

**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 September 20, 2023, the Commission adopted amendments to Form N-PORT ("Names Rule Adoption") 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 is also a 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> The final amendments contain some modifications from the proposal. First, the final Form N-PORT amendments modify the proposed reporting approach by requiring reported information for the third month of each calendar quarter, instead of for every month. This modified reporting frame corresponds with the period for review that will otherwise be mandated by the final amendments. Secondly, the final amendments add a new reporting item, in which funds will be required to report the definitions of terms used in a fund's name. Lastly, we did not adopt the proposed requirement that funds report the number of days that the value of the fund's 80% basket fell below 80% of the value of the fund's total assets during the reporting period.

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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. 35000 (September 20, 2023) ("Names Rule Adopting Release").

## **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.

## **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 generally 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 amendments. The Commission believes that imposing different reporting requirements on smaller funds is not 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 received and evaluated 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. The Commission did not receive public comment regarding the PRA estimates for the amendments to Form N-PORT in the proposing release, but it did receive comments on the overall costs and burdens associated with this aspect of the proposal. These comments were considered by the Commission as discussed in the Names Rule Adopting Release, and the Commission adjusted the proposal's estimated annual burden hours and total time costs in consideration of these comments as well as the changes from the proposed requirements. The Commission's solicitation of public comments included 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 rulemaking and other burden updates).

## **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, including the recently-adopted amendments to Form N-PORT.

Table 1: Form N-PORT PRA ESTIMATES

	Initial hours	Annual hours <sup>1</sup>	Wage rate <sup>2</sup>	Internal time costs	Annual external cost burden
<b>CURRENTLY APPROVED BURDENS</b>					
Preparing and Filing Reports on Form N-PORT Generally		44,500	\$344.19 (estimate of wage rate in most recently approved supporting statement)	\$15,316,455	\$4,684,296
Number of Responses		2,696		2,696	2,696
<b>Current Burden Requirement</b>		<b>1,839,903 hours</b>		<b>\$654,658,288</b>	<b>\$113,858,133</b>
<b>PROPOSED BURDENS</b>					
New Reporting About 80% Investment Policy <sup>3</sup>	4 hours	9 hours	\$356 (blend of compliance attorney and senior programmer)	\$3,204	\$992 <sup>6</sup>
Number of Funds		x 9,996 funds <sup>5</sup>		x 9,996 funds	x 9,996 funds
<b>Total New Burden for New Reporting About 80% Investment Policy (I)</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 <sup>4</sup>	4 hours	10 hours	\$356 (rate for compliance attorney and senior programmer)	\$3,560	\$992 <sup>6</sup>
Number of Funds		X 9,996 funds <sup>5</sup>		X 9,996 funds	x 9,996 funds
<b>Total New Burden for Investments to be Included in a Fund's 80% Basket (II)</b>		<b>99,960 hours</b>		<b>\$35,585,760</b>	<b>\$9,916,032</b>
<b>TOTAL PROPOSED ESTIMATED BURDENS INCLUDING AMENDMENTS</b>					
<b>Total New Annual Burden (I + II)</b>		<b>189,924 hours</b>		<b>\$67,612,944</b>	<b>\$19,832,064</b>
<b>FINAL ESTIMATED BURDENS</b>					
New Reporting About 80% Investment Policy <sup>3</sup>	4 hours	2 hours	\$406 (blend of compliance attorney and senior programmer)	\$812	\$1,130 <sup>6</sup>
Number of Funds		x 9,926 funds <sup>7</sup>		x 9,926 funds	x 9,926 funds
<b>Total New Burden for New Reporting About 80% Investment Policy (I)</b>		<b>19,852 hours</b>		<b>\$8,059,912</b>	<b>\$11,216,380</b>
Investments to be Included in a Fund's 80% Basket <sup>4</sup>	8 hours	7 hours	\$406 (rate for compliance attorney and senior programmer)	\$2,842	\$1,130 <sup>6</sup>
Number of Funds		X 9,926 funds <sup>7</sup>		X 9,926 funds	x 9,926 funds
<b>Total New Burden for Investments to be</b>		<b>69,482 hours</b>		<b>\$28,209,692</b>	<b>\$11,216,380</b>

Included in a Fund's 80% Basket (II)			
TOTAL FINAL ESTIMATED BURDENS INCLUDING AMENDMENTS			
<b>Total New Annual Burden (I + II)</b>	<b>89,334 hours</b>	<b>\$36,269,604</b>	<b>\$22,432,760</b>
<b>Revised Aggregate Annual Burden Estimates</b>	<b>1,929,237 hours</b>	<b>\$690,927,892</b>	<b>\$136,290,893</b>

Notes:

1. Includes initial burden estimates annualized over a 3-year period.

2. The estimated wage figures are based on published rates for the professionals described in this chart, modified to account for an 1800-hour work-year and inflation. The estimates for the proposed and final burdens were multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead. See Securities Industry and Financial Markets Association's Report on Management & Professional Earnings in the Securities Industry 2013.

3. This burden corresponds to the requirement for a fund to report the value of its 80% basket as a percentage of the value of its assets. The proposed estimate also reflects the burden associated with the requirement for funds to report the number of days that the value of the 80% basket fell below 80% of the value of the fund's total assets. Because we are not adopting this requirement under the final rule, the final annual hours burden estimate has been reduced by 33% compared to the proposed estimate. The final annual hours estimate has also been reduced by a factor of 3 to reflect the modified reporting timeframe under the final amendments (i.e. quarterly as opposed to monthly). Accordingly, the adjustment from proposed annual hours burden estimate to the final estimate reflects the following calculation: 9 hours x (2/3) = 6 hours / 3 = 2 hours.

4. This burden corresponds to the requirement for funds that are required to adopt 80% policies 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; and for the final estimate (but not the proposed estimate), the requirement for funds to report definitions of the terms used in their names. Our final estimate of the initial hours burden has been increased by a factor of 2 compared to the proposed estimate to reflect costs associated with systems and operational modifications that may be required for compliance with these requirements. Our final estimate of the annual hours burden also reflects these increased costs compared to the proposed estimate; however it has been reduced in order to reflect the modified reporting timeframe under the final amendments (i.e. quarterly as opposed to monthly), resulting in an overall estimate for the annual hours burden that is lower than the proposed estimate. Specifically, the adjustment from the proposed annual hours burden estimate to the final estimate reflects the following calculation: 10 hours x 2 = 20 hours / 3 = 6.67 (rounded to 7 hours).

5. 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. The Commission estimated 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. The Commission estimated that 62% of funds are currently subject to rule 35d-1 and that the proposed rule amendments would increase this estimate to 75% of funds. The Commission estimated, across approximately 14,001 open-end and closed-end funds registered with the Commission, not including money market funds, that there would have been 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).

6. The estimated burdens at proposal were based on the estimated wage rate of \$496/hour, and at adoption are based on the estimated wage rate of \$565/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.

7. Based on our current analysis, we estimate that that 60% of funds are currently subject to rule 35d-1, and that the final amendments will increase this estimate to 76% of funds. The Commission estimates, across approximately 13,061 open-end and closed-end funds registered with the Commission, not including money market funds, that there will be approximately 9,926 funds that have names that will be covered by the proposed rule amendments, or 76% of the funds covered by the rule amendments (9,533 mutual funds (other than money market funds) + 2,735 non-UIT ETFs + 12,268 open end funds + registered closed-end funds + 45 UITs = 13,061 funds x 76% = 10,318 funds).

**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 \$136,290,893 in costs to respondents.

**14. Cost to the 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 \$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 changes to N-PORT as adopted in the Names Rule Adopting Release will result in increases in the burdens on reporting entities. These 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 rulemaking changes), and the Commission requested public comment on all information collection burden estimates for this OMB control number. As summarized in Table 1 above, the estimated hourly burden associated with Form N-PORT would increase from 1,839,903 hours to 1,929,237 hours (an increase of 89,334 hours). The internal time cost would increase from \$654,658,288 to \$690,927,892 (an increase of \$36,269,604). The annual

external cost burden would increase from \$113,858,133 to \$136,290,893 (an increase of \$22,432,760).

**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.