

**SUPPORTING STATEMENT**  
**For the Paperwork Reduction Act Information Collection Submission for**  
**Rule 30b1-8 and Form N-CR**

**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...” Rule 30b1-8 under the Act [17 CFR 270.30b1-8], entitled “Current Report for Money Market Funds,” provides that every registered open-end management investment company, or series thereof, that is regulated as a money market fund under rule 2a-7 [17 CFR 270.2a-7], that experiences any of the events specified on Form N-CR [17 CFR 274.222], must file with the Commission a current report on Form N-CR within the time period specified in that form. Similar to Form 8-K under the Securities Exchange Act of 1934 [17 CFR 249.308], Form N-CR requires disclosure of certain specific reportable events.

Specifically, a money market fund is required to file Form N-CR if a portfolio security defaults, an affiliate provides financial support to the fund, or the fund experiences a significant decline in its shadow price. In most cases, a money market fund is required to submit a brief summary filing on Form N-CR within one business day of the occurrence of the event, and a follow up filing within four business days that includes a more complete description and information. Compliance with rule 30b1-8 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.

On July 12, 2023, the Commission adopted amendments (the “amendments”) that require a money market fund to report on Form N-CR if it experiences a liquidity threshold event (*i.e.*, the fund has invested less than 25% of its total assets in weekly liquid assets or less than 12.5% of its total assets in daily liquid assets), and require that filings on Form N-CR be in structured data format.<sup>1</sup> The amendments also remove reporting items on Form N-CR relating to the imposition of liquidity fees or redemption gates.

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

The information collection requirements for rule 30b1-8 and Form N-CR are designed to assist Commission staff in its oversight of money market funds and its ability to respond to market events. It also provides investors with better and timelier disclosure of potentially important events. Finally, the Commission is able to use the information provided on Form N-CR in its regulatory, disclosure review, inspection, and policymaking roles.

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

The Commission's electronic filing project (Electronic Data Gathering, Analysis and Retrieval System, or “EDGAR”) is designed to automate the filing, processing and dissemination of full disclosure filings. EDGAR permits investment companies to transmit their filings to the Commission electronically. Such automation has increased the speed, accuracy and availability of information, generating benefits to investors and financial markets. Form N-CR is required to be filed with the Commission electronically on EDGAR.

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<sup>1</sup> See Money Market Fund Reforms; Form PF Reporting Requirements for Large Liquidity Fund Advisers; Technical Amendments to Form N-CSR and Form N-1A, Investment Company Act Release No. 34959 (July 12, 2023) [88 FR 51404 (Aug. 3, 2023)].

#### **4. Duplication**

The Commission periodically evaluates rule-based reporting and recordkeeping requirements for duplication, and reevaluates them whenever it adopts changes in its rules. The requirements of Form N-CR are not generally duplicated elsewhere.

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

Pursuant to 5 U.S.C. section 605(b), the Commission does not believe that compliance with rule 30b1-8 and filing Form N-CR will have a significant effect on small entities.

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

Rule 30b1-8 and Form N-CR set forth the disclosure requirements for current reports filed by money market funds to assist Commission staff in its oversight of money market funds and provide investors with better and timelier disclosure of potentially important events. Less frequent collection would deprive investors of access to information that is important to their investment decisions.

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

Not applicable.

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

On December 15, 2021, the Commission issued a proposing release soliciting comment on collections of information related to, among other things, the proposed amendments to Form N-CR.<sup>2</sup> The Commission's solicitation of public comments included estimating and requesting public comments on updated burden estimates for all information collections under this OMB control number (*i.e.*, both changes associated with the amendments and other burden updates).

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<sup>2</sup> See Money Market Fund Reforms, Investment Company Act Release No. 34441 (Dec. 15, 2021) [87 FR 7248 (Feb. 8, 2022)].

The Commission did not receive public comment regarding the PRA estimates for Form N-CR in the Proposing Release.

In addition, 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 and job titles. 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 03/22/2023, is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

## 12. Burden of Information Collection

The Commission estimates that it will receive, in the aggregate, an average of 7 reports per year filed on Form N-CR.<sup>3</sup> Taking into account a blend of legal and financial in-house professionals, as well as the additional burdens associated with the amendments,<sup>4</sup> we estimate that a fund will spend, on average, 10.5 burden hours<sup>5</sup> and time costs of approximately \$4,452<sup>6</sup> for one report. The Commission therefore estimates that the total annual burden for Form N-CR reporting will be 73.5 burden hours and the total annual time cost will be \$31,164.<sup>7</sup>

### Summary of Revised Annual Responses, Burden Hours, and Cost Estimates

IC Title	Annual No. of Responses			Annual Time Burden (Hrs.)			External Cost to Respondents (\$) <sup>8</sup>		
	<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-CR	6	7	+1	51	73.5	+22.5	\$6,111	\$8,309	+\$2,198

<sup>3</sup> The estimated number of reports per year filed on Form N-CR, based on initial and follow-up amendment filings with the Commission in 2018-2020, was 6, and has been increased to account for an estimated one additional annual response resulting from the amendment requiring reporting of liquidity threshold events.

<sup>4</sup> Recognizing that, depending on the particular circumstances, different members of a fund's financial team may assist with the preparation of Form N-CR in varying degrees, we have estimated the time costs for a financial professional to be \$325 per hour, which is the blended average hourly rate for a senior portfolio manager, financial reporting manager, and senior accountant. For similar reasons, we have estimated the time costs for a legal professional to be \$560 per hour, which is the blended average hourly rate for a deputy general counsel and compliance attorney. 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 adjusted to account for bonuses, firm size, employee benefits, overhead, and adjusted to account for the effects of inflation.

<sup>5</sup> When filing a report, the Commission estimates that a fund will spend on average approximately 4.5 hours of legal professional time, 4 hours of financial professional time, and 2 hours of programmer time to prepare, review and submit a filing.

<sup>6</sup> This estimate is based on the following calculations: (4.5 hours x \$560 per hour for a legal professional = \$2,520) + (4 hours x \$325 per hour for a financial professional = \$1,300) + (2 hours x \$316 per hour for a programmer) = \$4,452.

<sup>7</sup> This estimate is based on the following calculation: 7 reports per year x 10.5 burden hours per report = 73.5 burden hours; 7 reports per year x \$4,452 time cost per report = \$31,164 in time costs.

<sup>8</sup> These estimates are discussed in Item 13 of this supporting statement below.

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

Cost burden is the cost of services purchased to comply with rule 30b1-8 and Form N-CR, such as computer programmers, outside counsel, and third-party service providers. The Commission estimates that some funds may engage outside legal counsel to complete Form N-CR.<sup>9</sup> The Commission estimates that funds will incur, on average, external costs of approximately \$1,187 for one report;<sup>10</sup> therefore the total external costs for Form N-CR reporting will be \$8,309.<sup>11</sup>

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

The annual cost of reviewing and processing registration statements, post-effective amendments, proxy statements, shareholder reports, and other filings of investment companies amounted to approximately \$29 million in fiscal year 2022, based on the Commission's computation of the value of staff time devoted to this activity and related overhead.

### **15. Change in Burden**

The estimated hourly burden associated with Form N-CR has changed from 51 hours to 73.5 hours (an increase of 22.5 hours). The estimated external cost burden associated with Form N-CR has changed from \$6,111 to \$8,309 (an increase of \$2,198). The changes in burden hours and external burden costs for compliance with rule 30b1-8 and Form N-CR are attributable to the amendments to the form as well as adjustments in the costs of associated professionals. These

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<sup>9</sup> We estimate the cost for outside legal counsel to be \$565 per hour. *See* SIFMA's Management & Professional Earnings in the Securities Industry 2013, *supra* note 4.

<sup>10</sup> We estimate that approximately a quarter of the total legal professional time that will otherwise have been spent on responding to Form N-CR, or 2.1 hours, will be shifted from in-house counsel to outside counsel. Accordingly, we estimate that funds will incur additional external legal costs of \$1,187 (2.1 hours x \$565 per hour for outside counsel) per report.

<sup>11</sup> This estimate is based on the following calculation: 7 reports per year x \$1,187 external cost per report = \$8,309 in external costs. This corrects a typographical error in the Adopting Release, which listed an external cost estimate of \$7,298.

changes in burden 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 the amendments), 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. 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 Statement for Paperwork Reduction Act Submission**

Not applicable.

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

Not applicable.