

**SUPPORTING STATEMENT**  
**For the Paperwork Reduction Act Information Collection Submission for**  
**Rule 30e-2**

**A. JUSTIFICATION**

**1. Necessity for the Information Collection**

Section 30(e) of the Investment Company Act of 1940 (the “Investment Company Act”)<sup>1</sup> requires every registered investment company to transmit to its stockholders, at least semiannually, reports containing such information and financial statements or their equivalent, as of a reasonably current date, as the Commission may prescribe by rules and regulations.<sup>2</sup> Rule 30e-2 under the Investment Company Act requires registered unit investment trusts (“UITs”) that invest substantially all of their assets in shares of a management investment company<sup>3</sup> (“fund”) to send their unitholders annual and semiannual reports containing financial information on the underlying company.<sup>4</sup> Specifically, rule 30e-2 requires that the report contain all the applicable information and financial statements or their equivalent, required by rule 30e-1 under the Investment Company Act<sup>5</sup> to be included in reports of the underlying fund for the same fiscal period. Rule 30e-1 requires that the underlying fund’s report contain, among other things, the information that is required to be included in such report by the fund’s registration statement

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

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

<sup>3</sup> Management investment companies are defined in Section 4 of the Investment Company Act as any investment company other than a face-amount certificate company or a UIT, as those terms are defined in Section 4 of the Investment Company Act. See 15 U.S.C. 80a-4.

<sup>4</sup> 17 CFR 270.30e-2. Rule 30e-2 was originally adopted as rule 30d-2, but was redesignated as rule 30e-2 effective February 15, 2001. See Investment Company Act Release No. 24816 (Jan. 2, 2001) [66 FR 3734 (Jan. 16, 2001)]. A codification error in the rule text of rule 30e-2 refers to “30d-1” instead of “30e-1.”

<sup>5</sup> 17 CFR 270.30e-1.

form under the Investment Company Act.

Rule 30e-2, however, permits, under certain conditions, delivery of a single shareholder report to investors who share an address (“householding”). The purpose of the householding provisions of the rule is to reduce the amount of duplicative reports delivered to investors sharing the same address. Specifically, rule 30e-2 permits householding of annual and semi-annual reports by UITs to satisfy the delivery requirements of rule 30e-2 if, in addition to the other conditions set forth in the rule, the UIT has obtained from each applicable investor written or implied consent to the householding of shareholder reports at such address. The rule requires UITs that wish to household shareholder reports with implied consent to send a notice to each applicable investor stating that the investors in the household will receive one report in the future unless the investors provide contrary instructions. In addition, at least once a year, UITs relying on the rule for householding must explain to investors who have provided written or implied consent how they can revoke their consent. Preparing and sending the initial notice and the annual explanation of the right to revoke consent are collections of information.

On October 26, 2022, the Commission adopted rule and form amendments that require open-end management investment companies (“open-end funds”) to transmit concise and visually engaging annual and semi-annual reports to shareholders that highlight key information that is particularly important for retail investors to assess and monitor their fund investments.<sup>6</sup> As part of the rule and form amendments to modernize the disclosure framework, the Commission

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<sup>6</sup> See Tailored Shareholder Reports for Mutual Funds and Exchange-Traded Funds; Fee Information in Investment Company Advertisements, Investment Company Act Release No. 34731 (Oct. 26, 2022) (“2022 Tailored Shareholder Reports Release”)

amended rules 30e-1 and 30e-3 and Form N-1A, among other rules and forms.<sup>7</sup>

The scope of rule 30e-3 was amended in the rulemaking to exclude investment companies registered on Form N-1A. We stated in that release that UITs could therefore no longer rely on rule 30e-3 to satisfy their shareholder report transmission requirements under rule 30e-2.<sup>8</sup> As shown below, we previously estimated that funds relying on rule 30e-3 would have lower external costs attributed to rule 30e-2 due to lower printing and mailing costs. Despite this, we are not adjusting upward these external costs as a result of UITs no longer being able to rely on rule 30e-3 to satisfy rule 30e-2. We stated in the 2022 Tailored Shareholder Reports Release that the printing, mailing, and processing fees (together, “transmission costs”) associated with the concise shareholder reports resulting from the 2022 amendments is comparable to the transmission costs associated with using rule 30e-3. Specifically, we said that, “[f]or funds that rely on rule 30e-3, the rule amendments will reduce costs because it will be less costly to mail and process the concise report than the rule 30e-3 notice. . . , the processing fees will be lower. The overall cost of transmission, which includes the costs of printing, mailing, and processing fees, will likely be lower for the concise report.”<sup>9</sup>

Compliance with the disclosure requirements of rule 30e-2 is mandatory. Responses to the disclosure requirements are not kept confidential.

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<sup>7</sup> See below for a discussion of the rule 30e-1 hours burden estimates associated with the rule 30e-1 PRA analysis in the 2022 Tailored Shareholder Reports Release.

<sup>8</sup> See Tailored Shareholder Reports Release 2022, *supra* note 6, at n.498 and accompanying text.

<sup>9</sup> See Tailored Shareholder Reports Release 2022, *supra* note 6, at nn. 698-99 and accompanying text.

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

The purpose of the collection of information required by rule 30e-2 is to provide UIT unitholders with current information about the operations of their UITs in accordance with Section 30 of the Investment Company Act.

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

Rule 30e-2 does not require filing of the shareholder report with the Commission, but instead the transmission of reports to unitholders. Shareholder reports are typically sent in paper; however, investors may currently consent to the delivery of electronic versions.

## **4. Duplication**

To ensure the relevance of the information filed by each fund and to avoid unnecessary paperwork and duplicative reporting, the Commission has promulgated specific rules and designed specific forms or items of forms for each type of investment company. 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 required by rule 30e-2 is not generally duplicated elsewhere.

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

The current disclosure requirements for shareholder reports do not distinguish between small entities and other UITs. The burden on smaller UITs may be greater than for larger UITs. This burden includes the cost of producing, printing, and transmitting the shareholder reports. The Commission believes, however, that imposing different requirements on smaller UITs would not be consistent with investor protection and the purposes of shareholder reports. The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act, to identify methods to minimize recordkeeping or reporting requirements affecting small

businesses.

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

The frequency with which information in compliance with rule 30e-2 is collected is semi-annual, as set out in Section 30(e) of the Investment Company Act and rule 30e-2. Less frequent collection of information would impede the amount of current information provided to unitholders about their UITs.

## **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 requested public comment on the collection of information requirements of rule 30e-2 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.

In addition, the Commission and its staff participate in an ongoing dialogue with representatives of the fund 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 does not collect personally identifiable information (PII). The agency has determined that a system of records notice (SORN) and privacy impact assessment (PIA) are not required in connection with the collection of information.

## **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>10</sup> and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. Compliance with the disclosure requirements of rule 30e-2 is mandatory. Responses to the disclosure requirements are not kept confidential.

We estimate that the 671 UITs<sup>11</sup> that are required to comply with rule 30e-2 file 1342 reports per year.<sup>12</sup> We estimate that each UIT incurs an annual hourly burden of 15 hours to

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<sup>10</sup> 44 U.S.C. 3501 *et seq.*

<sup>11</sup> This estimate is based on data on data from Commission filings as of June 2024. To obtain the estimate of UITs that are required to comply with rule 30e-2, we added the average numbers of Form N-4 (415) and Form N-6 filers (239) over the last three years to 40% of the average number of N-8B-2 registrants over the last three years (42, 40% of 42 = 17). Thus, 671 = (415 + 239 + 17). Since Form N-4 and N-6 registrants are variable accounts that are UITs offering variable annuity contracts or variable life insurance contracts, we assume that they are invested substantially in underlying funds such that they are all subject to rule 30e-2. On the other hand, no data exists as to the number of remaining UITs, those that use Form N-8B-2, and what percentage of these may invest substantially all of their assets in underlying funds. However, the Commission has previously estimated that 40% of UITs would be fund of funds (and thus be invested substantially in underlying funds) based upon a similar ratio of management companies, for which we have more precise data. *See Fund of Funds Arrangements, Investment Company Act Release No. 34045 (October 7, 2020) [85 FR 73924 (November 19, 2020)]* at nn.652,669 and accompanying text. We have applied this figure to these remaining UITs and determined the appropriate estimate for them to be 17. All of these estimates are based upon a review of data on Form N-CEN averaged over the last three years.

<sup>12</sup> 671 UITs × 2 reports (annual and semi-annual) = 1342 reports

comply with the annual and semi-annual shareholder report requirements of rule 30e-2.<sup>13</sup> Thus, in the aggregate, the Commission estimates that compliance with rule 30e-2 will result in a total annual burden of about 10,065 hours.<sup>14</sup> Based on the Commission’s estimate of 10,065 hours and an estimated wage rate of about \$360 per hour,<sup>15</sup> the total annual cost to registrants of the hour burden for complying with the requirements of rule 30e-2 is about \$3,623,400.<sup>16</sup>

**TABLE 1: CHANGE IN BURDEN ESTIMATES**

	Reports per year required by rule 30e-2			Annual Time Burden (hours)			Cost Burden (dollars)		
	Previously Approved	Revised Estimate	Change	Previously Approved	Revised Estimate	Change	Previously Approved	Revised Estimate	Change
Rule 30e-2	1320	1342	22	82,500	10,065	-72,435	\$24,800,000	\$3,623,400	-\$21,176,600

<sup>13</sup> This figure has decreased from 125 hours burden to align with the updated burden hours in the 2022 Tailored Shareholder Report Release for the rule 30e-1 PRA. In that release, we estimated that that the burden hours associated with a fund preparing its annual and semi-annual shareholder reports to comply with rule 30e-1 would be 10 hours and 5 hours, respectively, on an ongoing basis. This does not include the hours associated with the initial preparation of the shareholder reports (34 hours and 17 hours for annual and semi-annual reports, respectively) because the reports that UITs must prepare to comply with rule 30e-2 are less time intensive than a fund’s shareholder reports under rule 30e-1 since UITs generally are creating reports composed of information already in the underlying funds’ shareholder reports rather than preparing reports from raw data. Further, we assume that most UITs that must comply with rule 30e-2 have already prepared their initial reports.

<sup>14</sup>  $671 \text{ UITs} \times 15 \text{ hours per UIT per year} = \sim 10,065 \text{ hours per year.}$

<sup>15</sup> The Commission’s estimate concerning the wage rate is based on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association. The estimated wage figure is based on published rates for intermediate accountants and attorneys, modified to account for an 1,800-hour work year; multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead; and adjusted to account for the effects of inflation, yielding effective hourly rates of \$211 and \$511, respectively. *See* Securities Industry and Financial Markets Association, Report on Management & Professional Earnings in the Securities Industry 2013, updated for 2024. We estimate that intermediate accountants and attorneys will divide their time equally, yielding an estimated hourly wage rate of \$361.  $(\$211 \text{ per hour for intermediate accountants} + \$511 \text{ per hour for attorneys}) \div 2 = \$360 \text{ per hour.}$

<sup>16</sup>  $10,065 \text{ hours per year} \times \$360 \text{ per hour} = \$3,623,400 \text{ per year.}$

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

Cost burden is the cost of goods and services purchased to prepare, print, and transmit reports under rule 30e-2, such as for the services of independent auditors and outside counsel. The cost burden does not include the hour burden discussed in Item 12 above.

We estimate that each UIT currently incurs an annual cost burden of \$6,700 per UIT.<sup>17</sup> Therefore, we estimate that the total annual external cost burden for all UITs under rule 30e-2 will be \$4,495,700.<sup>18</sup>

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

There are no costs to the federal government associated with rule 30e-2. 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 \$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. We note, however, that shareholder reports are filed with the Commission to comply with the requirements of Form N-CSR, and not rule 30e-2, which requires the transmission of the reports to shareholders.

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

The estimated hourly burden associated with rule 30e-2 has decreased from 82,500 hours to 10,065 hours (a decrease of 72,435 hours). The estimated cost burden associated with rule 30e-2 has decreased from \$5,280,198 to \$4,495,700 (a decrease of \$784,498). This decrease is

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<sup>17</sup> This dollar figure has not substantively changed despite UITs no longer being able to rely on rule 30e-3 to meet their rule 30e-2 compliance obligations. As discussed above, we said in the 2022 Shareholder Reports Modernization Release that we expect the costs of relying on rule 30e-3 and the costs of mailing a shareholder report under the 2022 final amendments to be approximately equal.

<sup>18</sup> This estimate is based on the following calculations: 671 UITs x \$6,700 = \$4,495,700.



due the 2022 amendments to streamline shareholder reports and the amendments to rule 30e-3 in the same release.<sup>19</sup>

**16. Information Collection Planned for Statistical Purposes**

Not applicable.

**17. Approval to Omit OMB Expiration Date**

Not applicable.

**18. Exceptions to Certification Statement for Paperwork Reduction Act Submission**

Not applicable.

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

Not applicable.

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<sup>19</sup> See *supra* note 17 and accompanying text; see also Rule 30e-2 PRA Renewal Supporting Statement (2022), available [here](#), at nn.15-16 and accompanying text.