SUPPORTING STATEMENT
For the Paperwork Reduction Act Information Collection Submission for Rule 30e-3

A. JUSTIFICATION

1. Necessity for the Information Collection

Section 30(e) of the Investment Company Act of 1940 ("Investment Company Act")[1] requires a registered investment company to transmit to its shareholders, at least semi-annually, reports containing financial statements and other financial information as the Commission may prescribe by rules and regulations.[2] Rule 30e-3 under the Investment Company Act provides certain funds[3] with an optional method to satisfy shareholder report transmission requirements by making such reports and certain other materials publicly accessible on a website, as long as they satisfy certain other conditions of the rule regarding (1) availability of the report and other materials; (2) notice to investors of the website availability of the report; and (3) delivery of paper copies of materials upon request.[4] Reliance on the rule is voluntary. Responses to the disclosure requirements are not kept confidential.

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1 15 U.S.C. 80a-1 *et seq.*

2 15 U.S.C. 80a-29(e).

3 For purposes of rule 30e-3, a fund means a management company registered on Form N-2 or Form N-3 and any separate series of the management company that is required to transmit a report to shareholders pursuant to rule 30e-1.

4 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. The Commission also adopted amendments to rule 30e-3 that exclude open-end funds from the scope of the rule. These amendments to rule 30e-3 are designed to ensure that all fund investors will experience the anticipated benefits of the new tailored shareholder reports. Shareholders in open-end funds will directly receive the new tailored annual and semi-annual reports, either in paper or (if the shareholder has so elected) electronically. *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).

2. Purpose and Use of the Information Collection

Certain of the provisions of rule 30e-3 contain "collection of information" requirements within the meaning on the Paperwork Reduction Act of 1995 ("Paperwork Reduction Act").[5] The rule is designed to modernize the manner in which periodic information is made available to investors.

3. Consideration Given to Information Technology

The Commission's Electronic Data Gathering, Analysis, and Retrieval System ("EDGAR") automates the 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. Forms of notices to shareholders are required to be filed electronically on EDGAR.[6] Although the conditions of rule 30e-3 require certain information to be sent to shareholders by mail, we expect that reliance by funds on rule 30e-3 would in general increase the extent to which electronic methods are used by these funds to deliver information to shareholders.

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 required by rule 30e-3 is not generally duplicated elsewhere.

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5 44 U.S.C. 3501 *et seq.*

6 *See* rule 101(a)(1)(iv) of Regulation S-T [17 CFR 232.101(a)(1)(iv)].

5. Effect on Small Entities

The information collection requirements of rule 30e-3 do not distinguish between small entities and other funds. The burden of the conditions on smaller funds may be proportionally greater than for larger funds. This burden includes the cost of preparing, printing, and transmitting notices to shareholders. The Commission believes, however, that imposing different requirements on smaller investment companies would not be consistent with investor protection and the purposes of the rule's conditions. 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

Section 30(e) of the Investment Company Act and rules 30e-1 and 30e-2 thereunder require that reports to shareholder be transmitted at least semi-annually. Less frequent collection would mean that current information would not be available to fund investors.

7. Inconsistencies With Guidelines in 5 CFR 1320.5(d)(2)

Not applicable.

8. Consultation Outside the Agency

The Commission requested public comment on the information collection requirements of the amendments to rule 30e-3 before it submitted this request for revision and approval to the Office of Management and Budget. The Commission received no comments specifically addressing the estimated PRA burdens and costs that the rule proposal described, and no comments that addressed the information collection burdens of rule 30e-3. Moreover, the

Commission and 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.

9. Payment or Gift

Not applicable.

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 does not collect personally identifiable information (PII).

12. Burden of Information Collection

In our most recent PRA submission for rule 30e-3, we estimated a total hour burden of 1,256 hours, with an external cost burden of $4,200,000. The following estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. Reporting burdens may differ substantially across respondents.

Table 1: Rule 30e-3 PRA Estimates

	Number of affected funds[1]	Internal annual burden hours	Wage rate[2]	Internal time costs	Annual external cost burden[3]
Rule 30e-3	703	2	$429	$858	$7,296
Total annual burden		1,406 hours		$603,174	$5,129,088

Notes:

1. This estimate of the number of affected funds is based on the three-year average of filers on Form N-2 and Form N-3 as of Dec. 31, 2024, and based on data from filings with the Commission.
2. This estimated burden is from Securities Industry and Financial Markets Association's Management & Professional Earnings in the Securities Industry 2013, 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 ("SIFMA Wage Report"). The wage rate reflects current estimates from the SIFMA Wage Report of the blended hourly rate for a compliance attorney ($449) and senior programmers ($408). ($449 + $408 / 2 = $429.
3. We estimate the external cost burden with respect to the notice would include the costs associated with outside counsel and printing and mailing costs. This estimated burden is based on the estimated wage rate of $584 for outside legal services; $6,212 for notices; $500 for printing and mailing shareholder reports on request. The Commission's estimates of the relevant wage rates for external time costs take into account staff experience, a variety of sources including general information websites, and adjustments for inflation.

13. Cost to Respondents

Cost burden is the cost of goods and services purchased in connection with complying with the collection of information requirements of rule 30e-3. The cost burden does not include the cost of the hour burden discussed in Item 12 above. Under current PRA estimates for rule 30e-3, we estimated that complying with the information collection requirements of rule 30e-3 would impose an estimated external cost burden of $5,129,088 on funds that choose to rely on the rule.

14. Costs to Federal Government

The SEC is in the process of revising its methodologies to estimate annualized costs to the Federal government for all its relevant collections of information. The SEC anticipates that future extensions of this collection of information will reflect the revised methodologies.

15. Change in Burden

The estimated burden has changed as follows.

Table 2: Change in Burden Estimates

	Annual Number of Responses			Annual Time Burden (hours)			Cost Burden (dollars)		
	Previously approved	Current estimate	Change	Previously approved	Current estimate	Change	Previously approved	Current estimate	Change
Rule 30e-3	1,196	1,406	210	1,256	1,406	150	$4,200,000	$5,129,088	$929,088

Note:
1. This estimate of the number of responses is the number of affected funds times two reports per year (703 x 2 = 1,406).

We have revised the estimates to reflect changes in the number of affected entities and in the external cost associated with the information collection requirements. These changes reflect revised estimates and burdens attributable to requirements under the rule.

16. Information Collection Planned for Statistical Purposes

Not applicable.

17. Approval to Omit OMB Expiration Date

Not applicable.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.