U.S. Securities and Exchange Commission

PAPERWORK REDUCTION ACT SUPPORTING STATEMENT

for the Extension of
Rule 31a-1
OMB Control Number 3235-0178

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

Rule 31a-1 (17 CFR 270.31a-1) under the Investment Company Act of 1940 (15 U.S.C. 80a) (the "Act") requires registered investment companies and BDCs ("funds") and certain of their majority-owned subsidiaries to maintain and keep current the accounts, books, auditors' certificates, and other documents that underlie and support the financial statements these entities are required to file with the Commission under section 30 of the Act (15 U.S.C. 80a-30). Rule 31a-1(a) defines the entities that must comply with the rule. As mentioned, the rule encompasses funds as well as every underwriter, broker, dealer, or investment adviser that is a majority-owned subsidiary of a fund. Rule 31a-1(b) describes the specific records that must be maintained and kept current by the entities identified in rule 31a 1(a). These records consist of the following: (i) journals detailing purchases and sales of securities; (ii) general and auxiliary ledgers reflecting all asset, liability, reserve, capital income, and expense accounts; (iii) a record of all "long" and "short" positions carried by the fund for its own account; (iv) corporate charters, certificates of incorporation or trust agreements, bylaws, shareholder and director meeting minutes; (v) a record of each brokerage order made by the fund for the purchase or sale of securities; (vi) a record of all other portfolio purchases or sales; (vii) a record of all options and contractual commitments to purchase or sell securities or other property; (viii) a record of the money balances in all ledger accounts in the form of trial balances; (ix) a quarterly record of the specific basis for the allocation of orders to brokerages for the purchase or sale of portfolio securities and for the division of commissions among brokerages and record of the persons responsible for such allocation and division; (x) a record identifying the person or persons who authorized the purchase or sale of portfolio securities; and (xi) files of advisory material received from the investment adviser or other person from whom the fund accepts investment advice.

Rule 31a-1(c) requires underwriters, brokers, and dealers that are majority-owned subsidiaries of a fund to maintain the accounts, books, and other documents that are required to be maintained by brokers and dealers by rule adopted under section 17 of the Securities Exchange Act of 1934 (15 U.S.C. 78q) (the "1934 Act"). Rule 31a-1(d) requires depositors and principal underwriters for any fund other than a closed-end fund to maintain the accounts, books, and other documents that are required to be maintained by brokers and dealers by rule adopted under section 17 of the 1934 Act, to the extent those records are necessary or appropriate to record such persons' transactions with such funds.

Rule 31a-1(e) requires investment advisers that are majority-owned subsidiaries of funds to maintain the accounts, books, and other documents that are required to be maintained by investment advisers under section 204 of the Investment Advisers Act of 1940 (15 U.S.C. 80b-4) (the "Advisers Act"). Finally, rule 31a-1(f) requires investment advisers that are not majority-owned subsidiaries of funds to maintain the accounts, books, and other documents that are required under section 204 of the Advisers Act, to the extent those records are necessary or appropriate to record such persons' transactions with such funds.

2. Purpose and Use of Information Collection

The Commission regularly conducts inspections and examinations of funds and other regulated entities to foster compliance with the securities laws, to detect violations of the law, and to keep the Commission informed of developments in the regulated community. The books and records required to be maintained by rule 31a-1 constitute.

3. Use and Consideration of Information Technology

The records required by rule 31a-1 are required to be preserved pursuant to rule 31a-2 under the Investment Company Act (17 CFR 270.31a-2). Rule 31a-2(f) permits funds to maintain many types of records (and produce them for the Commission's inspections and examinations as necessary) on photographic film, magnetic tape, disk, or other computer storage media.

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 recordkeeping required by rule 31a-1 is not duplicated elsewhere in the Commission's rules. To the extent the rule requires the maintenance of books and records by underwriters, brokers, dealers, and investment advisers to funds, the requirements are consistent with those that apply to these entities under other federal securities laws and do not require the entities to maintain duplicate records.

5. Effect on Small Entities

The Commission does not believe that compliance with rule 31a-1 is unduly burdensome for large or small entities. The information collection requirements of rule 31a-1 are the same for all funds, including those that are small entities. Most of the information required to be maintained is the type that generally would be maintained as a matter of good business practice and to prepare the fund's financial statements. The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act (5 U.S.C. 610), to identify methods to minimize recordkeeping or filing requirements affecting small businesses.

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

As noted above, without the information contained in the records required to be maintained and kept current by rule 31a 1, it would be difficult or impossible to determine if a fund was in compliance with the provisions of the Act. Funds' maintenance of these records avoids the need for potentially more burdensome requirements such as mandatory filings with the Commission.

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

Not applicable.

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

Not applicable.

11. Collection Questions of a Sensitive Nature

Not applicable.

12. Estimated Time Burden and its Cost Equivalent

There are approximately 14,125 series of investment companies registered with the Commission and 176 BDCs, all of which are required to comply with rule 31a-1.[1] Based on conversations with fund representatives, the Commission staff estimates that each series spends approximately 1,750 hours per year complying with rule 31a-1. The estimated total annual hours all investment companies spend in maintaining the records required under the rule therefore is approximately 25,026,750 hours (14,301 total entities x 1,750 hours per series).

[1] (14,125 series +176 BDCs) = 14,301 total entities This represents an estimate of the number of active investment companies registered with the Commission as of Dec. 31, 2025 based on data derived from Form N-CEN filings compiled by Commission staff.

Of the 1,750 hours spent annually by each series to comply with rule 31a-1, the Commission staff estimates that:[2]

- Ten percent (175 hours) are spent by office clerks at an estimated hourly wage of $144 for a total of $25,200 per year (175 hours x $144 per hour = $25,200 per year);
- Seventy-five percent (1,312.5 hours) are spent by fund accountants and auditors at an estimated hourly wage of $348, for a total of $456,750 per year (1,312.5 hours x $348 per hour = $456,750 per year);
- Five percent (87.5 hours) are spent by lawyers at an estimated hourly wage of $744 or a total of $65,100 per year (87.5 hours x $744 per hour = $65,100 per year).
- 10 percent (175 hours) are spent by management analysts at an estimated hourly wage of $378 or a total of $66,150 per year (175 hours x $378 per hour = $66,150 per year).

Thus, the estimated annual cost each series spends to maintain the records required under rule 31a-1 is $613,200 ($25,200+ $456,750+ $65,100+ $66,150), and a total annual cost to the industry of $8.7 billion ($613,200 per entity x 14,301 total entities = $8,769,373,200. However, based on conversations with fund representatives, the Commission staff estimates that at least 90% of the total annual burden hours and total annual costs would be incurred by funds in any case to keep books and records that are necessary to prepare financial statements for shareholders, to prepare their annual income tax returns, and as a normal business practice. Therefore, the Commission staff estimates that the actual total annual

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[2] To calculate the occupational hourly rates 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)][the private sector]. *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][the private sector] to total annual wages across all occupations for [NAICS 523][the private sector] 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..

burden hours and costs associated with rule 31a-1 are approximately 2,502,675 hours (25,026,750 hours - 22,524,075 hours) and $877 million ($8,769,373,200 – $7,892,435,880).[3]

Summary of Revised Annual Responses, Burden Hours, and Cost Estimates

IC Title	Annual No. of Responses			Annual Time Burden (Hrs.)			External Cost to Respondents ($)		
	Previously approved	*Requested*	*Change*	*Previously approved*	*Requested*	*Change*	*Previously approved*	*Requested*	*Change*
Rule 31a-1	*2,766*	*14,301*	11,535	1,936,200	2,502,675	566,475	$0	$0	$0

These estimates are made solely for the 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.

13. Estimated Additional Cost Burden

The Commission staff estimates that there is no cost burden of rule 31a-1 other than the costs of the respondent to assist with the creation of records required by rule 31a-1, funds likely would need to acquire and maintain these computer systems in any event for the normal functioning of their daily operations and as part of the customary and usual investment company business practice.

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 Estimates

The estimated total annual hour burden has increased from 1,936,200 hours to 2,502,675 hours. This increase is the result of an increase in the number of series of investment companies from 11,064 to 14,125 and the addition of BDCs. The increase in number of annual responses reflects an updated methodology for counting series based on funds' Form N-CEN filings that the staff believes represents a more accurate estimate compared to prior estimates. 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.

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[3] We have subtracted the hours and costs that staff estimates funds maintain as a matter of normal business practice and to prepare financial statements. These estimates are: 25,026,750 hours x 0.9 = 22,524,075 and $8,769,373,200 x 0.9 = $7,892,435,880.

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.