

**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

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<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.

## **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>5</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

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

and may potentially decrease investor confidence in the full and fair disclosure system that is the hallmark of the U.S. capital markets.

## **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~~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. The Commission requested public comment on the collection of information requirements in Form N-CEN before it submitted this request for extension and approval to the Office of Management and Budget. The Commission received no comments in response to its request.

## **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 March 22, 2023 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>6</sup> and are not derived from a comprehensive, or even representative, survey or study of the cost of Commission rules and forms. Compliance with Form N-CEN is mandatory. Responses to the collection of information will not be kept confidential.

Form N-CEN is a structured form that requires registered funds to provide census-type information to the Commission on an annual basis. The Commission estimates that registered management investment companies, would spend as much as 13.35 hours preparing the generally applicable items and filing the form. The Commission further estimates that UITs, including separate account UITs, would spend as much as 9.11 hours preparing and filing Form N-CEN, since a UIT is required to answer fewer items.

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<sup>6</sup> 44 U.S.C. 3501 *et seq.*

We estimate that the average annual hour burden to complete the generally applicable items on Form N-CEN response will be 12.45 hours per year.<sup>7</sup> We estimate the average annual burden to complete certain items on Form N-CEN that apply to a subset of funds, including reporting related to rules 22e-4, 22c-1, 6c-11, 12d1-4, and 18f-4, would be 5.31 hours per year.<sup>8</sup> Thus, we estimate the total average annual hour burden to complete Form N-CEN will be 18 hours per year. We estimate that the aggregate annual hour burden to complete Form N-CEN will be 59,490 hours per year.<sup>9</sup> We therefore estimate that filers would have total average annualized paperwork related expenses of \$24,152,940 for reports on Form N-CEN.<sup>10</sup>

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<sup>7</sup> This estimate is based on the following calculation: ((2,601 management investment company registrants × 13.35 hours per year) + (704 UIT registrants × 9.11 hours per year)) ÷ 3,305 total registrants = 12.45 hours per year.

<sup>8</sup> This estimate is based on the Commission’s previously estimated total hour burden associated with these rule-specific requirements, averaged across the Commission’s previous estimate of the number of registrants that file on Form N-CEN. We have also adjusted the total hour burden associated with swing pricing-related reporting from a total of 4,927 hours across registrants to a total of 0.5 hours across registrants to recognize that currently no funds engage in swing pricing under rule 22c-1.

<sup>9</sup> This estimate is based on the following calculation: 3,305 registrants × 18 hours per year = 59,490 hours per year.

<sup>10</sup> This estimate is based on average annual burden estimate of 59,490 hours. This was then multiplied by a blended hourly wage of \$406 per hour, \$386 per hour for Senior Programmers and \$425 per hour for compliance attorneys, as we believe these employees would commonly be responsible for completing reports on Form N-CEN ( $\$406 \times 59,490 = \$24,152,940$ ). The estimated wage figures are based on published rates for senior programmers and compliance attorneys, modified by Commission staff to account for an 1800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead, yielding effective hourly rates of \$386 and \$425, respectively. See Securities Industry and Financial Markets Association, *Report on Management & Professional Earnings in the Securities Industry 2013*.

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

Internal Burden	Wage Rate	Cost of Internal Burden
<b>REVISED BURDEN FOR FORM N-CEN PRA ESTAIMTES</b>		
Preparing and Filing the Report	18 hours × \$406 (blended rate of \$368 for compliance attorney and \$334 for senior programmer)	\$7,308
Number of Registrants Filing <sup>11</sup>	× 3,305	
<b>Total Annual Burden</b>	<b>59,490 hours</b>	<b>\$24,152,940</b>

**TABLE 2: CHANGE IN BURDEN ESTIMATES**

	Annual Number of Responses			Annual Time Burden (hours)			Cost Burden (dollars)		
	Previously Approved	Revised Estimate	Change	Previously Approved	Revised Estimate	Change	Previously Approved	Revised Estimate	Change
Form N-CEN	2,835	3,305	+470	54,890	59,490	+4,600	\$1,344,981	\$605,520	-739,461

### 13. Cost to Respondents

We estimate, with respect to the filing of a report on Form N-CEN, an external cost of \$40 per registrant/fund.<sup>12</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>13</sup> We now estimate that in the aggregate all applicable funds will incur external annual costs of \$605,520.<sup>14</sup>

<sup>11</sup> Our burden estimate for preparing and filing a report is based on the number of registrants.

<sup>12</sup> As of 2024 the annual cost of maintaining a legal entity identifier (“LEI”) was approximately \$40. See Bloomberg LEI, Frequently Asked Questions, available at <https://lei.bloomberg.com/docs/faq#what-fees-are-involved>. The Commission has further estimated the one-time burden associated with obtaining an LEI is one hour, with ongoing administration of an LEI corresponding to one hour per year.

<sup>13</sup> See Items B.1.d. and C.1.c. of Form N-CEN (requiring LEI for the registrant and each management investment company).

<sup>14</sup> This estimate is based on the following calculation: \$40 per registrant or fund per year × (3,305 investment company registrants + 8,945 mutual funds (which reflects the number of mutual fund series, but excludes money market funds, which would have already obtained

#### **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 \$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. 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 2 above, the estimated annual burden hours for Form N-CEN has increased from 54,890 to 59,490 hours (an increase of 4,600 hours). This is due to updates to the estimated number of respondents. We estimate a decline in cost burden of \$739,461 as the estimated aggregate external costs decreased from \$1,344,981 to \$605,520. This change is due to an estimated decrease in the costs of obtaining and maintaining legal entity identifiers.

#### **16. Information Collection Planned ~~For~~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.

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LEIs pursuant to the requirements of Form N-MFP) + 2,888 ETFs) = \$40 per registrant/fund per year × 15,138 registrants and funds = \$605,520 per year.

**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.