

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.¹

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”).

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

On August 28, 2024, the Commission adopted amendments to rule 30b1-9 and Form N-PORT.² As discussed more fully in the 2024 Release, the final amendments: (1) increase Form N-PORT reporting frequency by requiring funds to file monthly reports on a monthly basis with the Commission, rather than on a quarterly basis; (2) increase the timeliness of reports by requiring the filing of monthly reports within 30 days after the end of the month to which they relate, rather than no later than 60 days after the end of the fiscal quarter; (3) increase the publication frequency of reports by making each month's report public 60 days after the end of the month to which it relates instead of every third month's report public with a 60 day delay; and (4) make amendments to certain entity identifiers and conforming amendments to account for the final amendments making monthly Form N-PORT information available to the public. In a change from the proposal, the Commission did not adopt certain proposed amendments to Form N-PORT, including those requiring: (1) certain open-end funds to aggregate information they report about liquidity classifications of their investments; (2) certain open-end funds to report certain swing pricing information related to the size and frequency of price adjustments a fund made during each reporting period; (3) additional reporting of Regulation S-X compliant portfolio information on Part F of Form N-PORT.

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

² See Form N-PORT and Form N-CEN Reporting; Guidance on Open-End Fund Liquidity Risk, Investment Company Act Release No. 35308 (Aug. 28, 2024) [89 FR 73764 (Sept. 11, 2024)] ("2024 Release").

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 on monthly Form N-PORT reports publicly available with a 60-day delay.

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>).

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 reports on Form N-PORT, including information required by the amendments in the 2024 Release, 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

On November 2, 2022, the Commission issued a proposing release soliciting comment on collections of information related to, among other things, the proposed

amendments to Form N-PORT.³ Comments on the Commission’s releases are generally received from registrants, investors, and other market participants. In addition, the Commission and staff participate in an ongoing dialogue with representatives of various market participants through public conferences, meetings, and informal exchanges. 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). All comments received on the proposal are available at <https://www.sec.gov/comments/s7-26-22/s72622.htm>. The Commission considered all comments received prior to publishing the final rules as required by 5 CFR 1320.11(f).

The Commission received one comment suggesting that the Paperwork Reduction Act (“PRA”) (44 U.S.C. 3501 *et seq.*) estimates for the proposed amendments, including those unrelated to the proposed reporting requirements, were too low.⁴ The Commission also received comments not specifically addressing the estimated PRA burdens, but stating that the costs associated with implementing the proposed amendments to Form N-PORT would be significant. Some of these commenters suggested that funds will

³ See Open-End Liquidity Risk Management Programs and Swing Pricing; Form N-PORT Reporting, Investment Company Act Release No. 34746 (Nov. 2, 2022) [87 FR 77172 (Dec. 16, 2022)] (“Proposing Release”).

⁴ See Comment Letter of Calamos Investments LLC (Feb. 14, 2023) (stating that the proposal significantly underestimated the time and costs involved in implementing the proposed amendments and providing an example related to the proposed swing pricing requirement, which we are not adopting). This commenter did not expressly state that the proposal underestimated the time and costs involved in implementing the proposed reporting requirements that the Commission adopted, but the commenter did separately state that the shorter time frame for filing and the requirement to make additional filings would increase costs to fund shareholders.

experience increased costs related to the collection of Form N-PORT information due to the increased frequency of filing, especially when combined with the proposals to increase the frequency of reporting Regulation S-X compliant portfolio holdings and to require aggregate liquidity and swing pricing reporting.⁵ However, the final amendments reduce many of the burdens raised by commenters (as compared to the proposal) because the Commission did not adopt increased frequency of Regulation S-X compliant portfolio holding reporting and swing pricing and aggregate liquidity classification reporting. One commenter stated that some of its members estimated that filing Form N-PORT monthly would increase costs by \$5,000 per fund per year.⁶ Another commenter estimated internal staffing costs of \$900,000 per year for the accelerated filing requirements and the proposed increase in frequency of Regulation S-X compliant portfolio information reporting.⁷ This estimate appears to reflect the total cost for the fund group (and not per fund) and given that the commenter stated that it manages 197 funds that file Form N-PORT reports, the average per fund internal staffing cost for this commenter would be approximately \$4,569 per year. Because the Commission did not adopt the amendments to require more frequent reporting of Regulation S-X compliant schedules of investments,

⁵ See, e.g., ICI Comment Letter (stating that funds aggregate Form N-PORT information within 30 days for internal collection purposes, but funds would need to take additional steps to validate and tag the data for filing on that same time frame and indicating that funds also would be required to report aggregate liquidity bucketing and swing pricing-related information and provide a Regulation S-X compliant schedule of investments each month.); Brighthouse Comment Letter (stating that a monthly reporting regime as well as the proposal to increase the frequency of reporting Regulation S-X compliant portfolio holdings would dramatically increase the costs associated with the preparation, review, and filing of the form due to new human resources requirements, vendors, systems, processes, and procedures).

⁶ See SIFMA AMG Comment Letter.

⁷ See T. Rowe Price Comment Letter.

and the commenter did not separately provide a cost for the acceleration of the filing deadline, this numerical estimate of internal staffing costs should be adjusted down. These comments were considered by the Commission as discussed in the 2024 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 (including aspects of the proposal that the Commission did not adopt), changes in the number of funds, and updated wage rates.

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 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 PRA and are not derived from a comprehensive or even representative survey or study of the cost of the Commission rules and forms.

Form N-PORT requires registered management investment companies (except for money market funds and small business investment companies) and ETFs that are organized as unit investment trusts to report portfolio holdings information in a structured, XML data language. The form is filed electronically using the Commission's electronic filing system, EDGAR.

We estimate that there are 12,561 funds required to file on Form N-PORT.⁸ The final collections of information are mandatory for the identified types of funds. Certain information reported on the form is currently kept confidential, and this will continue to be the case under the final amendments.⁹ All other responses to Form N-PORT reporting requirements will not be kept confidential, and instead will be made public 60 days after the end of the month to which they relate. The final amendments are designed to assist the Commission in its regulatory, disclosure review, inspection, and policymaking roles, and to help investors and other market participants better assess different funds.

In our most recent PRA submission for Form N-PORT, we estimated the annual aggregate compliance burden to comply with the current collection of information

⁸ This estimate of the number of funds required to file on Form N-PORT is as of Dec. 31, 2023, and based on data from filings with the Commission.

⁹ See General Instruction F of Form N-PORT; General Instruction F of amended Form N-PORT.

requirements in Form N-PORT is 1,929,237 burden hours with an internal cost burden of \$690,927,892 and an external cost burden estimate of \$136,290,893.¹⁰ We estimate that funds prepare and file their reports on Form N-PORT either by (1) licensing a software solution and preparing and filing the reports in house, or (2) retaining a service provider to provide data aggregation, validation, and/or filing services as part of the preparation and filing of reports on behalf of the fund. We estimate that 35% of funds subject to the Form N-PORT filing requirements will license a software solution and file reports on Form N-PORT in house, and the remaining 65% will retain a service provider to file reports on behalf of the fund.

After considering comments, the Commission adjusted upward the proposal's estimated collection of information burden in connection with the requirement to file Form N-PORT reports within 30 days of month end. In the Proposing Release, the Commission estimated that the reduction in the recordkeeping burden would be commensurate with the increased burden of filing the information that previously would have been preserved as a record.¹¹ The Commission recognized that, as commenters suggested, there is an additional burden associating with filing information more frequently than with recordkeeping and updated the burden estimates accordingly.

¹⁰ The most recent Form N-PORT PRA submission was approved in 2023 (OMB Control No. 3235-0730). The estimates in the Proposing Release were based on earlier approved estimates (1,848,326 hours and \$108,457,536 external cost burden), and these earlier approved estimates are reflected in the "Proposed Estimates" section of the below table.

¹¹ See Proposing Release, *supra* note 3, at n.539 and accompanying text (stating that the Commission similarly did not adjust the PRA burden estimate when it amended Form N-PORT in 2019 to move from a requirement to file reports monthly to a requirement to prepare the information monthly but file it quarterly).

The Commission adjusted the proposal’s estimated annual burden hours and external costs to reflect changes from the proposal (including, as noted in the chart below, aspects of the proposal that were not adopted), changes in the number of funds, and updated wage rates. The below table summarizes the initial and ongoing annual burden estimates associated with the amendments to Form N-PORT.

Table 1: Form N-PORT PRA Estimates

	Initial internal burden hours	Internal annual burden hours ¹		Wage rate ²	Internal time costs	Annual external cost burden
PROPOSED ESTIMATES³						
[Aggregate Liquidity Classification Reporting] [Not Adopted]						
Funds that license a software solution to prepare Form N-PORT	3 hours	2 hours	x	\$381	\$762	\$250
Number of funds		× 4,021 funds			× 4,021 funds	× 4,021 funds
Funds that retain the services of a third-party vendor to prepare Form N-PORT	3 hours	2 hours		\$381	\$762	\$286
Number of funds		× 7,467 funds			× 7,467 funds	× 7,467 funds
Subtotal: Aggregate Liquidity Classification		22,976 hours			\$8,753,856	\$3,140,819
[Swing Pricing Reporting] [Not Adopted]						
Funds that license a software solution to prepare Form N-PORT	9 hours	4 hours	x	\$381	\$1,524	\$250
Number of funds		× 3,165 funds			× 3,165 funds	× 3,165 funds
Funds that retain the services of a third-party vendor to prepare Form N-PORT	9 hours	4 hours	x	\$381	\$1,524	\$286
Number of funds		× 5,878 funds			× 5,878 funds	× 5,878 funds
Subtotal: Swing Pricing Reporting		36,172 hours			\$13,781,532	\$2,472,356

[Other Proposed Amendments to Form N-PORT] [Adopted]						
Funds that license a software solution to prepare Form N-PORT	1 hours	x	\$381	\$381		
Number of funds	x 4,254 funds			x 4,254 funds		
Funds that retain the services of a third-party vendor to prepare Form N-PORT	1 hours	x	\$381	\$381		
Number of funds	x 7,899 funds			x 7,899 funds		
Subtotal: Other Proposed Amendments	12,153 hours			\$4,630,293		
Total Estimated Burdens for Proposed Amendments						
Total new annual burden	71,301 hours			\$27,165,681	\$5,613,175	
Total Estimated Burdens, Including Proposed Amendments						
Current burden estimates	1,848,326 hours				\$108,457,536	
Revised burden estimates	1,919,627 hours				\$114,070,711	
FINAL ESTIMATES						
Funds that license a software solution to prepare Form N-PORT	6 hours	7 hours ⁴	x	\$420 ⁵	\$2,940	\$2,000
Number of funds	x 4,396 funds ⁶				x 4,396 funds ⁶	x 4,396 funds ⁶
Funds that retain the services of a third-party vendor to prepare Form N-PORT	6 hours	5 hours ⁷	x	\$420 ⁵	\$2,100	\$4,000
Number of funds	x 8,165 funds ⁶				x 8,165 funds ⁶	x 8,165 funds ⁶
Total new annual burden	71,597 hours				\$30,070,740	\$41,452,000
Total Estimated Burdens, Including Final Amendments						
Current burden estimates	1,929,237 hours				\$136,290,893	
Revised burden estimates	2,000,834 hours				\$177,742,893	
Certain products and sums do not tie due to rounding.						
Notes:						

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1. Includes initial burden estimates annualized over a 3-year period.
 2. The Commission's estimates of the relevant wage rates are based on the salary information for the securities industry compiled by Securities Industry and Financial Markets Association's Office Salaries in the Securities Industry 2013, as modified by Commission staff ("SIFMA Wage Report"). The estimated figures are modified by firm size, employee benefits, overhead, and adjusted to account for the effects of inflation.
 3. For additional detail about the proposed estimates, see Proposing Release, *supra* note 3, at section IV.D.
 4. Reflects an initial burden of 6 hours, annualized over a 3-year period, with an estimated ongoing annual burden of 5 hours.
 5. The \$420 wage rate reflects current estimates of the blended hourly rate for a senior programmer (\$399) and a compliance attorney (\$440).
 6. Based on Commission filings, we estimate that there are 12,561 funds that file reports on Form N-PORT. We estimate that 35% of these funds (or 4,396) would license a software solution to prepare Form N-PORT while 65% (or 8,165) would rely on a third-party vendor.
 7. Reflects an initial burden of 6 hours, annualized over a 3-year period, with an estimated ongoing annual burden of 3 hours.
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Table 1: 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-PORT	143,760	150,732	6,972	1,929,237	2,000,834	71,597	136,290,893	177,742,893	41,452,000

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 \$177,742,893 in costs to respondents. The amendments to Form N-PORT in the 2024 Release increased the external costs of Form N-PORT reporting by \$41,452,000.

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 \$33 million in fiscal year 2023, 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 2024 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 1,929,237 hours to 2,000,834 hours (an increase of 71,597 hours). The annual external cost burden would increase from \$136,290,893 to \$177,742,893 (an increase of \$41,452,000).

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.