

**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.

In August 2024, the Commission adopted amendments to Form N-CEN to require funds that are subject to the liquidity rule to identify and provide certain information about the service providers that the fund uses to fulfill the requirements of that rule.<sup>5</sup> The Commission also adopted amendments to separate the concepts of legal entity identifiers (“LEIs”) and RSSD IDs.

## **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

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<sup>5</sup> 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”).

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, including information required by the amendments in the 2024 Release, 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, such as in a fund's registration statement, is in narrative format so that it can be read and understood by investors to help inform their investment decisions. In contrast, the Commission is not able to analyze narrative information electronically on a regular basis, using database or spreadsheet applications. The XML format of Form N-CEN information allows information to be more efficiently and effectively validated, aggregated, compared, and analyzed through automated means.

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

The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act,<sup>6</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

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<sup>6</sup> 5 U.S.C. 601 *et seq.*

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 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 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-CEN.<sup>7</sup> Before adopting these amendments, the Commission received and evaluated public comments on the proposed amendments and their

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<sup>7</sup> See Open-End Fund Liquidity Risk Management Programs and Swing Pricing; Form N-PORT, Investment Company Act Release No. 34746 (Nov. 2, 2022) [87 FR 77172 (Dec. 16, 2022)] (the "Proposing Release").

associated collection of information requirements. 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 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).

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 staff with a means of ascertaining and acting upon paperwork burdens confronting the industry.

The Commission received one comment suggesting that the PRA estimates for the proposed amendments, including those unrelated to the proposed reporting requirements, were too low.<sup>8</sup> However, the context of the letter does not suggest that the commenter was referring to the Form N-CEN amendments, as the commenter did not discuss that aspect of the proposal. We did not receive any comments specific to the proposed PRA estimates for the Form N-CEN amendments. We also did not

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<sup>8</sup> 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 Form N-CEN reporting requirements that the Commission adopted.

receive any comments discussing the potential costs or burdens of the amendments to Form N-CEN.

#### **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>9</sup> and are not derived from a comprehensive, or even representative, survey or study of the cost of Commission

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<sup>9</sup> 44 U.S.C. 3501 *et seq.*

rules and forms. Compliance with Form N-CEN is mandatory. Responses to the collection of information will not be kept confidential.

We are revising our total burden estimates to reflect the adopted amendments to Form N-CEN, as discussed above. Form N-CEN is a structured form that requires registered funds to provide census-type information to the Commission on an annual basis. We estimate that there are 2,749 registrants required to file on Form N-CEN.<sup>10</sup> The final collections of information are mandatory. Responses are not kept confidential. The purpose of Form N-CEN is to satisfy the filing and disclosure requirements of section 30 of the Investment Company Act, and of 17 CFR 270.30a-1 (rule 30a-1) thereunder. The amendments are designed to facilitate the Commission's oversight of registered funds and its ability to assess trends and risks.

In our most recent PRA submission for Form N-CEN, we estimated the annual aggregate compliance burden to comply with the current collection of information requirements in Form N-CEN is 59,490 burden hours with an internal cost burden of \$24,152,940 and an external cost burden estimate of \$605,520.<sup>11</sup>

The below table summarizes our initial and ongoing annual burden estimates associated with the amendments to Form N-CEN.

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<sup>10</sup> This estimate, which is as of Dec. 31, 2023, is based on Form N-CEN filings.

<sup>11</sup> The most recent Form N-CEN PRA submission was approved in 2024 (OMB Control No. 3235-0729). The estimates in the Proposing Release were based on earlier approved estimates (54,890 hours and \$1,344,981 external cost burden), and these earlier approved estimates are reflected in the "Proposed Estimates" section of the below table.

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

	Initial internal burden hours	Internal annual burden hours <sup>1</sup>	Wage rate <sup>2</sup>	Internal time costs	Annual external cost burden
<b>PROPOSED ESTIMATES<sup>3</sup></b>					
Liquidity Service Provider Reporting	1.5 hours	1 hour	\$381	\$381	
Number of registrants		x 2,754 registrants		x 2,754 registrants	
Subtotal: Liquidity Service Provider Reporting		2,754 hours		\$1,049,274	
Removal of Swing Pricing Reporting [not adopted]		(0.5) hours	x \$351	\$(175.5)	
Number of funds		x 9,854 funds		x 9,854 funds	
Subtotal: Removal of Swing Pricing Reporting		(4,927 hours)		\$(1,729,377)	
Total new annual burden		(2,173 hours)		(\$680,103)	
<b>Total Estimated Burdens, Including Proposed Amendments</b>					
Current burden estimates		54,890 hours			\$1,344,981
Revised burden estimates		<b>52,718 hours</b>			<b>\$1,344,981</b>
<b>FINAL ESTIMATES</b>					
Liquidity Service Provider Reporting	1.5 hours	1 hour <sup>4</sup>	\$420 <sup>5</sup>		\$420
Number of registrants		x 2,749 registrants		x 2,749 registrants	
Subtotal: Liquidity Service Provider Reporting		2,749 hours			\$1,154,580
<b>Total Estimated Burdens, Including Final Amendments</b>					
Current burden estimates		59,490 hours			\$605,520
Revised burden estimates		<b>62.239 hours</b>			<b>\$605,520</b>

Notes:

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.



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3. For additional detail about the proposed estimates, see Proposing Release at section IV.D.
  4. Reflects an initial burden of 1.5 hours, annualized over a 3-year period, with an estimated ongoing annual burden of 0.5 hours.
  5. The \$420 wage rate reflects current estimates of the blended hourly rate for a senior programmer (\$399) and a compliance attorney (\$440).
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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
<b>Form N-CEN</b>	3,305	2,749	-556	59,490	62,239	+2,749	\$605,520	\$605,520	0

### 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 estimate that in the aggregate all applicable funds will incur external annual costs of \$605,520. The amendments to Form N-CEN in the 2024 Release did not affect the external costs of Form N-CEN reporting.

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<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).

#### **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 \$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 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 59,490 to 62,239 hours (an increase of 2,749 hours). This is due to updates to Form N-CEN. We do not estimate any changes in the estimated aggregate external costs of \$605,520. 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.

#### **16. Information Collection Planned 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.

## **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.