-CEN that may be duplicated in other documents filed with the Commission is in narrative format so that it can be read and understood by investors. The

Commission is not able to analyze narrative information electronically on a regular basis, using database or spreadsheet applications.

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

The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act,<sup>8</sup> to identify methods to minimize recordkeeping or reporting requirements affecting small businesses. Form N-CEN must be filed by all registered investment companies other than face amount certificate companies, regardless of size. The burden on smaller investment companies, however, to prepare reports on Form N-CEN may be greater than for larger investment companies. The Commission believes, however, that imposing different requirements on smaller investment companies would not be consistent with investor protection and the purposes of section 30 of the Investment Company Act.

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

The Commission requires the filing of Form N-CEN annually for all registered investment companies so that it will have current information available for use in performing inspections, selectively reviewing registration documents, and conducting studies and other types of analyses necessary to keep the Commission's regulatory program for investment companies current with industry conditions. Less frequent collection would mean that current information may not be available to investors and may potentially decrease investor confidence in the full and fair disclosure system that is the hallmark of the U.S. capital markets.

---

<sup>8</sup> 5 U.S.C. 601 *et seq.*

## **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 informal exchanges. These various forums provide the Commission and staff with a means of ascertaining and acting upon paperwork burdens confronting the industry. Before adopting the proposed amendments to Form N-CEN, the Commission will receive and evaluate public comments on the proposal and its 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**

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 name, job title, and work address. 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 February 5, 2020 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 of 1995<sup>9</sup> and are not derived from a comprehensive, or even representative, survey or study of the cost of Commission rules and forms. Form N-CEN is an annual report filed with the Commission by all registered investment companies, other than face-amount certificate companies. We have previously estimated that it takes a total of 54,890 hours, and involves a total external cost burden of \$1,344,980, to comply with the collection of information associated with Form N-CEN.<sup>10</sup> Compliance with the disclosure requirements of Form N-CEN is mandatory. Responses to the disclosure requirements are not kept confidential. The table below summarizes our PRA initial and ongoing annual burden estimates associated with the proposed amendments to Form N-CEN. Staff estimates there will be no external costs associated with this collection of information.

---

<sup>9</sup> 44 U.S.C. 3501 *et seq.*

<sup>10</sup> This estimate is based on the last time the rule's information collection was submitted for PRA renewal in 2021. *See* ICR Reference No. 202012-3235-017, available at [https://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=202012-3235-017](https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202012-3235-017).

**TABLE 1: FORM N-CEN PRA ESTIMATES**

	Internal initial burden hours	Internal annual burden hours	Wage rate <sup>1</sup>	Internal time costs	Annual external cost burden
<b>PROPOSED AMENDMENTS TO FORM N-CEN</b>					
<b>Proposed ESG Related Disclosure</b>					
Reporting ESG-related fund census information	1 hour	1 hour <sup>2</sup>	\$351 (blended rate for compliance attorney and senior programmer) <sup>3</sup>	\$351	\$0
Total new annual burden per fund		1 hour		\$351	\$0
Number of funds		× 14,201 funds <sup>4</sup>		× 14,201 funds	
Total new annual burden		14,201 hours		\$4,984,551	
<b>Proposed Index Fund Disclosure</b>					
Reporting Index-related fund census information	0.5 hours	0.5 hours <sup>5</sup>	\$351 (blended rate for compliance attorney and senior programmer) <sup>3</sup>	\$157.5	\$0
Total new annual burden per fund		0.5 hours		\$157.5	\$0
Number of funds		× 2,638 funds <sup>6</sup>		× 2,638 funds	
Total new annual burden		1,319 hours		\$415,485	\$0
<b>TOTAL ESTIMATED BURDENS INCLUDING AMENDMENTS</b>					
Current burden estimates		+ 54,890 hours			\$1,344,980 <sup>+</sup>
Revised burden estimates		70,410 hours			\$1,344,980

Notes:

1. These PRA estimates assume that the same types of professionals would be involved in satisfying the proposed reporting requirements that we believe otherwise would be involved in complying with this requirement. The Commission's estimates of the relevant wage rates are based on the SIFMA Wage Report
2. This estimate assumes that, after the initial 1 hour that a fund reporting on Form N-CEN to report the proposed ESG-related data elements, which we annualize over a 3-year period, the fund would incur 0.67 additional burden hours associated with ongoing preparation of the proposed reporting requirements per year. The estimate of 1 hour is based on the following calculation: ((1 initial hour /3) + 0.67 hours of additional ongoing burden hours) = 1 hour.
3. The \$351 wage rate reflects current estimates of the blended hourly rate for an in-house compliance attorney (\$368) and a senior programmer (\$334). \$351 is based on the following calculation: (\$368+\$334)/ 2 = \$351.
4. This estimate is based on the total number of funds required to complete Part C of Form N-CEN.
5. This estimate assumes that, after the initial 0.5 hours that a fund reporting on Form N-CEN to report the proposed index-related data elements, which we annualize over a 3-year period, the fund would incur 0.3 additional burden hours associated with ongoing preparation of the proposed reporting requirements per year. The estimate of 0.5 hour is based on the following calculation: ((0.5 initial hour /3) + 0.3 hours of additional ongoing burden hours) = 0.5 hours.
6. This estimate is based on the number of index funds required to file Form N-CEN.

### 13. Cost to Respondents

The Commission previously estimated, with respect to the filing of a report on Form N-CEN, an external cost of \$91 per registrant/fund and in the aggregate all

applicable funds will incur external costs of \$1,344,980.<sup>11</sup> External costs include the cost of goods and services, which with respect to reports on Form N-CEN, would include the costs of registering and maintaining an LEI for the registrant/funds.<sup>12</sup> As indicated in table 1 above, we estimate in the Proposing Release that the amendments to Form N-CEN will impose no additional external costs associated with this collection of information.

#### **14. Costs to Federal Government**

We previously estimated that 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. We estimate that the amendments to Form N-CEN will not impose additional costs to the federal government associated with this collection of information.

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

As summarized in Table 1 above, the estimated annual burden hours for Form N-CEN has increased from 54,890.6 to 70,410 hours (an increase of 15,520 hours). This is due to proposed amendments to Form N-CEN that would require a fund to provide information related to its ESG investment practices and additional index-related information. We do not estimate a change in cost burden. These changes in burden also reflect the Commission's revision and update of burden

---

<sup>11</sup> Id.

<sup>12</sup> See Items B.1.d. and C.1.c. of Form N-CEN (requiring LEI for the registrant and each management investment company).



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**

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 for design and IT project scheduling reasons. 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. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS**

The collection of information will not employ statistical methods.