



PAPERWORK REDUCTION ACT SUPPORTING STATEMENT

for the extension of
Rule 22e-4
OMB Control Number 3235-0737

The U.S. Securities and Exchange Commission (“Commission” or SEC) submits this information collection request (ICR) pursuant to the Paperwork Reduction Act of 1995 (PRA), 44 U.S.C. Section 3501 et seq., with the following justification.

1. Necessity of Information Collection

Section 22(e) of the Investment Company Act of 1940 (“Investment Company Act”) [15 U.S.C. 80a-22(e)] provides that no registered investment company shall suspend the right of redemption or postpone the date of payment of redemption proceeds for more than seven days after tender of the security absent specified unusual circumstances. The provision was designed to prevent funds and their investment advisers from interfering with the redemption rights of shareholders for improper purposes, such as the preservation of management fees. Although section 22(e) permits funds to postpone the date of payment or satisfaction upon redemption for up to seven days, it does not permit funds to suspend the right of redemption for any amount of time, absent certain specified circumstances or a Commission order.

Rule 22e-4 under the Act [17 CFR 270.22e-4] requires an open-end fund and an exchange-traded fund that redeems in kind (“In-Kind ETF”) to establish a written liquidity risk management program that is reasonably designed to assess and manage the fund’s or In-Kind ETF’s liquidity risk. This program includes policies and procedures that incorporate certain program elements, including: (i) for funds and In-Kind ETFs, the assessment, management, and periodic review of liquidity risk (with such review occurring no less frequently than annually); (ii) for funds, the classification of the liquidity of a fund’s portfolio investments, as well as at-least-monthly reviews of the fund’s liquidity

classifications; (iii) for funds that do not primarily hold assets that are highly liquid investments, the determination of and periodic review of the fund's highly liquid investment minimum and establishment of policies and procedures for responding to a shortfall of the fund's highly liquid investment minimum, which includes reporting to the fund's board of directors; (iv) for funds and In-Kind ETFs, the limitation of the fund's or In-Kind ETF's investment in illiquid investments that are assets to no more than 15% of the fund's or In-Kind ETF's net assets; and (iv) for funds and In-Kind ETFs, the establishment of policies and procedures regarding redemptions in kind, to the extent that the fund engages in or reserves the right to engage in redemptions in kind. The rule also requires board approval and oversight of a fund's or In-Kind ETF's liquidity risk management program and recordkeeping.

Rule 22e-4 also requires a limited liquidity review, under which a unit investment trust's ("UIT") principal underwriter or depositor determines, on or before the date of the initial deposit of portfolio securities into the UIT, that the portion of the illiquid investments that the UIT holds or will hold at the date of deposit that are assets is consistent with the redeemable nature of the securities it issues and retains a record of such determination for the life of the UIT and for five years thereafter.

The requirements under rule 22e-4 that a fund and In-Kind ETF, as applicable, adopt a written liquidity risk management program, report to the board, maintain a written record of how the highly liquid investment minimum was determined and written policies and procedures for responding to a shortfall of the fund's highly liquid investment minimum, which includes reporting to the fund's board of directors (for funds that do not primarily hold highly liquid investments), establish written policies and procedures regarding how the fund will engage in redemptions in kind, and retain certain other records are all collections of information under the PRA. In addition, the requirement under rule 22e-4 that the principal underwriter or depositor of a UIT assess the liquidity of the UIT on or before the date of the initial deposit of portfolio securities into the UIT and retain a record of such determination for the life of the UIT, and for five years thereafter, is also a collection of information under the PRA. The

respondents to rule 22e-4 are open-end management investment companies (including, under certain circumstances, In-Kind ETFs but excluding money market funds), and the principal underwriters or depositors of UITs under certain circumstances. Compliance with rule 22e-4 is mandatory.

2. Purpose and Use of Information Collection

Certain of the provisions of rule 22e-4 contain “collection of information” requirements within the meaning on the Paperwork Reduction Act of 1995 . The Commission is submitting the collection of information to the Office of Management and Budget (“OMB”) for review in accordance with 44 U.S.C. 3507 and 5 CFR 1320.12. The rule is intended to improve investor protection by decreasing the likelihood that a fund will be unable to meet its redemption obligations, or would meet such obligations only with significant dilution of remaining investors’ interests or changes to the fund’s risk profile.

The information collection requirements of rule 22e-4 are designed to ensure that funds maintain comprehensive, written liquidity risk management programs that promote compliance with the federal securities laws and protect investors. The information collections also assist the Commission’s examination staff in assessing the adequacy of funds’ liquidity risk management programs and identifying weaknesses in a fund’s liquidity risk management if violations occur or are uncorrected.

3. Use and Consideration of Information Technology

Rule 22e-4 requires that each fund maintain a written copy of the policies and procedures adopted as part of its liquidity risk management program for five years, in an easily accessible place. Additionally, each fund is required to maintain copies of any materials provided to its board in connection with the board’s initial approval of the fund’s liquidity risk management program, and copies of written reports provided to the board on the adequacy of the fund’s liquidity risk management program, including the fund’s highly liquid investment minimum, and the effectiveness of its implementation for at least five years after the end of the fiscal year in which the documents were provided to the board, the first two years in an easily accessible place.

Funds must keep records of any materials provided to the board related to the fund dropping below its highly liquid investment minimum. Each fund must also keep a written record of how its highly liquid investment minimum, and any adjustments thereto, were determined, including the fund's assessment and periodic review of its liquidity risk for a period of not less than five years, the first two years in an easily accessible place, following the determination of, and each change to, the fund's highly liquid investment minimum. The Electronic Signatures in Global and National Commerce Act and the conforming amendments to rules under the Investment Company Act permit funds to maintain records electronically.

4. Identifying and Minimizing 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. Rule 22e-4 imposes a requirement that funds have in place written liquidity risk management policies and procedures. The information required by rule 22e-4 is not generally duplicated elsewhere.

5. Effect on Small Entities

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. The information collection requirements of rule 22e-4 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. 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 and could potentially jeopardize the interests of investors in small funds.

6. Consequences of Not Conducting Collection and Obstacles to Reducing Burden

Rule 22e-4 requires funds to have and maintain a written liquidity risk management program.

Under the rule, a fund's investment adviser or officer(s) designated to administer the liquidity risk management program must provide a written report to the fund's board at least annually that describes the adequacy and effectiveness of the fund's liquidity risk management program, including, if applicable, the operation of the highly liquid investment minimum. In addition, the fund must adopt and implement policies and procedures for responding to a shortfall of the fund's assets that are highly liquid investments below its highly liquid investment minimum, which must include reporting to the fund's board of directors with a brief explanation of the causes of the shortfall, the extent of the shortfall, and any actions taken in response, and, if the shortfall lasts more than 7 consecutive calendar days, an explanation of how the fund plans to come back into compliance with its minimum within a reasonable period of time.

Not collecting information or collecting such information less frequently would be incompatible with the objectives of rule 22e-4. The reporting of information and the establishment of written policies and procedures and maintaining written reports are integral parts to detecting and correcting any gaps in a fund's liquidity risk management programs before irrevocable or widespread harm is inflicted upon investors. Not requiring the collection of information increases the likelihood that such harm could go unchecked.

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

Rule 22e-4 requires a fund to maintain for at least five years: (i) a written copy of its liquidity risk management policies and procedures, (ii) any materials provided to its board in connection with the board's initial approval of the fund's liquidity risk management program, any materials provided to the board related to the fund dropping below its highly liquid investment minimum, and copies of written reports provided to the board on the adequacy of the fund's liquidity risk management program,

including the fund's highly liquid investment minimum, and the effectiveness of its implementation (the first two years in an easily accessible place), and (iii) a written record of how a fund's highly liquid investment minimum, and any adjustments thereto, were determined, including the fund's assessment and periodic review of its liquidity risk. Although this five-year period exceeds the three-year guideline for most kinds of records under 5 CFR 1320.5(d)(2), the staff believes that this is warranted because the rule contributes to the effectiveness of the Commission's examination and inspection program. Because the period between examinations may be as long as five years, it is important that the Commission have access to records that cover the entire period between examinations.

The five-year retention period in rule 22e-4 is consistent with that in rule 38a-1(d) under the Investment Company Act. We believe that consistency in these retention periods is appropriate because funds currently have program-related recordkeeping procedures in place incorporating a five-year retention period. Furthermore, we believe that a five-year retention period would lessen the compliance burden of rule 22e-4 slightly, compared to choosing a different retention period, such as the six-year recordkeeping retention period under rule 31a-2 of the Investment Company Act.

8. Public Comment and Consultations Outside the Agency

The SEC did not receive public comment during the 60-day notice and comment period.

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality and Privacy

Information regarding a fund's monthly position-level liquidity classification and its highly liquid investment minimum reported on Form N-PORT will be kept confidential. Other information provided to the Commission in connection with staff examinations or investigations is kept confidential subject to the provisions of applicable law. If information collected pursuant to rule 22e-4 is reviewed by the Commission's examination staff, it is accorded the same level of confidentiality accorded to other responses provided to the Commission in the context of its examination and oversight program.

11. Collection Questions of a Sensitive Nature

Not applicable.

12. Estimated Time Burden and its Cost Equivalent

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. The respondents to rule 22e-4 are open-end management investment companies (including, under certain circumstances, In-Kind ETFs but excluding money market funds), and the principal underwriters or depositors of UITs under certain circumstances. Compliance with rule 22e-4 is mandatory.

In our most recent Paperwork Reduction Act submission for rule 22e-4, we estimated a total aggregate annual hour burden of 193,241 hours, and a total aggregate annual external cost burden of \$37,628,716.¹ Based on filing data as of December 2024, we estimate that 12,183 open-end management investment companies and 3 UITs would be subject to the rule.² We also estimate that 705 newly-registered open-end management investment companies would be subject to the rule's requirement to adopt and implement policies and procedures.³

The tables below summarize our PRA initial and ongoing annual burden estimates associated with rule 22e-4. The following estimates of average burden hours and costs are made for purposes of the Paperwork Reduction Act.

¹ The most recent rule 22e-4 PRA submission was approved in 2023 (OMB Control No. 3235-0737). That PRA estimated that 12,270 fund complexes were subject to rule 22e-4.
² As of Dec. 2024, we estimate 12,183 open-end funds, excluding money market funds.
³ This estimate is based on Form N-CEN filings over the last three years received through Sept. 15, 2024. The estimated number of newly-registered open-end funds, excluding money market funds, are 739 for 2022, 887 for 2023, and 490 for 2024. On average, we estimate 705 newly-registered open-end funds.

Table 1: Open-end management investment companies

	Internal annual burden hours	Wage rate ⁴	Internal time cost	Annual external cost burden
Reviewing and updating policies and procedures	5 hours	\$636 ⁵	\$3,180	\$1,200 ⁶
Board reporting	8 hours	\$636 ⁷	\$5,088	\$2,200
	2 hours	\$4,867 ⁸	\$9,734	
Recordkeeping	1 hour	\$144 ⁹	\$144	\$0

⁴ To calculate the occupational hourly rates used in this release, the Commission uses occupational mean hourly wage data from the Occupational Employment and Wage Statistics (OEWS) program of the Bureau of Labor Statistics (BLS) for “Securities, Commodity Contracts, and Other Financial Investments and Related Activities” (NAICS 523)]. See *Occupational Employment and Wage Statistics*, U.S. BUREAU OF LABOR STATISTICS, <https://www.bls.gov/oes/>; see also *Standard Occupational Classification*, U.S. BUREAU OF LABOR STATISTICS, <https://www.bls.gov/soc/> (describing occupational classification system used by BLS); EXEC. OFF. OF THE PRESIDENT, OFF. OF MGMT. & BUDGET, NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (2022), available at https://www.census.gov/naics/reference_files_tools/2022_NAICS_Manual.pdf (describing the industry classification system used by BLS and other agencies). The mean hourly wage for each occupation is adjusted for changes in the seasonally adjusted employment cost index for private wages and salaries between the data reference period and when the data are released by BLS. See *Employment Cost Index*, U.S. BUREAU OF LABOR STATISTICS, <https://www.bls.gov/eci/>. The adjusted mean hourly wage is then multiplied by a factor that accounts for nonwage costs borne by employers, such as bonuses, benefits, and overhead. This factor is calculated as an average over the 10 most recently available years of data of the ratio of the Bureau of Economic Analysis’s annual gross output data for NAICS 523 to total annual wages across all occupations for NAICS 523 in the OEWS data. See *Gross Output by Industry*, U.S. BUREAU OF ECONOMIC ANALYSIS, <https://www.bea.gov/data/industries/gross-output-by-industry>; *Occupational Employment and Wage Statistics*, U.S. BUREAU OF LABOR STATISTICS, <https://www.bls.gov/oes/>. The final product is the occupational hourly rate. See generally UPDATED METHODOLOGY FOR CALCULATING OCCUPATIONAL HOURLY RATES (Dec. 19, 2025), available at <https://www.sec.gov/files/method-occupational-hourly-rates.pdf>.

⁵ This blended rate is based on the following: \$731 (hourly rate for a financial manager); \$402 (hourly rate for a financial risk management specialist); \$666 (hourly rate for a General and Operations Manager); and \$744 (hourly rate for a lawyer).

⁶ We estimate that the average cost of external services is \$1,200 per fund. The Commission’s estimates of the relevant wage rates for external time costs, such as outside legal services, take into account staff experience, a variety of sources including general information websites, and adjustments for inflation. The cost of external services for rule 22e-4 has not been previously estimated. We estimate this cost for external services for the proposed amendments to rule 22e-4 taking into account staff experience and outreach on liquidity classification vendors.

⁷ This blended rate is based on the following: \$731 (hourly rate for a financial manager); \$666 (hourly rate for a General and Operations Manager); \$402 (hourly rate for a financial risk management specialist); and \$744 (hourly rate for a lawyer).

⁸ This blended rate is based on the following estimates: 1 hour of time for a board of directors at an average cost per hour of \$8,991 and 1 hour of time for a lawyer to prepare materials for the board’s review at an average cost per hour of \$744. This estimated cost for a board of directors assumes an average of 9 board members and has been adjusted for inflation.

⁹ This blended rate is based on the following: \$416 (hourly rate for a computer programmer); and \$144 (hourly rate for a general clerk).

	Internal annual burden hours	Wage rate ⁴	Internal time cost	Annual external cost burden
Total new annual burden per fund	16 hours		\$28,767	\$3,200
Number of funds	× 12,183 funds ¹⁰		× 12,183 funds	× 12,183 funds
Total new aggregate annual burden	194,92 8 hours		\$350,468,36 1	\$38,985,600

ESTIMATED BURDENS FOR NEWLY-REGISTERED FUNDS

Adopting and implementing policies and procedures	8 hours	\$636 ¹¹	\$5,088	\$2,200 ¹²
	3 hours	\$4,868 ¹³	\$14,603	
Total new annual burden per fund	11 hours		\$19,691	\$2,200
Number of new funds	× 705 funds ¹⁴		× 705 funds	× 705 funds
Total new aggregate annual burden	7,755 hours		\$13,882,155	\$1,551,000

ESTIMATED BURDENS FOR UITs

Determine and document that	7 hours	\$607 ¹⁵	\$4,249	\$0
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¹⁰ Includes open-end funds, excluding money market funds, as reported on Form N-CEN as of December 2024. The internal and external burdens in the table represent per fund estimates. The most recent rule 22e-4 PRA submission approved in 2023 (OMB Control No. 3235-0737) used per fund complex estimates. We continue to believe that funds within the same fund complex would experience certain efficiencies in responding to the collection of information requirements and, depending on the size of the fund complex, per fund costs may be higher or lower than our estimated averages.

¹¹ This blended rate is based on the following: \$731 (hourly rate for a financial manager); \$402 (hourly rate for a financial risk management specialist); \$666 (hourly rate for a General and Operations Manager); and \$744 (hourly rate for a lawyer).

¹² We estimate that the average cost of external services is \$2,200 per fund. The estimates of the relevant wage rates for external time costs, such as outside legal services, take into account staff experience, a variety of sources including general information websites, and adjustments for inflation. The cost of external services for rule 22e-4 has not been previously estimated. We estimate this cost for external services for rule 22e-4 taking into account staff experience and outreach.

¹³ This blended rate is based on the following estimates: 2 hours of time for a board of directors at an average cost per hour of \$8,991 and a lawyer to prepare materials for the board's review at an average cost per hour of \$744. This estimated cost for a board of directors assumes an average of 9 board members and has been adjusted for inflation.

¹⁴ Reflects the estimated number of newly-registered open-end funds, excluding money market funds.

¹⁵ This blended rate is based on the following: \$666 (hourly rate for a General and Operations Manager); and \$744 (hourly rate for a U.S. Securities and Exchange Commission (SEC)

	Internal annual burden hours	Wage rate ⁴	Internal time cost	Annual external cost burden
holdings are consistent with redemption requirements				
Recordkeeping	1 hour	\$280 ¹⁶	\$280	\$0
Total new annual burden per fund	8 hours		\$4,529	\$0
Number of newly-registered UITs	× 2		× 2	× 2
Total new aggregate annual burden	16 hours		\$9,058	\$0
TOTAL ESTIMATED BURDENS				
Revised aggregate annual burden estimates	202,699 hours			\$40,536,600

lawyer); and \$416 (hourly rate for a computer programmer).

¹⁶ This blended rate is based on the following: \$416 (hourly rate for a computer programmer) and \$144 (hourly rate for a general clerk).

13. Estimated Additional Cost Burden

Cost burden is the cost of goods and services purchased to comply with rule 22e-4, such as for the services of liquidity classification vendors, independent auditors and outside counsel. The cost burden does not include the hour burden discussed in Item 12 above. The staff estimates that the annual cost of outside services associated with rule 22e-4 is approximately \$3,200 per fund and \$2,200 per newly-registered fund, and the total annual external cost burden is \$40,536,600.

14. Annual Cost to the Federal Government

Rule 22e-4 does not impose a cost to the federal government. Commission staff may, however, review records produced pursuant to the rule in order to assist the Commission in carrying out its examination and oversight program.

15. Reasons for Changes in Burden Estimates

The estimated hourly burden and external cost associated with rule 22e-4 has increased as follows:

Table 2: Comparison of Current and Revised Burden Hours and External Cost:

	Annual Time Burden (hours)			External Cost Burden (dollars)		
	Currently Approved	Revised Estimate	Change	Currently Approved	Revised Estimate	Change
Rule 22e-4	193,241	202,699 ¹⁷	9,458	\$37,628,716	\$40,536,600	\$2,907,884

We have revised the estimates to reflect increases in the number of affected entities, as well as increases in the estimated hourly burden and the external cost associated with the information collection requirements. These increases reflect the staff's determination to revise the manner in which it calculates these estimates.

¹⁷ Total internal annual burden hours of 202,683 hours for open-end management investment companies and 16 hours for UITs.

16. Plans for Publishing Results

Not applicable.

17. Approval to Omit Display of OMB Expiration Date

Not applicable.

18. Exceptions to the Certification for Paperwork Reduction Act Submissions

Not applicable.