



PAPERWORK REDUCTION ACT SUPPORTING STATEMENT

for the Extension of
Rule 35d-1 under the Investment Company Act of 1940
OMB Control Number 3235-0548

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 35(d) of the Investment Company Act of 1940 (“Investment Company Act”)¹ prohibits a registered investment company from adopting as part of the name or title of such company, or of any securities of which it is the issuer, any word or words that the Commission finds are materially deceptive or misleading and authorizes the Commission, by rule, regulation, or order, to define such names or titles as are materially deceptive or misleading.²

Rule 35d-1 under the Investment Company Act defines as “materially deceptive and misleading” for purposes of section 35(d), among other things, a name suggesting that a registered investment company or a business development company (“BDC”), including any series thereof (a “fund”) focuses its investments in a particular type of investment or investments, a particular industry or group of industries, particular countries or geographic regions, or investments that have, or whose issuers have, particular characteristics, unless, among other things, the fund adopts a policy to invest at least 80% of the value of its assets in the type of investment suggested by its name.³ The rule imposes a similar 80% investment policy requirement for funds that have names suggesting that a fund’s distributions are exempt from federal income tax or from both federal and state income tax (“tax-exempt funds”).

Rule 35d-1 requires either that (1) the 80% investment policy be fundamental or, (2) generally in the case of funds other than tax-exempt funds, registered closed-end funds, and BDCs, that the fund has adopted a policy to provide its shareholders with at least 60 days prior notice of any change in the investment policy, or a change to the fund’s name that accompanies the investment policy change (“notice to shareholders”).⁴ The rule further requires funds that adopt an 80% investment policy to maintain written records documenting their compliance with rule 35d-1, including records of any notice sent to the fund’s shareholders pursuant to the rule.⁵

¹ 15 U.S.C. 80a-1 *et seq.*

² 15 U.S.C. 80a-34(d); *see also* Investment Company Names, Investment Company Act Release No. 35000 (Sept. 20, 2023) [88 FR 70436 (Oct. 27, 2023)] (adopting amendments to rule 35d-1).

³ 17 CFR 270.35d-1. A policy that a fund must adopt under rule 35d-1 is referred to as an “80% investment policy.”

⁴ 17 CFR 270.35d-1(a)(2)(ii), (a)(3)(i), (d), (f).

⁵ 17 CFR 270.35d-1(b)(3).

2. Purpose and Use of Information Collection

Rule 35d-1 is designed to address certain broad categories of fund names that, in the Commission's view, are likely to mislead an investor about a fund's investments and risks. The rule's provisions are intended to further that goal. For example, the rule's notice to shareholders provision is designed to ensure that when shareholders purchase shares in a fund based, at least in part, on its name, and with the expectation that it will follow the investment policy suggested by that name, they will have sufficient time to decide whether to redeem their shares in the event that the fund decides to pursue a different investment policy. The rule's recordkeeping requirements are designed to help ensure compliance with the rule's requirements and aid in oversight.

3. Use and Consideration of Information Technology

The Commission has historically acted to modernize the manner in which information is disclosed to the public and provided to investors in order to keep up with changes in the industry and technology. The rule 35d-1 notice requirement expressly addresses funds that use electronic delivery methods to provide information to their shareholders.

Further, the Commission's electronic filing system ("EDGAR") automates the filing, processing, and dissemination of full disclosure filings. The system permits publicly-held companies to transmit their filings to the Commission electronically. This automation has increased the speed, accuracy, and availability of information, generating benefits to investors and financial markets. The rule, however, does not require that a fund file the notice to shareholders with the Commission.

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. The information required by rule 35d-1 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.⁶ Rule 35d-1 does not distinguish between small entities and other funds. The burdens on smaller funds may be greater than for larger funds. These burdens could include expenses for creating or purchasing certain data used in selecting investments consistent with the fund's 80% investment policy, legal and accounting fees, information technology staff, and creating or revising notice and recordkeeping processes. The Commission believes, however, that imposing different requirements on smaller funds would not be consistent with investor protection and the purposes of the rule's requirements.

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

The notice to shareholders provision of rule 35d-1 provides investors with 60 days' prior notice of any change to an investment policy covered by the rule, thereby providing investors with time to decide whether to redeem their shares before the change to the investment policy takes effect. If the notice requirement was removed, it would impair investors' ability to redeem shares in advance of a change to an investment policy covered by the rule. The recordkeeping requirements are generally

⁶ 5 U.S.C. 601 *et seq.*

designed to provide Commission staff, as well as the fund's compliance personnel, the ability to evaluate the fund's compliance with the rule.

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

Under rule 35d-1, a fund must maintain records documenting the fund's compliance with the rule, including records of any notice sent to the fund's shareholders pursuant to the rule, for no less than six years following the creation of each required record (or, in the case of notices, following the date the notice was sent), the first two years in an easily accessible place. The six-year retention period under the rule is designed to be generally consistent with other recordkeeping retention periods provided in rules under the Investment Company Act.⁷ This consistency with other retention periods is designed to reduce the compliance burden of the recordkeeping requirements under rule 35d-1.

8. Public Comment and Consultations Outside the Agency

The Commission and the Division of Investment Management staff participate in an ongoing dialogue with representatives of the fund industry through public conferences, meetings, and informal exchanges. These forums provide the Commission and the staff with a means of ascertaining and acting upon paperwork burdens that may confront the industry.

The Commission requested public comment on the collection of information requirements in rule 35d-1 before it submitted this request for extension and approval to the Office of Management and Budget. The Commission 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

The Information Collection does not collect information about individuals, therefore, a PIA, SORN, and PAS are not required.

11. Collection Questions of a Sensitive Nature

Not applicable.

12. Estimated Time Burden and its Cost Equivalent

The following estimate of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act of 1995⁸ and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms.

The collection of information requirements include, as detailed in Table 1 below, the notice requirement and recordkeeping requirements for funds that are required to adopt an 80% investment policy. Compliance with these requirements is mandatory. Responses to these requirements will not be kept confidential.

⁷ See, e.g., rule 31a-1 and rule 2a-7 under the Investment Company Act.

⁸ 44 U.S.C. 3501 *et seq.*

Table 1:
Summary of Revised Annual Responses, Burden Hours,
and Monetized Annual Time Burden

	Annual Number of Responses			Annual Time Burden (hours)			Monetized Annual Time Burden (dollars)		
	Currently Approved	Revised Estimate	Change	Currently Approved	Revised Estimate	Change	Currently Approved	Revised Estimate	Change
Rule 35d-1 Notice Requirement	34 funds	37 funds ¹	3 funds	680 hours	20 hours per notice ² x 37 funds = 740 hours	60 hours	\$289,000 ³	\$750 ⁴ x 20 hours = \$15,000 per fund. \$15,000 x 37 funds = \$555,000	\$266,000
Rule 35d-1 Recordkeeping Requirement	10,291 funds	10,855 funds ⁵	564 funds	771,825 hours	75 hours per fund ⁶ x 10,855 funds = 814,125 hours	42,300 hours	\$313,360,950 ⁷	\$600 ⁸ x 75 hours per fund = \$45,000 per fund. \$45,000 x 10,855 funds = \$488,475,000	\$175,114,050
Total Time Burden (hours) and Monetized Annual Time Burden (dollars)				772,505 hours	814,865 hours	42,360 hours	\$313,649,950	\$489,030,000	\$175,380,050

¹ The Commission estimates, across approximately 14,282 open-end and closed-end funds registered with the Commission (12,710 open-end management investment companies (Form N-1A filers), 707 closed-end management investment companies (Form N-2 filers not classified as BDCs), 693 UITs (Form N-4, N-6, N-8B-2, and S-6 filers), and 172 BDCs (based on Form 10-K filings and related amendments), as of December 31, 2025) that approximately 76% of these funds, or approximately 10,855 funds, have names that would require an 80% investment policy. The Commission further estimates that 1% of these 10,855 funds, or approximately 109 funds, would within the next three years provide a notice to shareholders pursuant to rule 35d-1. Therefore, over the course of 3 years, the Commission estimates that on average approximately 37 funds per year would provide a notice to shareholders under rule 35d-1.

² The Commission continues to estimate, as under the currently-approved burden, a burden of 20 hours per notice.

³ The currently-approved cost burden was estimated as follows: 20 hours per notice x \$425 (blended rate for attorneys) x 34 funds = \$289,000.

⁴ We estimate \$750 as follows: \$744 rate for an attorney, rounded up for simplicity = \$750. To calculate the occupational hourly rate used in the Commission's current estimates, 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 We estimate that 10,855 funds have names that would require an 80% investment policy. *See supra* footnote 1 to Table 1.

⁶ The Commission continues to estimate, as under the currently-approved burden, an average annual burden of 75 hours associated with recordkeeping under rule 35d-1. This burden would be higher for new funds that would have to establish recordkeeping procedures, and lower for funds whose records (or a significant subset of records) would be able to be automated.

⁷ The currently-approved cost burden was estimated as follows: 75 annual burden hours associated with recordkeeping x \$406 (blended rate for compliance attorney and senior programmer) x 10,291 funds = \$313,649,950.

⁸ We estimate \$600 as follows: blended rate for an attorney (\$744) and a computer programmer (\$416) = \$580, rounded up for simplicity = \$600. *See supra* footnote 4 to Table 1 (discussing calculation of occupational hourly rates used in the Commission's current estimates).

13. Estimated Additional Cost Burden

Cost burden is the external cost of services purchased to comply with rule 35d-1, such as for the services of computer programmers, outside counsel, financial printers, and advertising agencies. The cost burden does not include the cost of the internal hour burden discussed in Item 12 above. We estimate a total annual external cost burden to all respondents of \$5,446,000 (\$18,500 (notice requirement) + \$5,427,500 (recordkeeping requirement)), as detailed in Table 2 below.

Table 2:
Summary of Revised Annual External Cost Burden (Purchase of Services)

	Annual Number of Responses			Annual External Cost Burden (dollars)		
	Currently Approved	Revised Estimate	Change	Currently Approved	Revised Estimate	Change
Rule 35d-1 Notice Requirement	34 funds	37 funds ¹	3 funds	\$19,210 ²	\$750 ³ x 37 funds = \$27,750	\$8,540
Rule 35d-1 Recordkeeping Requirement	10,291 funds	10,855 funds ⁴	564 funds	\$5,814,415 ⁵	\$750 ⁶ x 10,855 funds = \$8,141,250	\$2,326,835
Total External Cost Burden (dollars)				\$5,833,625	\$8,169,000	\$2,335,375

¹ See *supra* footnote 1 to Table 1.

² The currently-approved annual external cost burden was estimated as follows: \$565 for 1 hour of external legal services x 34 funds = \$19,210.

³ We estimate \$750 as follows: \$744 rate for an attorney, rounded up for simplicity = \$750. See *supra* footnote 4 to Table 1 (discussing calculation of occupational hourly rates used in the Commission's current estimates).

⁴ See *supra* footnote 5 to Table 1.

⁵ The currently-approved annual external cost burden was estimated as follows: \$565 for 1 hour of external legal services x 10,291 funds = \$5,814,415.

⁶ See *supra* footnote 3 to Table 2.

14. Annual Cost to the 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. Reasons for Changes in Burden

The change in estimated total annual burden hours, from 772,505 hours to 814,865 hours, an increase of 42,360 hours, is based on a change in the estimate of the number of funds that would be subject to these requirements (from 10,291 funds to 10,855 funds).

The change in estimated total annual external cost burden, from \$5,833,625 to \$8,169,000, an increase of \$2,335,375, is based on a change in the estimate of the number of funds that would be subject to these requirements (from 10,291 funds to 10,855 funds), as well as a change in the estimated hourly rate of professionals providing services to the affected funds (from \$565/hour to \$750/hour).

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.